



# SUSTAINABLE DEVELOPMENT PERFORMANCE

'FOR NEDBANK GROUP SUSTAINABILITY IS ULTIMATELY ABOUT WALKING THE PATH TO A BETTER FUTURE, TOGETHER, AND HELPING ONE ANOTHER TO COMPLETE THE JOURNEY. THIS PHILOSOPHY DRIVES THE GROUP'S ASPIRATION TO MAKE THINGS HAPPEN, FOR ITS CLIENTS, STAFF, PARTNERS AND SHAREHOLDERS, AS WELL AS THE COMMUNITIES AND ENVIRONMENT IN WHICH IT OPERATES.'

**Dr Reuel Khoza:** Nedbank Group Chairman

Sustainability in business is no longer an option, it is an imperative that makes sound business and moral sense. It must permeate every aspect of a business and inform the way it thinks, behaves, strategises and operates. This will ensure it optimises returns for its shareholders over the long term, while remaining a relevant business for its staff, clients, suppliers and the communities in which it operates.

Nedbank Group recognises this reality and the impact it has, not just on the realisation of its long-term vision, but also on the day-to-day actions it takes.

The group also recognises that the only effective approach to sustainability is one in which sustainable practices and philosophies are at the core of every aspect of the organisation – impacting positively on people, philosophies, economics, the environment and the country as a whole.

For this reason Nedbank Group's approach to sustainability is a holistic and integrated one that brings together economic, environmental, social and cultural elements to ensure that sustainability is inextricably woven into the fabric of the organisation and enables it to realise its vision of becoming a leader in sustainability.

This integrated sustainability approach is reflected in the structure of this report, which is why the overviews of each of the business clusters are not exclusively focused on economic matters, but also cover all four sustainability pillars. However, there are many aspects of sustainability within Nedbank Group that cut across the entire organisation. This section of the report offers an overview of these groupwide sustainability initiatives and developments, particularly in the areas of environmental, social and cultural sustainability.



## SUSTAINABILITY TARGETS: 2010 AND 2011

## ENVIRONMENTAL SUSTAINABILITY




2010 target	Status	Performance	2011 target
Minimising our environmental footprint	Achieved	Reduction efforts continued during 2010, with good progress being made against the electricity, travel and overall carbon reduction targets. Paper reduction targets were not met. (See commentary on page 106 for details.) The group remains committed to reducing its carbon emissions further and achieving the target of 12% emissions reduction by 2015, from its 2007 baseline.	Continued carbon reduction, with the overall target being emissions reduction of 12% by 2015, from its 2007 baseline.
Achieving carbon neutrality	Achieved	By offsetting its 2009 carbon footprint (of approximately 213 000 tonnes) Nedbank Group was the first financial services company in Africa to achieve carbon neutrality. Importantly, this was via a 'reduce first and offset only where necessary' approach. Please refer to the carbon neutrality case study on page 104 for details of the process and resulting benefits for the group and its stakeholders.	Maintaining carbon neutrality.
Increased focus on water efficiency	Achieved	The group's 2010 water intensity reduction target of 5% per fulltime employee (FTE) from the 2005 baseline was met at the end of 2009. As such, a new target of reducing water usage by 10% per FTE (from 2009 levels) by the end of 2011 has been set. As part of the ongoing water reduction commitment the group has undertaken a number of focused water reduction initiatives (see page 106 for further details).	Continued focus on water efficiency.
Centralised electronic carbon database	Not achieved	The group set out to develop a centralised electronic carbon database to improve the accuracy of the reporting and monitoring of natural resources usage and carbon emissions. Complications in terms of integrating the various data flows from across the organisation meant that this objective was not achieved in 2010. It remains a high priority for 2011.	Centralised electronic carbon database.

## SOCIAL AND CULTURAL SUSTAINABILITY

Remaining a level 2 Department of Trade and Industry (dti) contributor	Achieved	Nedbank Group has been able to strengthen its position by scoring a total of 89,50%. Employment equity and skills development, however, remain under pressure, as natural staff attrition has slowed.  Preferential procurement is an area of strength with the overall group operating at levels above 2016 targets. The only challenge in this area is the growth in the black women-owned (BWO) subcategory. Please refer to the dti summary scorecard on page 94.	To maintain level 2 contributor status with improving scores.
Beyond compliance – enhancing access for all to financial services	Mostly achieved	While this is not a requirement under the dti Codes, Nedbank Group remains committed to providing ready access to financial services as part of its vision of becoming a bank for all South Africans. The recovery from the financial crisis and availability of suitable land for property development are some of the factors that inhibited delivery of all internal targets. Despite this, its efforts have gone a long way to furthering access to financial services. Please refer to the 'Non-scoring performance' section of the scorecard on page 94.	Continue to enhance access for all to financial services.
Empowerment financing	Achieved	Despite the challenging economic backdrop, and this target not forming part of the dti Codes, the group has continued to focus on empowerment and transformation financing as a means of realising its commitment to corporate development in South Africa. Please refer to the 'Non-scoring performance' section of the scorecard on page 94.	Continue to grow our involvement in empowerment financing.



## DEPARTMENT OF TRADE AND INDUSTRY SUMMARY SCORECARD

   <b>Ownership</b>	Voting rights		Economic interest			Employee schemes/ broad-based schemes, etc	Net equity value	<b>Total score</b>	Weighting
	Black people	Black women	Black people	Black women	Designated groups				
	30,71%	3,25%	28,05%	3,84%	10,84%	12,26%	30,71%	<b>20,11%</b>	20%
<b>Management</b>	Black board	Black executive directors	Black senior top management*	Black top other management	Black independent directors	<b>Total score</b>	Weighting		
	47,06%	41,67%	25,00%	n/a	50,00%	<b>8,62%</b>	10%		
<b>Employment equity</b>	Black senior management	Black middle management	Black junior management	Black disabled as % of total	<b>Total score</b>	Weighting			
	26,15%	50,85%	72,40%	1,15%	<b>11,42%</b>	15%			
<b>Skills development</b>	Black skills spend	Black disabled skills spend	Category b, c, d black learners	<b>Total score</b>	Weighting				
	2,78%	0,04%	3,02%	<b>9,60%</b>	15%				
<b>Preferential procurement</b>	% spend	% spend on QSEs <sup>1</sup> and EMEs <sup>2</sup>	% spend on black-owned	% spend on BWO	<b>Total score</b>	Weighting			
	85,12%	27,13%	12,56%	5,24%	<b>19,75%</b>	20%			
<b>Enterprise development</b>	Contributions					<b>Total score</b>	Weighting		
	6,98%					<b>15,00%</b>	15%		
<b>Socioeconomic development</b>	Contributions					<b>Total score</b>	Weighting		
	1,46%					<b>5,00%</b>	5%		

## Non-scoring performance

Product/Area	Mzansi (accounts)	FSC <sup>4</sup> (branches)	Black SMMEs <sup>5</sup> (R million)	Black agriculture (R million)	Affordable housing (R million)	Trans-formational infrastructure (R million)	BEE <sup>6</sup> transaction financing (R million)	Consumer education (% of retail NPAT <sup>7</sup> )	Weighting
Achieved	315 024	8	R1 772	R70	R2 099	R5 681	R6 570	0,27%	
Growth vs 2009	(0,72%)	0,00%	52,54%	71,43%	63,84%	59,18%	79,27%	(7,4%)	
Total BEE score							dti level 2	89,50%	100%

\*Nedbank does not distinguish between senior top and other top management and has elected to measure top management as a single indicator as prescribed by paragraph 4.4 of Code Series 200 of the dti Codes.

<sup>1</sup> Qualifying small entities.

<sup>2</sup> Exempt microenterprises.

<sup>3</sup> Black-women-owned.

<sup>4</sup> Financial Sector Charter.

<sup>5</sup> Small, medium and microenterprises.

<sup>6</sup> Black economic empowerment.

<sup>7</sup> Net profit after tax.



## SUSTAINABLE DEVELOPMENT PERFORMANCE



## SUSTAINABILITY GOVERNANCE STRUCTURES AND POLICY FRAMEWORK

SUSTAINABILITY FOCUS AREAS	Nedbank Group strategic focus, Deep Green aspirations* and material issues	Relevant risks	Board and executive committee risk management committees	Policies and forums	Guiding principles
ECONOMIC	<b>Strategic focus</b> <ul style="list-style-type: none"> <li>• Increase share of economic profit</li> <li>• Become client-driven</li> <li>• Manage risk as an enabler</li> <li>• Enhance productivity and business execution</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance risk</li> <li>• Social and environmental risk</li> <li>• Investment risk</li> <li>• Strategic risk</li> <li>• New-business risk</li> <li>• Credit risk</li> </ul>	<ul style="list-style-type: none"> <li>• Directors' Affairs Committee</li> <li>• Group Credit Committee</li> <li>• Executive Credit Committee</li> <li>• Business Risk Management Forum</li> <li>• Group Risk and Capital Management Committee (focus of this committee includes physical risks for staff and clients)</li> <li>• Group Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Credit Policy</li> <li>• Compliance Policy</li> <li>• Investment Risk Policy</li> <li>• Strategic Risk</li> <li>• Principles Policy</li> <li>• Reputational-risk Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Banking Practice</li> <li>• Sector Guidelines</li> <li>• King III</li> </ul>
	<b>Deep Green aspirations</b> <ul style="list-style-type: none"> <li>• Great place to bank</li> <li>• Great place to invest</li> <li>• Worldclass at managing risk</li> <li>• Most respected and aspirational brand</li> <li>• Great at collaboration</li> </ul>				
	<b>Key material issue</b> <ul style="list-style-type: none"> <li>• Deliver lasting stakeholder value</li> </ul>				
ENVIRONMENTAL	<b>Strategic focus</b> <ul style="list-style-type: none"> <li>• Lead as a green and caring bank</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational risk</li> <li>• Social and environmental risk</li> <li>• Strategic risk</li> </ul>	<ul style="list-style-type: none"> <li>• Group Transformation and Sustainability Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Policy supported by the Social and Environmental Management System</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• Equator Principles</li> <li>• Sector Guidelines</li> <li>• Screening Tool</li> <li>• King III</li> </ul>
	<b>Deep Green aspirations</b> <ul style="list-style-type: none"> <li>• Highly involved in the community and environment</li> </ul>				
	<b>Key material issue</b> <ul style="list-style-type: none"> <li>• Minimise usage of, and impact on, natural resources</li> </ul>				
SOCIAL	<b>Strategic focus</b> <ul style="list-style-type: none"> <li>• Lead as a green and caring bank</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational risk</li> <li>• Strategic risk</li> <li>• Environmental and social risk</li> </ul>	<ul style="list-style-type: none"> <li>• Group Transformation and Sustainability Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Responsibility Policy</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• Equator Principles</li> <li>• Sector Guidelines</li> <li>• King III</li> </ul>
	<b>Deep Green aspirations</b> <ul style="list-style-type: none"> <li>• Highly involved in the community and environment</li> </ul>				
	<b>Key material issue</b> <ul style="list-style-type: none"> <li>• Build societal capacity in southern Africa</li> </ul>				
CULTURAL	<b>Strategic focus</b> <ul style="list-style-type: none"> <li>• Evaluate people practices</li> <li>• Build a unique culture</li> <li>• Accelerate transformation</li> </ul>	<ul style="list-style-type: none"> <li>• People risk</li> <li>• Transformation risk</li> </ul>	<ul style="list-style-type: none"> <li>• Transformation and Human Resources Committee</li> <li>• Group Transformation and Sustainability Committee</li> <li>• Group Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Learning and Growth Policy</li> <li>• Remuneration, Rewards and Recognition Policy</li> <li>• People transformation Policy</li> <li>• Code of Ethics</li> <li>• Nedbank Employment Equity Forum (NEEF)</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• King III</li> </ul>
	<b>Deep Green aspirations</b> <ul style="list-style-type: none"> <li>• Great place to work</li> <li>• Living its values</li> <li>• Leading transformation</li> <li>• Community of leaders</li> <li>• Great at collaboration</li> </ul>				
	<b>Key material issue</b> <ul style="list-style-type: none"> <li>• Develop a resilient corporate culture</li> </ul>				

Note: In addition, all relevant legislation is complied with.

\* See group strategy framework on page 11.



## STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement remains central to the effectiveness of Nedbank Group's collaborative approach to economic, environmental, social and cultural sustainability. Stakeholder engagement enhances risk management and presents the group with numerous opportunities, both to drive performance and extend its positive influence.

While the Group Executive Committee (Exco) remains ultimately responsible for stakeholder engagement, in 2010 Nedbank Group took its commitment to enhanced stakeholder engagement to the next level with the appointment of a dedicated Sustainability Stakeholder Engagement Manager, who is tasked with developing and sustaining relationships with various stakeholder groups.

In keeping with the group's aspiration to 'lead through collaboration', such stakeholder engagement extends far beyond rules-driven

disclosure or regulatory requirements. Rather, Nedbank Group considers stakeholder engagement a strategic imperative and seeks continually to evolve and innovate in terms of the way in which it builds inclusive, mutually beneficial relationships based on transparency, respect and idea sharing.

So, while stakeholder engagement within Nedbank Group may be decentralised and take many different forms, the ultimate aim is the same: to work with those who have an interest in the business to ensure sustainable performance and beneficial outcomes for all stakeholders.

The following pages outline the main instances of engagement with key stakeholders in Nedbank Group during 2010. Where no mention is made of specific feedback received, it can be taken that the engagement was of such a nature that no specific resulting feedback or action was deemed necessary by the parties concerned.

### SHAREHOLDERS AND INVESTMENT ANALYSTS

Reasons for engagement	Types of engagement
<ul style="list-style-type: none"> <li>To provide relevant and timeous information to current and future shareholders, our providers of capital.</li> <li>To keep shareholders and the investment relations community informed about Nedbank Group to ensure that its shares trade at a fair value relative to those of peer companies.</li> </ul>	<ul style="list-style-type: none"> <li>Investor relations; local and international roadshows; ad hoc communications; annual general meeting and other meetings; conferences and presentations; Securities Exchange News Service (SENS) announcements; media releases; analyst briefings; and feedback via broker reports and the corporate website.</li> </ul>
Examples of engagement	Feedback/Resulting sustainability actions
<ul style="list-style-type: none"> <li>A total of 142 investor meetings following results announcements.</li> <li>Nine broker conferences and seminars.</li> <li>Two teleconference presentations.</li> <li>Two investor lunches.</li> <li>Two annual credit rating reviews.</li> <li>Presentations at Investec Consumer Banking Seminar and Funding, Liquidity and Capital Seminar, UBS Global Financial Services Conference, Nedgroup Securities Conference, the 13th Annual UBS Financials Conference and JP Morgan Investment Banking Conference.</li> <li>A further 146 other management meetings with shareholders, analysts and rating agencies were held.</li> </ul> <p>The content of these interactions, in addition to the items as addressed in the normal course of investor relations, included Nedbank Retail impairments and default advances, the Imperial Bank acquisition, the HSBC proposed acquisition and the legal issues pertaining to Pinnacle Point.</p>	<ul style="list-style-type: none"> <li>The credit ratings from Fitch and Moody's for the group were affirmed in July 2010 and have remained unchanged since then (see page 196).</li> <li>Sustainability feedback was formally included in the 2010 interim results analyst presentation and results booklet.</li> <li>The <i>Nedbank Sustainability Outlook</i> publication was created to encourage a broader understanding of sustainability matters. See page 114 for further details or refer to <a href="http://www.nedbankgroup.co.za">www.nedbankgroup.co.za</a> for copies of the publication.</li> <li>The group received numerous awards for formal communication with shareholders and analysts, as well as reporting in 2010. These represent a pleasing external validation of the positive impact of the group's efforts to communicate with this important stakeholder group.</li> </ul>

In addition to the abovementioned shareholder engagements, Nedbank Group regularly engages with its holding company, OMC, to ensure alignment of policies and methodologies, and the effective capturing of synergies and leveraging of opportunities.

## SUSTAINABLE DEVELOPMENT PERFORMANCE

## GOVERNMENT

Reasons for engagement	Types of engagement
<ul style="list-style-type: none"> <li>To build and strengthen relationships with government, both as a partner in the development of the country and as a current or potential client.</li> <li>To provide input into the legislative development process that will affect the activities of the group.</li> </ul>	Public sector business; support and advisory services offered; support of government social initiatives; and input into regulatory developments.
Examples of engagement	Feedback/Resulting actions
<ul style="list-style-type: none"> <li>Ongoing interactions with government departments through Nedbank Group's position on The Banking Association South Africa's (BASA's) working committees to the Department of Human Settlements, the Department of Agriculture, the Department of Environmental Affairs, the dti, and the National Treasury.</li> <li>Commentary provided on numerous regulatory developments in 2010. Some of these included the Waste Act, the National Climate Change Policy, Carbon Taxes and the Integrated Resource Plan 2 (IRP2). Comment on IRP2 has been provided in the context of the existing Integrated Energy Plan (IEP) and Renewable-Energy Feed-in Tariff (REFIT).</li> <li>Input on policy as well as negotiations in an effort to establish a Financial Sector Code to replace the Financial Sector Charter (FSC).</li> <li>Nedbank Group actively participated in BASA's 'Teach a Child to Save' project. Staffmembers visited schools in six provinces and reached 9 125 children through the campaign, which is aimed at improving the financial literacy level of children at an early stage.</li> <li>Participation with the dti in the design and calibration of a new funding support model for small, medium and microenterprises (SMMEs).</li> </ul>	<ul style="list-style-type: none"> <li>Value-added approach to building public sector client relationships has resulted in additional business being secured with numerous government departments, including: <ul style="list-style-type: none"> <li>Department of Energy</li> <li>National Consumer Commission</li> <li>Department of Economic Development</li> <li>Tlokwe Municipality</li> <li>New Partnership for Africa's Development (NEPAD)</li> <li>Department of Water Affairs</li> <li>SA National Parks</li> <li>SA Weather Services</li> <li>City of Tshwane</li> <li>Department of Public Works (Expanded Public Works Programme)</li> </ul> </li> <li>Nedbank Group is actively involved in policy development and negotiations as part of the new Financial Sector Code. Negotiations in this regard continue.</li> <li>Commendations were received for all participants in the 'Teach a Child to Save' project and Nedbank has agreed to continue the project in 2011.</li> <li>The dti has acknowledged the value added by Nedbank Group in the design of the new funding support model and has accordingly requested that the group be one of its first partners in implementing the model.</li> </ul>



## REGULATORY BODIES

Reasons for engagement	Types of engagement
To maintain good relationships with regulators and ensure compliance with their legal and regulatory requirements, thereby retaining Nedbank Group's various operating licences and minimising its operational risk.	Ongoing meetings and interaction with regulators, including prudential visits and statutory reporting.
Examples of engagement	Feedback/Resulting actions
<ul style="list-style-type: none"> <li>• Sound relationships are maintained with all regulators and supervisors, including: the Financial Intelligence Centre (FIC), the South African Reserve Bank (SARB), JSE Limited (the JSE), the Financial Services Board (FSB) and relevant offshore regulators.</li> <li>• Engagement with SARB takes place through various forums, from trilateral meetings with the board and group audit committees to one-on-one meetings with various executive officials at prudential meetings.</li> <li>• Engagements with the FIC regulators and supervisors take place on a bimonthly basis through the Nedbank/Regulators Anti-money Laundering (AML)/Combating the Financing of Terrorists (CFT) meeting. Further engagement takes place through formal and informal communication channels. The bimonthly meetings enable Nedbank Group to communicate with the regulator and supervisors to ensure compliance with their requirements and obtain clarification, where necessary.</li> <li>• In terms of the FSB obligation to ensure that financial service providers comply with the requirements of the Financial Advisory and Intermediary Services (FAIS) Act the FSB supervision department conducted a Nedbank Group review during July 2010. The review included interviews with the Chief Executive (CE), the Chief Governance and Compliance Officer, managing executives, cluster governance and compliance heads, FAIS key individuals and FAIS representatives as well as onsite visits to several Nedbank branches.</li> </ul>	<ul style="list-style-type: none"> <li>• Trilateral meetings held with the board and group audit committees.</li> <li>• A total of 37 SARB prudential meetings were held and no major concerns were raised during these engagements.</li> <li>• Following the FIC engagements, accountable and reporting institutions were registered by 1 December 2010, cash threshold reporting was implemented and historical STR information was aligned.</li> <li>• No material deficiencies were raised by the FSB during its closing review meeting. The FSB acknowledged Nedbank Group for its support and the provision of information required for its review. The formal FSB report is anticipated in due course.</li> <li>• Engagements in 2010 focused on cash threshold reporting, accountable-institution and reporting-institution registration, product approvals, suspicious-transaction reporting (STR) and training. Positive feedback was received on the rollout of initiatives and confirmation was received of the alignment of STRs. Guidance was provided on requirements for products and approval of products.</li> </ul>

## STAFF

Reasons for engagement	Types of engagement
<ul style="list-style-type: none"> <li>• To ensure that Nedbank Group remains an employer of choice by providing a safe, positive and inspiring working environment.</li> <li>• To understand and respond to staff needs and concerns.</li> <li>• To provide all staff with direction and pertinent information regarding the activities and strategic focus areas of the group.</li> </ul>	<ul style="list-style-type: none"> <li>• A robust combination of face-to-face, written and broadcast communications. These included culture and engagement surveys, roadshows, email, intranet, data casting and magazines and relevant training.</li> </ul>
Examples of engagement	Feedback/Resulting actions
<ul style="list-style-type: none"> <li>• Three groupwide surveys conducted and feedback provided.</li> <li>• Altogether 16 countrywide, formal face-to-face roadshows with Group Executive Committee members.</li> <li>• Four formal interactions with the Group Executive Committee countrywide via audiovisual broadcasts.</li> <li>• 360 magazine (six editions) annually and daily online email updates.</li> <li>• An annual engagement on the group's strategic direction held with top management.</li> <li>• Monitoring and consulting with staff across the group on employment equity matters via NEEF.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific research was undertaken with middle management following the results of the surveys, and training interventions were developed to address some of the findings. In addition, managers were given extra support with the production of an electronic newsletter containing pertinent information on managing others effectively. Three editions were distributed in 2010.</li> <li>• A number of employee wellbeing events were held in 2010. These events included a Men's Health Day and World Aids Day celebrations.</li> <li>• Nedbank Group launched free HIV testing for Nedbank Group employees.</li> </ul>

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## SOCIAL AND ENVIRONMENTAL NON-GOVERNMENT ORGANISATIONS AND COMMUNITIES

Reasons for engagement	Types of engagement:
<ul style="list-style-type: none"> <li>To create partnerships that will best facilitate Nedbank Group's integrated sustainability activities.</li> <li>To obtain input from communities and representative non-government organisations (NGOs) regarding key focus areas.</li> <li>To obtain input from environmental experts to ensure that Nedbank Group's operations are taking place in the most environmentally responsible manner.</li> <li>To create awareness of Nedbank Group's integrated sustainability initiatives.</li> </ul>	<p>Ongoing support of projects and interaction by the Nedbank Foundation with a wide variety of non-profit and government organisations.</p> <p>Environmental/Sustainability partnerships with the World Wide Fund for Nature South Africa (WWF-SA), Cambridge Programme for Sustainable Leadership, University of South Africa (UNISA) Advisory Council on Business and Climate Change and the United Nations Environment Programme Finance Initiative (UNEP FI).</p>
Examples of engagement	Feedback/Resulting actions
<ul style="list-style-type: none"> <li>The Nedbank Foundation works closely with the local leadership of the communities within which it operates to identify the most appropriate and meaningful projects to fund. During 2010, in partnership with Wiphold, the Imbizo process was used to engage with numerous local communities.</li> <li>The World Cup and the teachers' strike resulted in the 2010 matric pupils facing additional challenges. As education is a large focus area for the foundation, it found a solution together with numerous other NGOs and the Department of Education to aid students.</li> <li>Nedbank Group has a formal conservation partnership with WWF-SA and as such WWF-SA was represented on the Nedbank Group Environmental Forum and the Nedbank/WWF Carbon-neutral Task Team.</li> <li>Nedbank Group is represented on various UNEP FI committees and workstreams, including the role of chair of the UNEP FI African Task Force and cochair of the Water and Finance Workstream.</li> <li>Various engagements with the UN Global Compact.</li> <li>The Cambridge Programme for Sustainable Leadership facilitated a think tank session with Nedbank Group's sustainability, product and strategy teams.</li> <li>UNISA Advisory Council on Business and Climate Change – Nedbank Group, along with other corporates, has provided input into the climate-related research, stakeholder engagements and education programmes.</li> </ul>	<ul style="list-style-type: none"> <li>In the Mbashe District of the Eastern Cape one of the needs identified by the elders was access to water. The group's response was the Hippo Roller Project (see page 123).</li> <li>The Matric Revision Programme (see page 122) was the joint response to the issues raised by pupils, NGOs and the government alike.</li> <li>WWF-SA consistently challenges the Nedbank Group environmental status quo and has been involved in the setting of intensity reduction targets and the achievement of carbon neutrality.</li> <li>During Nedbank Group's chairmanship of the UNEP FI ATF membership was expanded and this has resulted in a greater African participation in relevant environmental issues.</li> <li>Nedbank Group contributed to the UNEP FI Liquidity Series to drive awareness of global water issues.</li> <li>Nedbank Group's Communication of Progress in terms of the UN Global Compact was well-received and met all requirements. Nedbank Group provided input into the UN Global Compact's human rights initiative for South Africa.</li> <li>New products and initiatives are under development as a result of a think tank session and there is greater internal cohesion in terms of greening efforts.</li> <li>Climate-related programme developments are underway and interactions are ongoing.</li> </ul>





## SUPPLIERS AND CONTRACTORS

Reasons for engagement	Types of engagement
<ul style="list-style-type: none"> <li>To maintain an ideal and timeous supply of goods and services for Nedbank Group's operations.</li> <li>To assist suppliers in ensuring their own viability through education, early-payment terms and other support.</li> <li>To encourage environmentally responsible practices in the group's supply chain.</li> </ul>	Ongoing interaction with suppliers and contractors includes supplier education workshops, a quarterly newsletter on sustainability matters and one-on-one negotiations.
Examples of engagement	Feedback/Resulting actions
<ul style="list-style-type: none"> <li>Nedbank Group focused on increasing its spend with black economic empowerment (BEE) suppliers, with particular focus on BWO businesses.</li> <li>Nedbank Group engaged with suppliers to share its environmental journey and to encourage suppliers to change their behaviour.</li> <li>The group conducted independent life cycle analyses (LCA) to understand the full environmental impact of the various paper types.</li> <li>Approximately two dozen environmentally friendly stationery products were evaluated to ensure environmental and business needs are met.</li> <li>Courier services were evaluated to reduce costs and carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>The focus on improving the group's rate of spend proved successful as the spend with BWO businesses rose by almost 3% in 2010 to 5,24%.</li> <li>In terms of spend Nedbank Group's largest suppliers are in the information technology (IT) domain. It is pleasing to see that a large number of these suppliers are actively working to reduce their carbon emissions. Disappointingly, however, following a survey, only 3% of the group's new suppliers onboarded in 2010 have an environmental policy in place. Accordingly, in 2011, efforts will focus on working with suppliers to improve this position.</li> <li>Paper suppliers were engaged with to gain a better understanding of the results of the LCA and to encourage further improvements in their environmental practices.</li> <li>While environmentally friendly stationery items were a good fit with the group's environmental policies, the costs were excessive. The possibility of combining orders with other organisations is being investigated to benefit from economies of scale.</li> <li>The group's main courier vendor has introduced new vehicles with improved fuel efficiency and a bigger load capacity. A careful evaluation of all collection routes resulted in an overall travel reduction.</li> </ul>

## BUSINESS PARTNERS

Reasons for engagement	Types of engagement
<ul style="list-style-type: none"> <li>To continue learning through interaction with industry and cross-sectoral organisations.</li> <li>To establish and build strategic partnerships.</li> <li>To use business associations as a forum to promote Nedbank Group's viewpoint on key issues.</li> </ul>	Membership of industry associations and bodies [BASA and the National Business Initiative (NBI)]; strategic partnerships such as with the group's black business partners (BBPs), Wiphold, Brimstone and Aka Capital.
Examples of engagement	Feedback/Resulting actions
<ul style="list-style-type: none"> <li>Ongoing participation in all BASA working groups and projects remains a key imperative. Nedbank Group is a member of a variety of committees within BASA, dealing with specific sustainability aspects.</li> <li>Engagements with the NBI Climate Change Working Group.</li> <li>BBPs are represented on relevant Nedbank Group committees and forums, eg the Transformation and Sustainability Board Subcommittee and BEE Forum.</li> </ul>	<ul style="list-style-type: none"> <li>Nedbank Group participates actively in the BASA Sustainable Finance Forum, an umbrella/strategic body that addresses issues critical to the long-term sustainability of the banking sector. Meetings are held monthly as well as when ad hoc issues arise.</li> <li>Nedbank Group has provided commentary on environmental regulatory developments through the NBI structure.</li> <li>Learnings from interactions with the NBI and BASA have served to enhance the group's sustainability focus in a number of business areas.</li> <li>Referrals were received from clients, resulting in revenue generation in the Corporate and Capital areas.</li> <li>Successful community engagements or Imbizos were held to help to deepen Nedbank's relationships with the communities in Centani and Dutywa.</li> </ul>

## SUSTAINABLE DEVELOPMENT PERFORMANCE

## CLIENTS

Reasons for engagement	Types of engagement	
<ul style="list-style-type: none"> <li>To make current and potential clients aware of Nedbank Group's products and services.</li> <li>To understand and resolve client concerns or complaints and utilise these to improve service.</li> </ul>	Business interaction via Nedbank Group outlets; client education workshops; client satisfaction surveys; client complaint lines and call centres, and marketing and advertising activities.	
Examples of engagement	Feedback/Resulting actions	
<ul style="list-style-type: none"> <li>AskOnce service delivery campaign.</li> <li>CMAT™ assessment.</li> <li>Ask Afrika Orange Index.</li> <li>Internal client satisfaction scores.</li> <li>Client complaint tracker system.</li> <li>Consumer education.</li> <li>Small-business seminars.</li> </ul>	Six major themes were raised by clients during 2010, including:	
	Issue	Action
	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to financial services</li> <li>Improved service levels</li> <li>Relevant products</li> <li>Financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>Refer to the Nedbank Business Banking and Retail business overviews section.</li> <li>Sustainable Development Performance section.</li> </ul>

## MEDIA

Reasons for engagement	Types of engagement	
<ul style="list-style-type: none"> <li>To use the media as a channel to communicate with relevant stakeholders.</li> <li>To position Nedbank Group proactively as a thought leader, the bank of choice for all South Africans and a responsible corporate citizen.</li> <li>To respond to media queries as they pertain to banking and relevant industry activities, including environmental issues.</li> </ul>	Communication and relationship building with key journalists and general media to position a brand-led organisation proactively (external communication of the Nedbank Group leadership, brand, values and product offering).	
Examples of engagement	Feedback/Resulting actions	
<ul style="list-style-type: none"> <li>Daily liaison with various media contacts regarding business-related issues.</li> <li>Formal media briefings were held on the appointment of Mike Brown, M-PESA and 360life product launches, achievement of carbon neutrality, participation in the intensified matric education drive, as well as numerous product launches and relevant industry issues such as client indebtedness.</li> </ul>	<ul style="list-style-type: none"> <li>Top of mind for the media in 2010 were issues that related to the proposed HSBC deal, Pinnacle Point, carbon neutrality, Mike Brown's appointment, interest rate trends, economic trend data such as the consumer price index, the Imperial Bank integration and the annual pricing review.</li> <li>Nedbank Group spokespeople availability was raised as an issue by the media. This has been actively addressed through deliberate one-on-one relationship building with key journalists and media training for relevant spokespeople.</li> </ul>	

## UNIONS

Reasons for engagement	Types of engagement	
To maintain a good working relationship with the unions and obtain approval or reach consensus on any decisions or projects that require changes in working conditions or to the operational requirements of the business.	Group Human Resources (HR) manages labour relations with the unions on an ongoing basis and consults on any changes in working conditions, restructures of the business, as well as performance management issues. This includes consultations on the resolution of alleged unfair labour practices to ensure the fair and equitable treatment of staff.	
Examples of engagement	Feedback/Resulting actions	
<ul style="list-style-type: none"> <li>Monthly and quarterly consultations by means of special joint committee meetings.</li> <li>Annual salary negotiations.</li> <li>Workplace engagements via NEEF.</li> <li>Updates on the achievement of staff meeting the legislated FAIS qualification requirements.</li> <li>Positive feedback from unions on the group's ongoing integrated sustainability initiatives in the community.</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the Workforce Skills Plan.</li> </ul>	



# ENVIRONMENTAL SUSTAINABILITY

NEDBANK GROUP ACKNOWLEDGES BOTH THE DIRECT AND INDIRECT IMPACT OF ITS OPERATION ON THE ENVIRONMENT AND THE RESULTANT NEED TO PROMOTE ENVIRONMENTAL SUSTAINABILITY.

As South Africa's recognised 'green' bank, Nedbank Group has a well-established reputation for being absolutely committed to environmental sustainability. In fact, this commitment to the conservation of the natural heritage of the country, and planet, is integral to the culture of the organisation and represents a key element in the ongoing assessment of overall corporate performance.

Nedbank Group's approach to environmental sustainability comprises three distinct, but interrelated components:

## 1 MANAGING ITS OWN IMPACT

The group's focus, in the first instance, is on making sure that it 'gets its own house in order' and effectively manages the direct impact it has on the environment, particularly through its efforts in the areas of energy efficiency, carbon reduction, carbon neutrality, water efficiency and responsible lending.

## 2 LEADING THROUGH COLLABORATION

Although Nedbank Group has a fairly low direct impact on the environment, the group's sphere of influence and potential to have a highly positive indirect environmental impact is vast. To this end it works closely with all stakeholders – from employees and clients to business partners and suppliers – to help them understand their impact on the environment and strive to reduce any negative aspects of that impact.

## 3 FACILITATING SUSTAINABILITY THROUGH PRODUCTS AND SERVICES

Nedbank Group strives to support the 'green' efforts of its clients by offering them a range of environmentally friendly banking and financial products and services. This commitment to promoting environmental sustainability via innovative product development is supported at every level of the organisation.



## MANAGING ITS OWN IMPACT

### ENVIRONMENTAL MANAGEMENT

The Group Transformation and Sustainability Committee (a subcommittee of the Nedbank Group Board) is responsible for monitoring and refining all environmental policies and ensuring that these are integrated into the Nedbank Group philosophy and practice. At an executive management level the group executive responsible for enterprise governance and compliance assumes overall accountability for the management of environmental sustainability.

In 2008 the Group Environmental Forum (GEF) was constituted to drive environmental sustainability across Nedbank Group. The end of 2010 saw this forum reconstituted as the Group Sustainability Committee (GSC) with increased executive management representation across the organisation in order to ensure:

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

This committee is supported by a central sustainability team comprising sustainability specialists and experts, particularly in environmental law, carbon, and stakeholder engagement. Further support is achieved via a number of sustainability forums across the various business clusters as well as a number of environmentally focused task teams. These include the World Wide Fund for Nature – South Africa (WWF-SA)/Nedbank Carbon-neutral Task Team, as well as task teams that focus on electricity, paper, water, travel and waste.

During 2010 various sustainability forums served to:

- enhance the effective coordination of environmental initiatives across the group;
- provide a recognised platform for information sharing and the capturing of synergies;
- streamline and facilitate environmental sustainability reporting, communication and marketing; and

- help shape the group's strategy and business plans by ensuring the inclusion of sustainability considerations in all business plans as supported by the three-year Group Integrated Environmental and Social Business Plan.



### SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT

Given the increasing impact of climate change and the related risks, and in addition to the group's commitment to the Equator Principles, the group has placed even greater emphasis on consolidating its social and environmental risk policies and management processes to protect shareholder value and returns on capital investments. Nedbank Group's environmental policy reflects this consolidation and ensures responsible, fair and honest business practices that are aligned with government's environmental protection objectives.

The group works towards ensuring compliance with environmental legislation and regulations. Regular reviews of the environmental policy ensure it remains relevant, while detailed reporting provides stakeholders with a clear view of environmental sustainability effectiveness.

The Environmental Policy is linked to, and supported by, Nedbank Group's Social and Environmental Management System (SEMS). Consolidated in 2010, SEMS is based on ISO 14001, and details the policy, procedures and workflow required to identify and assess the environmental or social impacts of investments or lending activities undertaken by Nedbank Group.

The Environmental Policy and SEMS, in turn, include sector guidelines on mining, property, oil and gas, water infrastructure, waste management, and mergers and acquisitions.

To give effect to all of the above a social and environmental risk evaluation tool (Screening Tool) was developed and is being implemented across the group.





## DRIVING CARBON REDUCTION

For carbon neutrality truly to mean anything it cannot merely be a badge, it needs to be a promise. This was the philosophy at the heart of Nedbank Group's decision to strive for carbon neutrality and remains a key focus now that the bank has achieved this objective.

While carbon neutrality represented the next logical chapter in the 'green' bank's 20-year environmental sustainability and climate change journey, it also demonstrated a commitment to realising Nedbank Group's vision of assuming a leading role in sustainability – both within financial services and further afield – via a balanced and integrated approach to addressing environmental, social, cultural and economic sustainability issues.

Of particular relevance to the group's ability to assume a sustainability leadership role was the way in which its carbon-neutrality vision was realised. By following a '**reduce before offsetting**' approach, Nedbank Group's carbon neutrality was achieved, as far as possible, by means of behavioural change, reduction targets (including paper, water, electricity, travel and waste) and operational efficiencies. Only once reduction initiatives for the year had been achieved did the bank use carbon credits to offset the remaining, unavoidable carbon emissions.

Working with WWF-SA to achieve credible and sustainable carbon neutrality, Nedbank Group now boasts a powerful platform on which to build its client value proposition, deliver value and drive the 'green' agenda among all stakeholders, including:

- **Government** – Nedbank will continue to support government, wherever possible, in leveraging the opportunities presented by the growing 'green' economy to address some of the environmental and social challenges facing South Africa.
- **Clients** – Nedbank Group is in a good position to enhance its client value proposition through the provision of 'green' financial products and services.
- **Suppliers and partners** – Through collaboration with suppliers and business partners the group is looking forward to helping move South Africa's financial services industry, and the country's economy as a whole, towards a low-carbon future.
- **Staff** – The group's aim is to continue reducing its own direct carbon footprint in partnership with its employees. Intensity reduction targets remain in place and are incorporated in performance assessments, as does a focus on promoting environmental awareness and action among staffmembers.
- **Investors** – As environmental regulation increasingly drives the SA economy, 'green' companies and technologies are set to become key contributors to sustainable investment success. Carbon neutrality positions Nedbank Group at the crest of this investment wave.



As a direct result of the reduction targets associated with the achievement of carbon neutrality, Nedbank Group achieved approximately R36 million in operational savings between 2007 and 2010.

*Soil & More Reliance project. Preparing garden and park waste for composting.*



*Member of the Umdoni community collecting her free bioethanol gel.*





## CARBON CREDITS FOR INTEGRATED SUSTAINABILITY

NEDBANK GROUP'S APPROACH TO THE ACQUISITION OF CARBON CREDITS IS CLOSELY ALIGNED WITH ITS INTEGRATED SUSTAINABILITY STRATEGY. FOR THIS REASON THE CARBON CREDITS NEEDED TO ATTAIN CARBON NEUTRALITY WERE OBTAINED FROM THE RUKINGA PROJECT IN KENYA AS WELL AS THE UMDONI GEL FUEL LOW-INCOME HOUSING PROJECT IN KWAZULU-NATAL AND THE SOIL & MORE RELIANCE PROJECT IN THE WESTERN CAPE:

**Rukinga Project, Kenya** – Nedbank is delighted to continue its association with this project in 2010. It recently became the world's first Reducing Emissions from Deforestation and Forest Degradation (REDD) project to issue carbon credits. The project is successfully preventing the deforestation of Kenya's Kasigau Corridor while delivering significant economic, social and cultural benefits to local communities.

**Umdoni Gel Fuel Low-income Housing Project, KwaZulu-Natal** – This project reduces carbon emissions by promoting the switch from fossilised and unsustainably harvested fuel to the use of bioethanol gel (a byproduct of the local sugarcane industry).

The Umdoni Municipality provides 4 000 households that are offgrid with an energy-efficient cooking stove that burns bioethanol gel. On a monthly basis the municipality also provides seven litres of the bioethanol gel to each participating household. Benefits of the project include:

- Reduced reliance on fuel sources that are not environmentally friendly.
- Reduced fire threat.

- Reduced air pollution during periods of cooking and heating.
- Reduced household expenditure on energy.

**Soil & More Reliance, Western Cape** – This project generates carbon offsets through the avoidance of methane emissions by displacing the dumping of organic waste by the anaerobic composting treatment of garden and park waste in Cape Town.

The social, environmental and economic benefits from the project and local use of the compost include:

- Sustainable improvement of soil fertility and increase in water retention capacity of the soil in the Western Cape region.
- Improved crop yields, extension of growing season and reduced requirement for and costs of chemical fertilisers and pesticides.
- Direct employment for the composting project and additional temporary employment during the planned construction of a new production site.

Nedbank Group will continue to explore a range of offset projects in South Africa and Africa, particularly those that include renewable energy, avoided deforestation, and the promotion of reforestation and biodiversity conservation.

## CLIMATE CHANGE POSITION STATEMENT

In 2010 Nedbank Group updated its formal Climate Change Position Statement. The statement is a public declaration and pledge by the group to reduce its impact on the environment through driving a reduction in the consumption of energy, water and paper, and reducing business travel, thereby furthering an overall reduction in carbon emissions. The intensity reduction targets were set in line with the National Energy Efficiency Accord (to which the group is a signatory) and in consultation with WWF-SA. To support continued carbon neutrality these reduction targets remain highly relevant and, in addition to including new targets for paper and water efficiency, the updated Climate Change Position Statement sees the group working more closely with suppliers to help them measure, manage and reduce their carbon emissions, thereby enhancing the overall impact of reduction efforts. A policy of preferential procurement from suppliers that demonstrate a commitment to these reduction principles will serve to entrench further environmental sustainability as a core business imperative among many of the bank's supplier businesses.

## REDUCTION TARGETS

Intensity reduction targets per fulltime employee (FTE) were chosen to measure Nedbank Group's carbon reduction, as this allows for both organic growth and continuous improvements in reporting on greenhouse gases (GHG) (carbon footprint). Targets include:

Resource	Target
Energy	12% reduction by the end of 2015 based on 2005 levels or 5 335 kWh per FTE.
Water	10% reduction by the end of 2011 based on 2009 levels or 17,2 kl per FTE.
Paper*	5% reduction by the end of 2015 based on 2010 levels.
Waste	10% reduction by the end of 2011 based on 2009 levels or 34,12 kg reduction per FTE.
Recycling	3% increase in recycling by the end of 2011 based on 2010 levels or 34,69 kg per FTE.
Carbon emissions (includes business travel)	12% reduction by 2015 (from 2007 levels) or 7,67 tonnes per FTE.

\* The new paper target has been set as an absolute target and not an intensity reduction target, as most of the group's paper usage has proven to be related to client communications and related regulatory requirements and less so to individual employee usage.

## DEVELOPMENTS AROUND TARGETS IN 2010

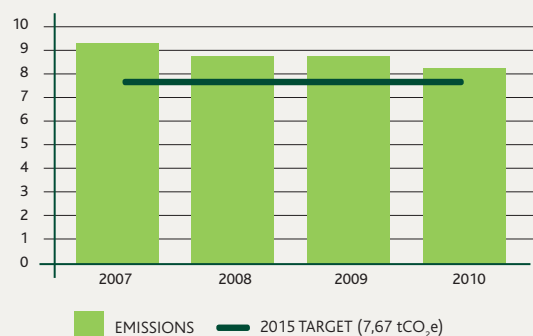
In 2010 the carbon intensity reduction targets again formed an important component of groupwide performance assessment measures. A specifically mandated task team tracks performance against these targets on a monthly basis, works to raise awareness of ways in which the targets can be achieved and considers additional carbon reduction initiatives.

## CARBON EMISSIONS

Good progress was made against this target during 2010 thanks to a number of internal carbon reduction initiatives.

In line with the group's commitment to continued carbon reduction, it extended the measurement and scope of its 2010 carbon footprint (see page 108).

### EMISSIONS PER FTE\* – tCO<sub>2</sub>e

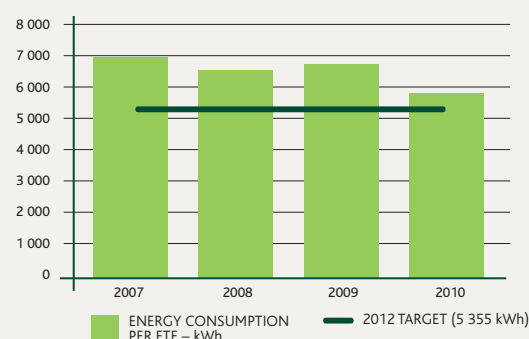


\* Fulltime employee.

## ENERGY

Given that the largest percentage of the group's carbon footprint (77%) is from energy usage, 2010 saw intense efforts to reduce usage wherever possible. Initiatives included the installation of motion sensors, heat pumps, blackout blinds and the upgrading of numerous building management systems. The initial capital outlay of approximately R6,6 million to implement this new technology has resulted in an additional reduction in electricity usage of 13% per FTE.

### ENERGY CONSUMPTION – kWh/FTE\*



\* Fulltime employee.

## WATER

The group's initial water intensity reduction target (5% reduction by 2010 from 2005 levels) was met by the end of 2009 and a new target was set. A number of initiatives already resulted in a significant reduction in water consumption of 5% for 2010 against the new target. Total 2010 water consumption for campus sites was **263 876 kl** (approximate Retail consumption was **114 328 kl**). Waterless urinals and dual-flush toilets are being introduced in an effort to reduce water consumption, while the collection of rainwater and recycled water for these purposes will have a further positive impact in the years to come.

The use of bottled water has been discouraged at all Nedbank Group offices and branches, and employees are now requested to use glass jugs that can be refilled at filtered water points. By raising awareness of the carbon-intensive process of bottling and transporting bottled water, it is hoped that employees will eventually stop purchasing bottled water for their personal and home use too.

Nedbank voluntarily participated in the Water CDP in 2010. This was an important benchmarking exercise that helped to identify vulnerability in our supply chain and client base. Water continues to be an important focus area for 2011. This focus is three-fold addressing water scarcity, water quality and access to water.

## PAPER

The original paper intensity reduction target (10% reduction per FTE from 2007 levels) was not achieved. This was due in part to inaccuracies in the original base (impacting previous reporting periods) as well as factors such as the inclusion of Imperial Bank, growing regulatory requirements and legacy systems. Despite these challenges, a 1,2% decrease per FTE from 2007 levels was realised. It should be noted that, although paper accounts for only about 2% of Nedbank Group's overall footprint, paper reduction remains an area of focus. Paper recycled at Nedbank's campus sites amounted to **342,74 tonnes**.

New technology planned for implementation in 2011 will assist with the reduction of paper consumption in Nedbank branches, as will a number of other initiatives, including:



Recycling is an important part of Nedbank's environmentally friendly initiatives. Sorting happens at source in all the Nedbank buildings.



## ENVIRONMENTAL SUSTAINABILITY

- The implementation of double-sided printing of home loans statements, which resulted in paper savings of over 400 000 sheets in the last quarter of 2010.
- The continued rollout of electronic statements (eStatements) for Nedbank Retail card and transactional products. While the project aim for 2010 was to extend the rollout of eStatements to include home loans, personal loans, investment products and asset finance, capacity and system constraints prevented this by the end of the year. All product areas have committed to completing this functionality by the end of 2011. To date 155 000 clients have been registered on eStatements, resulting in a paper cost reduction of over R400 000.
- The introduction of paperless ATM functionality, with all machines now offering users a choice to print a receipt or view it onscreen.
- An extensive review of all form-intensive account application processes. Where possible, application forms are being consolidated and shortened with a view to reducing the amount of paper used when opening Nedbank accounts. Online applications are also actively encouraged. This review process will continue in 2011.

## WASTE AND RECYCLING

A 10% intensity reduction in waste generation has been set, based on 2009 figures (5% year-on-year reduction for 2010 and 2011). This translates into a 34,12 kg reduction per employee for the period 2009 to 2011. A 5% increase in recycling was targeted for the end of 2011, based on 2009 figures. Pleasingly, this target was achieved at the end of 2010 and the new target for the end of 2011 is a 3% increase based on 2010 levels.

- Provision of a procedure manual for wet waste and recyclable waste at all Nedbank Group properties.
- Worm farms have been introduced at a number of headoffice sites to reduce 'wet' waste.

- Collection of compact fluorescent lamps (CFLs), batteries and printer cartridges continued to allow for responsible disposal or recycling where possible.
- General waste sent to landfills amounted to **497,33 tonnes**.

## BUSINESS TRAVEL

The Business Travel Policy has been updated to include 'green' travel guidelines, which highlight the need to use business travel wisely and improve travel behaviour including the preferred use of video conferencing.

Improved video-conferencing facilities have been implemented at major campus sites and use of these facilities is actively encouraged over business travel.

A carbon reduction of 148,04 tonnes was also achieved in 2010 through the use of staff shuttle services. The shuttle service made approximately 30 trips per day, transporting an average of six employees per trip between Nedbank's offices in the Sandton area. The aim is to increase the number of staffmembers carried per trip to an average of 10 in 2011, thereby increasing the total carbon savings.



## ENVIRONMENTAL EXPENDITURE

During 2010 Nedbank Group channelled R54,6 million (2009: R31,3 million) into environmental initiatives (including the achievement of carbon neutrality). The increase in spend is a reflection of the strategic relevance of environmental issues to Nedbank Group. This occurred across a number of business areas, including Nedbank Retail, Nedbank Capital and Nedbank Property Finance, with significant increases in spend shown in Nedbank Property Services, Enterprise Governance and Compliance (EGC), Group Technology, Group Marketing and Communications and The Green Trust.

Recycling sorting centre at 135 Rivonia Road.



Paper and cardboard being delivered to the recycling factory.





## CARBON FOOTPRINT MEASUREMENT

NEDBANK GROUP'S EMISSIONS PER FULLTIME EMPLOYEE WERE REDUCED YEAR-ON-YEAR BY 6% TO 8,25 TONNES PER ANNUM AND EMISSIONS PER m<sup>2</sup> OF OFFICE SPACE ALSO REDUCED BY ALMOST 4% TO 0,39 TONNES PER ANNUM.

The overall reported GHG emissions in absolute terms increased by 0,16% year-on-year from 2009 to 2010. However, this increase is as a consequence of efforts to continue to expand Nedbank Group's GHG report boundary and scope (see below), while simultaneously focusing efforts on reducing its environmental impact. The year 2010 saw a significant increase in reported SA facilities and operations through the incorporation of Imperial Bank's carbon data following its acquisition during 2010. In addition, 2010 also saw the inclusion of the electricity consumption emissions arising from non-SA Nedbank Group operations.

REPORTING PERIOD FINANCIAL YEAR 2010	
<b>Methodology</b>	The GHG Protocol – Corporate Accounting and Reporting Standard (revised edition)
<b>Inclusions</b>	<ul style="list-style-type: none"> <li>Nedbank Group's activities, equipment and operations, as well as the actions of its employees associated directly with 583 ( 2009: 541) SA offices and branches, which include the activities, equipment and operations of Imperial Bank as integrated into the greater Nedbank Group.</li> <li>Actual or estimated electricity consumption (scope 2) associated with the non-SA wholly and partially owned subsidiary companies: <ul style="list-style-type: none"> <li>Seven facilities of the European operations.</li> <li>Five African operations (outside of South Africa).</li> </ul> </li> </ul>
<b>Exclusions</b>	<p>Data required to undertake emissions calculation is not currently available for the following:</p> <ul style="list-style-type: none"> <li>Scope 1 and 3, as they relate to non-SA offices due to a lack of reliable data. To balance this exclusion, the staff headcount from these offices has been excluded from the FTE intensity calculation. The net result is a more conservative total FTE figure.</li> <li>Emissions associated with the operation and service of ATMs, self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises and other remote devices.</li> <li>Any other premises or activities owned or operated by Nedbank Group not explicitly referenced in this report.</li> </ul>

FULLTIME EMPLOYEE COUNT AND OCCUPIED OFFICE SPACE INCLUDED IN THE REPORT		Non-SA	2010	2009	2008	2007 baseline
Total occupied floor space of reported buildings (m <sup>2</sup> )			542 147	520 821	283 953	261 450
Employees included in FTE calculations	0		25 884	24 284	15 416	14 203
Total number of FTEs	1 641*		25 884	24 284	26 422	25 518
Percentage of all employees covered by the report	0**		100,00	100,00	58,35	55,66

\* Excluding international secondees.

\*\* As only scope 2 emissions related to non-SA employees were accounted for, the 1 641 non-SA employees were not included in the total 2010 FTE number.

## ENVIRONMENTAL SUSTAINABILITY

Nedbank Group GHG emissions inventory – CO<sub>2</sub>e (tonnes)

SCOPE	2010	2009	2008	2007 baseline
Scope 1: Direct emissions from:	1 667,82	428,61	1 222,08	694,85
Fuel used in equipment owned or controlled by Nedbank Group (eg generators)	150,11	244,64	717,47	419,72
Air-conditioning and refrigeration gas refills	1 419,99*	75,27	380,79	140,18
Nedbank Group fleet of vehicles	97,73	108,70	123,82	134,95
Scope 2: Indirect emissions from purchased electricity:	165 343,42	167 753,56	99 908,46	96 361,71
Purchased electricity – SA	155 929,55	167 753,56	99 908,46	96 361,71
Purchased electricity – Non-SA	9 383,87			
<b>TOTAL SCOPE 1 AND 2 EMISSIONS</b>	<b>166 981,24</b>	<b>168 182,17</b>	<b>101 130,54</b>	<b>97 056,56</b>
Scope 3: Indirect emissions from:	46 167,43	43 458,99	32 930,69	31 483,31
Business travel in rental cars	822,07	329,45	371,53	498,59
Business travel on commercial airlines	4 055,65	5 436,01	5 574,51	7 790,61
Business travel in employee-owned cars	2 006,92	1 435,64	2 203,98	2 244,13
Employee commuting	35 123,84	32 007,95	21 494,46	17 665,83
Product distribution	2,71	1,86	106,49	–
Consumption of office paper	4 156,24	4 248,08	3 179,72	3 284,15
<b>TOTAL SCOPE 1, 2 AND 3 EMISSIONS (GHG Protocol)</b>	<b>213 148,68</b>	<b>211 641,16</b>	<b>134 061,23</b>	<b>128 539,87</b>
Non-Kyoto Protocol GHG emissions	279,41	1 440,16	1 407,46	1 406,38
<b>SPLIT OF NEDBANK GROUP EMISSIONS CO<sub>2</sub>e (tonnes)</b>	<b>213 428,09</b>	<b>213 081,32</b>	<b>135 468,69</b>	<b>129 946,25</b>
Scope 1 (%)	0,78	0,20	0,90	0,53
Scope 2 (%)	77,46	78,73	73,75	74,16
Scope 1 and 2 (%)	78,24	78,93	74,65	74,69
Scope 3 (%)	21,63	20,40	24,31	24,23
Non-Kyoto Protocol GHG emissions (%)	0,13	0,68	1,04	1,08

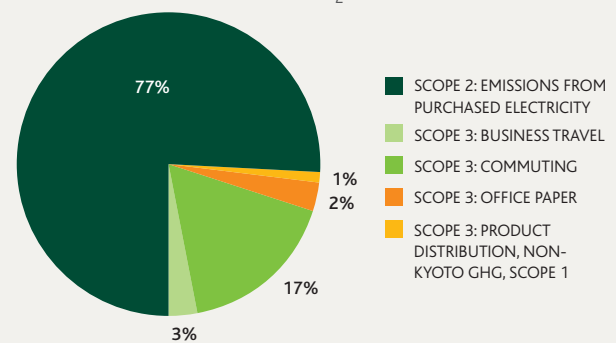
## SCOPE 1 EMISSIONS

Although the reported scope 1 emissions from refrigerants rose significantly year-on-year as a consequence of the replacement of current gas with less dangerous (but higher emitting) refrigerants, emissions from all scope 1 activities remained under 1% of total emissions.\*

As electricity supply interruptions were minimal throughout 2010, use of diesel generators remained low compared with previous years.

## SCOPE 2 EMISSIONS

Approximately 77% of the total GHG emissions reported for 2010 (of which almost 73% originate in South Africa) are from purchases of third-party electricity generation.

EMISSIONS PER FTE\* – tCO<sub>2</sub>e

\* Fulltime employee.

Nedbank Group has continued to target energy consumption and is pleased to report a year-on-year reduction of more than 7% in the total energy consumed by SA operations, despite the inclusion of Imperial Bank facilities and staff to the 2010 GHG report boundary.

Through the continued focused effort on reducing electricity consumption and the completion and occupation of Phase 2 of the headoffice building at 135 Rivonia Road, electricity consumption at the large headoffice and regional buildings in 2010 is 13,5% lower year-on-year at 83 341 mWh (2009: 96 437 mWh) and is 17% less than the 2007 baseline.

### SCOPE 3 EMISSIONS

Approximately 22% of the total 2010 GHG emissions arose from reported scope 3 activities, over 16% arising from staff commuting, 3,2% from staff business travel, 1,95% from emissions arising from third-party manufacture of office paper and the remainder from product distribution and non-Kyoto GHG emissions.

- Business travel

Emissions from business travel have reduced by 4,39% year-on-year overall, representing a net reduction of around 1,2 million km

in reported business travel. It is interesting to note the annual shift from business travel on commercial flights (-7,8 million km) in favour of travel in rental and employee-owned cars (+2,4 and +2,6 million km respectively).

- Commuting

Emissions from staff commuting rose 9,7% to 35 124 tCO<sub>2</sub>e as a consequence of a small rise in the average emissions per FTE (+3% from 1,32 tCO<sub>2</sub>e per person to 1,36 tCO<sub>2</sub>e per person) and due to the inclusion Imperial Bank staff.

Commuting emissions for all staff are estimated by multiplying the average emissions per survey respondent by the FTE count. The 2010 SA staff commuting survey again received valid responses from approximately 65% or 16 859 staffmembers.

- Paper consumption

A small decrease (less than 1%) in 2010 has been recorded in total year-on-year paper consumption, which translates into a 7% reduction of paper consumed per FTE.

### Nedbank South Africa performance targets

NEDBANK SOUTH AFRICA KEY PERFORMANCE INDICATORS	Progress from 2009 (Y-O-Y)	Progress from 2007 baseline	2010	2009	2008	2007 baseline
<b>Total emissions CO<sub>2</sub>e (tonnes, including non-SA)</b>	0,16%	64,24%	<b>213 428,09</b>	213 081,32	135 468,69	129 946,25
Emissions per FTE	(6,03%)	(9,88%)	<b>8,25</b>	8,77	8,79	9,15
Emissions per m <sup>2</sup>	(3,98%)	(21,27%)	<b>0,39</b>	0,41	0,48	0,5
Emissions per operating income (g/rand)	(21,41%)		<b>9,03</b>	11,49		–
<b>Energy</b>						
Consumption in kWh	(7,05%)	50,58%	<b>151 388 224*</b>	162 867 539	99 908 460	100 533 871
Consumption in kWh per FTE	(12,80%)	(17,37%)	<b>5 849</b>	6 707	6 481	7 078
<b>Paper</b>						
Tonnes used	(0,77%)	80,03%	<b>1 917,29</b>	1 932,22**	1 025,29	1 065,00
Usage per FTE (tonnes)	(6,91%)	(1,22%)	<b>0,0741</b>	0,0796**	0,0665	0,0750
<b>Business travel – commercial airlines (km)</b>						
Commercial airlines (km)	(20,13%)	(44,70%)	<b>31 032 595</b>	38 852 231	49 195 392	56 111 798
Air travel per FTE (km)	(25,06%)	(69,65%)	<b>1 199</b>	1 600	3 191	3 951
<b>Business travel – rental cars (km)</b>						
Rental cars (km)	124,71%	47,87%	<b>4 324 603</b>	1 924 492	1 996 987	2 924 524
Rental cars per FTE (km)	110,82%	(18,86%)	<b>167</b>	79	130	206

\* Electricity consumption for campus sites is **83 341 027 kWh**. The approximate retail consumption is **48 870 005 kWh**.

\*\* As part of the 2010 review of the GHG data, a calculation discrepancy (as a result of human error) was identified. It should be noted that the discrepancy was not material in terms of its impact on the overall 2009 carbon footprint. As is standard practice, an additional number of credits were allocated in 2009, which comfortably took this discrepancy into account.

## ENVIRONMENTAL SUSTAINABILITY



## STAFF COMMUNICATION, TRAINING AND ENGAGEMENT

The buy-in and commitment of Nedbank Group employees to environmental sustainability are of paramount importance to its ability to achieve its vision of becoming a sustainability leader in South Africa. During 2010 much focus was placed on growing awareness of the environmental imperative and affording staffmembers the opportunity to involve themselves in protecting and nurturing the environment.

**'Green' intranet site** – This valuable resource offers a wealth of information, advice and guidance around integrating 'green' principles into employees' work and home lives. The nedbankgreen.co.za website is a useful environmental resource for use by staff and Nedbank Group clients.

**Deep Green Day** – The 2010 annual Deep Green Day saw employees across the country living out the theme 'Picture yourself greener' by participating in a range of initiatives from tree planting, recycling and community sustainability projects to submitting ideas on how individuals and corporates can contribute more to environmental preservation and climate change mitigation.

**Groupwide email communications** – This general communication proved invaluable in maintaining momentum among staffmembers, particularly in terms of efforts to achieve reduction targets.

**3sixty** – the staff magazine – once again served as a valuable communication tool concerning environmental issues. Numerous articles around environmental management were included throughout the year.

**Employee advocacy** – While the planned 'green' advocacy programme was not fully implemented in 2010, the work completed within the programme was utilised on the 'green' internet and intranet sites. Increased employee advocacy will remain a focus for 2011.

**Staff roadshows** – The Chief Executive, Mike Brown, undertook a series of staff roadshows. Included in these presentations was an update on the group's 'green' credentials and staff were encouraged to increase their involvement in driving environmental sustainability in their areas of influence.

**Sustainability Resource** – With the primary aim of providing groupwide access to important sustainability information, this shared portal carries training material, research done on climate change, water and social sustainability, legislation and policies, international best practice, and environmental risk, as well as tools such as SEMS and screening and assessment methods.

**Super Sustainability Forum** – This teleconferencing initiative is aimed at all employees outside of the Sandton headoffice and reduces travel that would have been required for face-to-face meetings.

**Communication sessions** – These provide personal assistants and administration staff, as well as select influential staffmembers, with important insights into a variety of environmental sustainability initiatives and their implications for the business. The aim is to enable these employees to use their wide sphere of influence within the group to help change environmental mindsets.

*Employee communication encouraging a change in behaviour.*







## TRAINING AND RELATED POLICY ACKNOWLEDGEMENTS

Ensuring that employees fully understand the group's environmental sustainability objectives and commitments is considered essential in order to afford them every opportunity to contribute to the relevant initiatives. To this end, and by way of aligning the environmental vision of all internal stakeholders, Nedbank Group employees are required to acknowledge that they have received, read and understood the relevant policies on an annual basis. Sustainability policy acknowledgements include a formal assessment.

In 2010:

- 84% of employees completed the Environmental Policy acknowledgement;
- 85% of employees completed the Corporate Responsibility Policy acknowledgement; and
- 65% of employees completed the commuting and awareness survey. The commuting data is used to calculate the group's carbon footprint (scope 3), while the awareness data informs future communication and behavioural change initiatives. It is pleasing to note that individual staff commitment to overall sustainability and

green issues has increased from 74% in 2009 to 95% in 2010. Also, more than 88% of staff surveyed believe that Nedbank Group has assisted them in reducing their own environmental footprint.

A total of 81% of Nedbank Group employees have completed the online sustainability training, 4 804 of whom undertook the training in 2010. Training covers the basic principles of sustainability, including the Nedbank Group's philosophy and approach to sustainability, its achievements to date and the role of the individual employee in assisting it in achieving its sustainability objectives.

The original training course, developed in 2005, has been regularly updated as sustainability issues have progressed. As such, a revised training course has been developed and all staff will undertake this training in 2011 with a view to:

- further increasing awareness and building knowledge of sustainability issues and explaining why they matter locally and internationally;
- encouraging a change in individual attitudes and behaviour; and
- exposing staff to what Nedbank Group is doing in the area of sustainability.

*Mike Brown, Nedbank Chief Executive, leads by example in Nedbank Group's recycling efforts.*



*The Southern African Sustainable Seafood Initiative (SASSI) is an example of one of the many successful Green Trust projects. This project includes FishMs, which allows consumers to SMS SASSI to determine the conservation status of fish before they purchase it.*



## ENVIRONMENTAL SUSTAINABILITY

## LEADING THROUGH COLLABORATION

For its environmental sustainability efforts to be as effective as possible Nedbank Group recognises that it needs to involve as many stakeholders as possible in its sustainability journey. Environmental sustainability is not approached with a view to securing a competitive advantage, but rather with the intention of becoming a leading corporate citizen in this area, so that the group can enable as many other companies and individuals as possible to join the 'cause' for the ultimate benefit of all. The year 2010 has been a year of sharing learnings and experience with stakeholders, including the media, unions, suppliers and academic institutions.

## PARTNERSHIP WITH WWF-SA

After two decades the unique conservation partnership between Nedbank Group and WWF-SA remains as strong and mutually beneficial as ever. WWF-SA continues to provide direct input into the group's sustainability and environmental policies, investment guidelines, strategies, systems and training. A representative of the organisation attended the GEF, which was also supported by a number of working committees. WWF-SA continues to work with Nedbank Group to define, review and assess targets for the group's environmental actions to ensure that they serve to drive the group's environmental influence and enhance its environmental risk management processes. WWF-SA remains involved in the WWF-SA/Nedbank Carbon-neutral Task Team. They provide input into ongoing offsetting projects and ensure the environmental integrity of further work being done in this area.

## NEDBANK GREEN AFFINITY AND THE GREEN TRUST

In 1990 Nedbank Group helped establish The Green Trust in partnership with WWF-SA. Since then the group, through The Green Affinity Programme, has donated more than R100 million to more than 170 conservation projects throughout South Africa (see page 117 for further details). Since inception The Green Trust's mission has been to bring together environmental and social sustainability in order to enable people to live and work in harmony with the environment. As it celebrates its 20th anniversary, The Green Trust has proven that a strong people focus is imperative to achieve environmental sustainability and the protection of the planet's natural heritage. The Nedbank Green Affinity donations to The Green Trust increased by 19% to over **R6,3 million** (2009: R5,3 million).

*'The Green Trust has really brought the focus of environment back to a people-centred one, thus bringing real change to people's lives and making conservation relevant.'*

Archbishop Desmond Tutu

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

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

ENABLING FOOD SECURITY  
THROUGH GREENCHOICE

The Green Trust-supported GreenChoice initiative is aimed at improving the way that food is produced, sold and consumed in South Africa. Recognising that South Africa's food security depends on its farmers, GreenChoice seeks to reunite the consumer with these farmers in order to understand their challenges and have insight into the food supply chain. At the same time GreenChoice is helping SA farmers to face the challenges of climate change and to produce sufficient, quality agricultural produce, while conserving the natural resources that are essential to the planet's survival.

To this end GreenChoice, in collaboration with WWF-SA and Conservation International, produced the 'Living Farms Reference' – a guideline for sustainable farming practices in South Africa. The ultimate goal is to empower farmers to take up sustainable farming in order to enhance their economic returns, create resilience to climate change and secure the future of the earth on which they, and all South Africans, rely.



## UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE

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

UNEP FI launched its African Task Force in South Africa in January 2002 to:

- address sustainability issues within the African context;
- set sustainability priorities for the African financial sector; and
- drive a holistic, integrated sustainability approach across all African finance sectors.

Nedbank Group continued to chair the UNEP FI African Task Force during 2010 with a work programme focused on climate change and the water issues facing the continent. The group also cochairs the Water and Finance Workstream, which focuses on industry usage of water and water-offset initiatives. Nedbank Group contributed to the workstream's first publication in the Chief Liquidity Series 'Agribusiness', which contains geography and sector-specific water materiality briefings, including a study on the impact of water scarcity on agriculture in South Africa.

The second study on the power sector was launched during World Water Week in Stockholm in September 2010. This study includes a chapter focused on water sustainability and power generation in South Africa.

Nedbank Group remains involved in the Global UNEP FI Steering Committee and the Banking Commission, and is a member of the Biodiversity and Ecosystem Services Workstream.

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

## EXTERNAL ENGAGEMENTS AND ENVIRONMENTAL SUSTAINABILITY INITIATIVES

As part of Nedbank's commitment to influencing others to embark on their own sustainability journeys, the group engages with numerous organisations and individuals in order to share sustainability experience and knowledge. Some of these engagements and initiatives during 2010 included:

**Nedbank Group Sustainability Outlook** – Researched by the University of Cambridge Programme for Sustainable Leadership and with a distribution of over 100 000, this sustainability publication has as its primary aims to encourage debate around, and awareness of, sustainability issues – particularly in terms of investments and the need to consider sustainability criteria when making investment decisions. Two editions were sent out in 2010 to banking analysts, the financial and environmental media, various Nedbank Group

clients, Green Affinity members and a number of educational and industry databases. Very positive feedback was received from recipients.

**Financial Mail Green Business Guide** – In 2010 Nedbank Group sponsored this publication, which is aimed at promoting 'green' purchasing behaviour and highlighting companies that are committed to environmental conservation.

*'I want to congratulate you on an excellent publication. Minister Winde was so impressed with the publication that he requested that I mention it to other interested parties.'* Annamarie Smit, Ministry of Finance, Economic Development and Tourism, Western Cape Government

**Nedbank BDFM Greening Your Business** – To extend the group's sphere of 'green' influence Nedbank Group's sustainability division partnered with *Business Day* and *Financial Mail* to produce an online training course Greening Your Business. The course was offered free of charge for a limited period to Nedbank Group clients and the general public. More than 1 200 companies completed the course, with positive feedback received from participants.

*'A great initiative; I could not wait for Mondays to receive the new modules.'*

*'Let government officials, school principals and educators participate in this course – we can only hope it will inspire them to think of environmental policies in their departments and schools.'*

*'The course made me aware of the parameters within which to operate. I know the action steps required to start, implement and achieve green status for an organisation, both my own and others.'*

**Earth Hour** – Nedbank Group again participated in the WWF Earth Hour Campaign in 2010. It is the world's biggest mass action initiative aimed at addressing climate change. For one hour people on all seven continents switched off their lights in a symbolic gesture to call on world leaders to adopt a unified approach that will succeed in keeping global warming below two degrees celsius. As a corporate sponsor of Earth Hour, Nedbank Group hosted a media event in Cape Town, which included switching off the lights at the then newly completed FIFA World Cup Cape Town Stadium and on Table Mountain. In addition to encouraging its clients, suppliers and staff to switch off their lights on 27 March 2010 between 20:30 and 21:30, lights were also switched off in approximately 30 Nedbank Group buildings around the country.



## ENVIRONMENTAL SUSTAINABILITY

**Nedbank Green Wine Awards (Cape Winemakers Guild)** – Building on Nedbank's 14-year partnership with the Cape Winemakers Guild (CWG) and the CWG Development Trust, as well as the Biodiversity and Wine Initiative – which integrates conservation considerations into winemaking – in 2009 Nedbank Group partnered with *WINE Magazine* to launch the Nedbank Green Wine Awards. The awards serve the purpose of raising consumer awareness by elevating sustainable farming practices so that they can make an informed choice when making their wine purchases. The awards also recognise SA winemakers who are making a difference and encourage environmentally sustainable farming.

Winners for 2010 included:

- Best White and Best Wine Overall: Reyneke Woolworths Chenin Blanc 2009
- Best Red: Reyneke Reserve Red 2007
- Best Sweet: Stellar Heaven on Earth Natural Sweet
- Best Environmental Practices award: Graham Beck Wines

**Conferences and engagements** – During 2010 Nedbank Group participated in a number of conferences and engagements aimed at addressing various environmental sustainability issues. These included:

- **BUSA event with the Minister of Environmental and Water Affairs** – Government's carbon reduction targets, as set in Copenhagen, were discussed.
- **Green Economy Summit** – The Department of Environmental Affairs, as a coordinating department for the development of a national 'green' economy strategy, called this summit in May 2010 to gather insights into key focus areas and issues requiring attention and start building national consensus on the 'green' economy path as an innovative way towards sustainable consumption and production patterns.
- **The African Carbon and Investment Forum** – Arranged by UNEP FI, this forum sought to advance dialogue among, and input by, the African banking sector concerning a regional agenda for tackling climate change and promoting low-carbon economic growth. Nedbank Group participated in a number of the sessions to help drive an understanding of the carbon market in Africa.

- **UNEP-DBSA Conference on Solar Water Heating** – The aim of this conference was to consider how to facilitate the practical implementation of a national solar water heating programme to meet national interests. Nedbank participated in the conference and attended various subsequent meetings with the Department of Energy (DoE), Development Bank of Southern Africa (DBSA) and banking institutions will provide feedback regarding the proposed solution presented by the DoE.

## NEDBANK CAPITAL GREEN MINING AWARDS

Despite the impact of the global economic crisis on the mining industry, industry stakeholders remain committed to the preservation of the environment and the upliftment of the communities within which they operate. The Nedbank Capital Green Mining Awards recognise African mining and mineral beneficiation operations that have made a significant effort to promote sustainability. The 2010 winners of the fifth annual Nedbank Capital Green Mining Awards are mentioned below.

The winning projects were:

- Environmental category: AfriSam's CO<sub>2</sub> Footprinting initiative.
- Socioeconomic category: Joint winners – Lonmin Plc's Silindini Thusong Service Centre and Silindini Bridge, and Exxaro's Zikhulise SME Development and Skills Training Centre.
- Sustainability category: E Oppenheimer & Son and De Beers Consolidated Mines Diamond Route Project.

NEDBANK CAPITAL GREEN  
MINING AWARDS WINNER

As the winner of the Sustainability category in the 2010 Green Mining Awards, the De Beers Diamond Route was deemed by the judges to demonstrate an overwhelming commitment to sustainability at every level.

Initiated in 2002 as a partnership between E Oppenheimer & Son and De Beers Consolidated Mines, this national, broad-based initiative delivers an array of environmental and socioeconomic benefits to communities and individuals in and around the many conservation areas owned by the founding businesses. With a vision of making a lasting contribution to conservation, enhancing environmental awareness and promoting social development, the De Beers Diamond Route effectively showcases conservation excellence, leverages training and education opportunities, helps to develop small businesses and creates sustainable livelihoods.

Since its establishment, and through the many effective partnerships it has formed, the project has created 261 permanent jobs, supported more than 120 conservation research projects, and delivered practical training to aspiring conservationists from disadvantaged backgrounds.





### GREENING THE GROUP'S SUPPLY CHAIN

As part of the extension of Nedbank Group's Climate Change Position, it is focused on working closely with suppliers and influencing them to make greater efforts to incorporate environmental sustainability in the way they work.

During 2010 the group hosted supplier training and awareness sessions with about 150 key suppliers in the Retail and Group Technology areas. Nedbank's journey and learnings were shared to encourage similar actions and behaviours among suppliers.

Nedbank's Group Technology Division added environmental commitment and action to its procurement decision formula in an effort to prioritise the purchase of materials and equipment that reduce environmental impact. A set of standards was developed as the main criteria for evaluation of suppliers and products going forward. These standards are to ensure that environmental considerations are included in the overall evaluation of potential suppliers.

### VENDOR ONBOARDING

The year has seen a major focus on the process of onboarding new Nedbank Group vendors. An electronic system was introduced in March 2010 with the intention of eliminating paper and improving processes. The responsibility for updating data now rests with vendors, as does the provision of proof around governance and risk-management requirements in terms of broad-based black economic empowerment (BBBEE), tax classification and banking details.

In terms of environmental issues the first phase of this project has been based on awareness rather than compliance. All new vendors are required to answer nine questions, ranging from the confirmation of the existence of an environmental policy to the practice of recycling, reuse and reduction, with specific emphasis on water usage reduction. Of the approximately 900 new vendors, less than 3% have indicated that they have an environmental policy.

However, greater success has been achieved with international IT vendors, including Microsoft, IBM and HP. Locally, the group has concentrated on relationships with manufacturing and services vendors, and success has been achieved with vendors contracted for the construction and establishment of new branches and ATM lobbies, as well as the upgrading of existing branches.

Each commodity specialist within Nedbank's Group Procurement Division is tasked with ensuring careful consideration of environmental factors in all supplier engagements.

The 2010 procurement and supplier initiatives aimed at greening Nedbank Group's supply chain included:

**Nedbank Sandton Phase 2 building** – All new desks were manufactured using Forestry Stewardship Council-accredited wood. Group Procurement inspected and audited the manufacturing process from the receipt of raw materials to the completion of finished product. The chairs as well as the carpets are mostly made of recyclable materials. All tenants agreed to adhere to Nedbank's environmental

approach in terms of water, electricity and waste management (see the case study in the Nedbank Corporate overview, page 72).

**Hotels** – All hotels where Nedbank Group has significant occupation have been inspected to ensure environmental awareness practices, with many using card-controlled lighting and water-saving shower heads.

**Car rental** – Nedbank Group has two preferred car rental vendors, both of whom have improved their facilities so as to use less water for washing cars and to reduce paper use in their administrative processes. Greater use of shuttle services and the Gautrain is encouraged.

**Air travel** – The group continues to engage with all airlines regarding the reduction in carbon footprint. They all provide regular progress reports on the reduced use of fuel through the introduction of new planes or through improved processes with older aircraft.

**Stationery** – Approximately two dozen environmentally friendly stationery items were evaluated and, while these were a good fit with the group's environmental policies, the costs were excessive. The possibility of combining orders with other organisations is being investigated to benefit from economies of scale.

**Computer consumables** – All suppliers of computer consumables are ISO-accredited. A new management information system, to provide improved data on toner and printer usage, is currently being tested. Nedbank Group has engaged with Xerox on the possibility of introducing remanufactured cartridges, rather than sending empty cartridges to landfill sites.

**Paper** – As far as the procurement of paper is concerned, a life cycle analysis (LCA) is considered to inform decisions regarding the use of virgin or recycled paper for specific purposes across the group. LCA is the process by which the total impact of an activity is quantified.

**Cleaning and hygiene services** – The group continues to make use of biological cleaning liquids and processes at its main campus sites. The Innu-Science-developed product has been certified as being environmentally friendly and 90% of the total product is biodegradable within 14 days.

*Nedbank Group's 'green' Phase 2 office complex at 135 Rivonia Road.*



## ENVIRONMENTAL SUSTAINABILITY

**Couriers** – UTI Mounties, the group's main vendor, has introduced new vehicles with improved fuel efficiency and a bigger load capacity. A careful evaluation of all collection routes resulted in an overall reduction in travel distances.



## FACILITATING SUSTAINABILITY THROUGH PRODUCTS AND SERVICES

**The Nedbank Green Affinity** – Nedbank Group clients are encouraged to support environmental causes via The Green Trust. They can do this by selecting Nedbank Green Affinity banking, investment and insurance products. As clients utilise the products, Nedbank Group donates money on their behalf to the trust at no cost to the clients. In 2010 Nedbank Green Affinity donations to The Green Trust increased by 19% to R6,4 million (2009: R5,3 million).

**Nedbank Savvy Account** – The Nedbank Savvy Electronic Account remains a popular transactional banking vehicle for environmentally conscious consumers. An electronic current account with a full range of transactional account features, Savvy is completely paperless and linked to the Nedbank Green Affinity offering, allowing clients to conserve and contribute to the environment.

**eStatements** – For every client that elects electronic statements rather than paper statements, Nedbank donates 25 cents to The Green Trust specifically for the Climate Change Programme.

**Solar water heater programme** – The group is committed to supporting government in achieving its goal of installing one million solar water heaters in SA homes by 2014. To this end Nedbank Group has prepared a comprehensive solar water heater initiative, including the option to replace a burst geyser with a solar geyser, to be launched early in 2011. The programme also includes accessible and understandable consumer education and affordable solar geysers for staff and clients.

**Nedbank Wealth become programme** – In 2010 Nedbank Wealth introduced a worldclass life insurance offering, complemented by a holistic health and wellbeing programme called *become*. In addition to personal wellness, the programme provides members with access to educational information on how they can contribute to the wellbeing of the planet.

**Carbon financing** – Given the growth of the 'green' economy, investors and business are actively seeking innovative, environmentally aware finance partners that can help them drive their involvement in this dynamic economy. Nedbank Capital's Carbon Finance Team provides forward-thinking finance solutions, guidance and advice.

**Advisory services** – Nedbank Group's respected 'green' credentials have resulted in the group becoming a sought-after provider of environmental guidance and assistance to a variety of retail and corporate clients. Not only does this allow the group to extend its environmental influence, but it also offers further opportunities for new business, thereby contributing to the economic sustainability of the group.

**Greenbacks 'green stream'** – following demand from clients, the Greenbacks loyalty programme was enhanced through the addition of a 'green stream', allowing members of the programme to redeem their loyalty points for goods that are environmentally friendly. To date more than 3% of the total number of client redemptions have been for 'green' products.



Nedbank has a number of solar-powered traffic lights in the Sandton central business district. In addition to the obvious marketing benefits, the traffic lights keep traffic moving and are a tangible example of the benefits of solar power.





## SOCIAL SUSTAINABILITY

FOR NEDBANK GROUP SOCIAL SUSTAINABILITY INVOLVES MORE THAN MONETARY SUPPORT. THE GROUP ACTIVELY SEEKS OUT OPPORTUNITIES TO DEVELOP AND GROW SMALL BUSINESSES, FOSTER JOB CREATION OPPORTUNITIES AND CONTRIBUTE TO LOCAL COMMUNITIES IN A SUSTAINABLE MANNER.

.....

A passion for making things happen in the lives of less fortunate individuals has seen Nedbank Group earn a reputation as a caring financial institution – a reputation that it is determined to live up to by taking a genuine interest in improving the health, education and wellbeing of the communities in which it operates, while empowering its staff and clients to do the same.

Aligned with the group's key material issue to build societal capital in South Africa, this section of the report includes information on:

### **Socioeconomic development (SED)**

- Corporate social investment (CSI)
- Consumer and sustainability education
- Nedbank Affinities
- Nedbank Group Sponsorships

### **Beyond compliance**

- Access to financial services
- Targeted investments
- Black economic empowerment (BEE) transaction financing

### **Enterprise development (ED)**

#### **Preferential procurement**





## SOCIOECONOMIC DEVELOPMENT

When it comes to supporting, uplifting and empowering individuals and communities, Nedbank Group takes the term 'socioeconomic' literally. Based on the belief that neither 'social' nor 'economic' can be fully effective on its own, this component of the group's social sustainability thrust comprises both economic and social development initiatives. Wherever possible, these are closely and fully integrated to deliver lasting results relating to the living conditions, financial situations, business potential and transformation of individuals and companies benefiting from the group's social sustainability commitment.

While this commitment is never purely target-driven, the Department of Trade and Industry (dti) Codes stipulate that 1% of SA net profit after tax (NPAT) (based on the 2009 financial year) should be allocated to SED. For Nedbank Group this equated to R54,1 million.

Nedbank attained Level 3 Gold status in the newly created National CSI register pertaining to Corporate Social Investment and Social Development under the Socioeconomic Development element of the Broad-based Black Economic Empowerment Codes of Good Practice.

The following chart illustrates the group's performance against the compliance target since the inception of the dti Codes. Nedbank Group has consistently spent more than the minimum required, which

is aligned to its commitment in this area. Socioeconomic development spend for 2010 was more than R79 million (1,46% of NPAT).

### CORPORATE SOCIAL INVESTMENT – NEDBANK FOUNDATION

For Nedbank Group CSI is a non-negotiable business imperative and a responsibility shared by all stakeholders in South Africa. There are no quick fixes and the group seeks out long-term projects with the potential to sustain themselves once an initial investment has been made.

As the primary CSI arm of Nedbank Group, the work of the Nedbank Foundation is key to the group's social sustainability efforts. To ensure that the difference it makes to individuals and communities in need is a lasting one, the foundation focuses its efforts and contributions on:

- **Education** – including school-based educational projects, early-childhood development (ECD), 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.
- **Skills development** – including training, skills development and enterprise support and development.
- **Health** – including interventions for people with disabilities, diseases such as HIV/Aids, cancer, diabetes and tuberculosis (TB), as well as providing training and infrastructural development in communities.

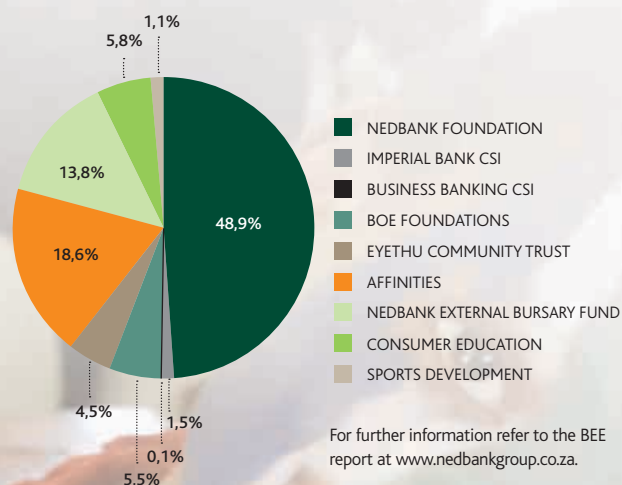
**When selecting projects within the four focus areas, environmental issues and impacts are important considerations.**



Staff volunteerism is a further channel through which Nedbank Group staffmembers are encouraged to volunteer their time and apply their talents and skills in improving the lives of others.

By carefully and equitably aligning its CSI spend across these primary focus areas, Nedbank Group avoids the risk of diluting its financial support to the point that it is no longer an effective enabler of transformation, upliftment and development within the targeted communities. Funding is granted only after a comprehensive investigation of the applications received and no political or discriminatory organisations are supported.

### SOCIOECONOMIC DEVELOPMENT FUNDING 2006 – 2010: R296,2 MILLION





The positive impact of the Nedbank Foundation's support is further enhanced by the fact that it is never merely a financial injection. Once approved, ongoing monitoring of projects, input by business and social upliftment experts, and administrative assistance ensure that the supported projects are sustainable and have a significant impact on as many beneficiaries as possible.

To ensure that all projects or initiatives supported by the foundation are in line with its specified focus areas and the group's social sustainability objectives a rigorous funding approval process is followed:

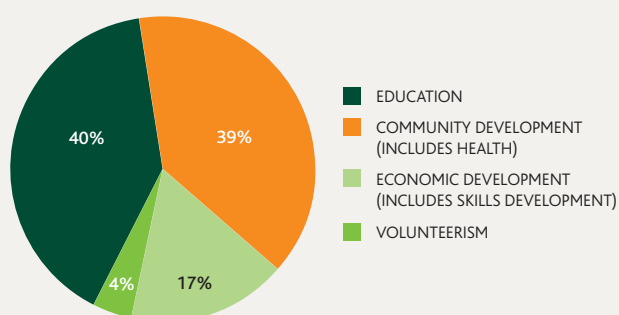
- A background check is performed, including requests for information on the organisation and individuals within that organisation.
- A Nedbank Foundation official conducts a face-to-face interview with representatives of the organisation to understand the project needs.
- A Nedbank Foundation official visits the project to confirm the information received.
- The Nedbank Foundation ensures that proper financial control measures and governance structures exist within the project.
- The confirmation of cofunders' names eliminates the possibility of a conflict of interest, and avoids reputational risk to the bank and duplicated funding for the same purpose.

Proposals are approved by the head of the foundation, the management committee or the board of trustees, depending on the value of the proposal.

During 2010 the Nedbank Foundation spend was R35,08 million\* (2009: R30,5 million) in support of 283 projects and causes (2009: 291) in all nine provinces of South Africa.

\* Includes direct project spend: **R28,94 million**.

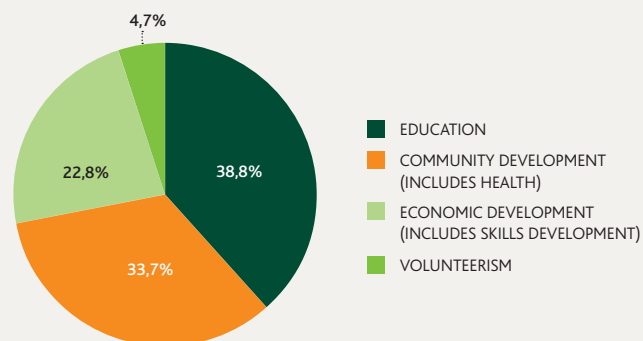
#### NEDBANK FOUNDATION CSI\* SPEND 2010 – BY FOCUS AREA



\* Corporate social investment.

Over the course of the past five years the Nedbank Foundation has provided funding in excess of R131 million to projects in its stated areas of focus across South Africa.

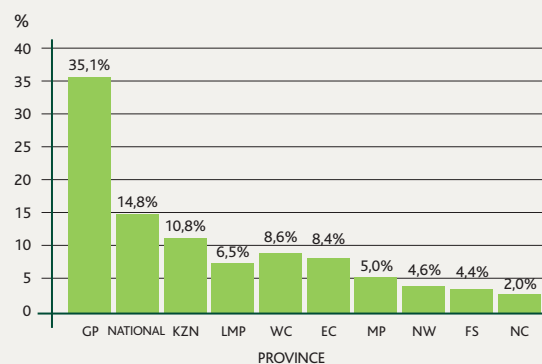
#### NEDBANK FOUNDATION CSI SPEND 2006 – 2010 BY FOCUS AREA



\* Corporate social investment.

Gauteng non-government organisations (NGOs) have historically received the majority of funding provided by the Nedbank Foundation. This is largely due to the fact that the NGO sector based in the area is more developed and therefore more ably taps into the funding available. In 2011 greater focus will be put on increasing the spend across the provinces in line with population density.

#### NEDBANK FOUNDATION SPENDING 2006 – 2010 BY PROVINCE



Measurement of the impact of the projects funded by the foundation is key and a full impact study is to be undertaken in 2011. During 2010 the impact was measured via regular project visits and reporting from the NGOs concerned.

While it is beyond the scope of this report to provide information on all projects supported by the Nedbank Foundation, the following examples of projects offer some insight into the effectiveness of the foundation's focused CSI approach.

## NEDBANK FOUNDATION PROJECTS

### EDUCATION

#### PROTEC

Protec is an NGO that provides high-quality, affordable Science, Mathematics and Technology Education, as well as a career development programme to learners in previously disadvantaged educational districts.

Protec's aim is to produce economically and technologically literate citizens who will contribute towards a technologically sophisticated economy in a democratic South Africa.

The Nedbank Foundation sponsored a teacher development and support project, focused on Mathematics, Science and Technology Education training, through inservice training and classroom-based support.

*'I'm a hard-working educator, who is prepared to learn against all the odds to empower myself. Through the support I received from Protec, I was able to offer Physical Science lessons with confidence.'*

*Ms SD Mogomotsane, Physical Science educator at President Mangope Technical High School*

#### Financial support

R434 000

#### Beneficiaries:

A total of 30 teachers and more than 3 000 learners from 10 different secondary and high schools in the area.

#### Impact

It is evident from the results achieved in both Mathematics and Science that the teaching methodologies used at Protec are having a positive impact. The project is not only helping learners to understand these important subjects, but also equipping teachers to continue imparting their knowledge to future learners.

*Leema Primary School pupil in the new library.*

#### LEEMA PRIMARY SCHOOL

The school serves the educational needs of three rural villages, but given the socioeconomic challenges of the region, money is particularly scarce and learning conditions are poor. The situation had become so bad that, when it was raining, lessons had to be stopped due to the leaking roofs.

The Nedbank Foundation provided funding for infrastructural expansion and improvement to facilitate learning for grades R to 7. In addition, financial contributions were made towards the funding of rainwater-harvesting tanks, a borehole, a revamped playground area and a vegetable garden with fencing for the school's feeding scheme. The Nedbank Foundation also donated a mobile library, with a combination of teacher training and learner reading material both in English and Setswana.

*'Through this donation received from the Nedbank Foundation, we now have access to more learners and can provide better attention to each child.'*

*A teacher from Leema Primary School*

#### Financial support

R250 000

#### Beneficiaries

Nine teachers and 376 learners from three surrounding villages, Marogong, Mabeleng and Tlhatlanyane.

#### Impact

Previously 68 grade R and 1 learners shared one classroom. With the additional three classrooms grade R and 1 learners are more comfortably accommodated, resulting in a far more positive learning experience.

*Teachers and members of the community at the vegetable garden at Leema Primary.*



## NEDBANK FOUNDATION PROJECTS

### HEALTHCARE

#### MSUNDUZI HOSPICE

Msunduzi Hospice assists and cares for members of the surrounding communities – many of them children – who have life-threatening illnesses. The organisation recently set up a programme offering community-based psychosocial support and clinical support to orphans and vulnerable children and women, and families infected and affected by HIV/Aids. Thanks to the donation from the Nedbank Foundation, the Memory Work Project, which is part of the hospice's children's team programme, has been able to continue having a meaningful impact on the lives of children and their families. The overall objective of this project is to enhance resilience in vulnerable children and orphans affected by HIV/Aids. If children know the history of their parents, they are better able to overcome the suffering caused by the illness or death of their parents.

#### Financial support

R131 735

#### Beneficiaries

Altogether 499 patients were cared for at the hospice during 2010 for illnesses ranging from HIV/Aids and cancer to TB.

#### Impact

Through the programme these vulnerable children are given a sense of their family and culture, which provides much-needed courage and the strength to face their illnesses.

The programme is also a key feeder project for the mobilisation of community-based paediatric palliative care practice, provision of nutritional support and support to the many women, both infected and affected, who have to care for their own children and those of deceased family members or friends.

### EDUCATION

#### MATRIC REVISION PROGRAMME

To assist learners with revision for their matric examinations Avusa Education develops questions and answers that are published in the *Sunday Times* and *Sowetan* newspapers. Learning material covers the major subjects with the highest enrolments and also the highest failure rates in the country, including English, Mathematics, Mathematical Literacy, Physical Science, Life Sciences, Accounting, Geography and Business Studies.

Financial support from the Nedbank Foundation in 2010 saw 1 286 000 copies of the matric question-and-answers revision material distributed nationally, as well as a number of revision programmes being offered to grade 12 learners across five provinces in preparation for their examinations.

#### Financial support

R2,6 million

#### Beneficiaries

More than 2 000 grade 12 learners monthly.

#### Impact

The programme was especially relevant in 2010, given the extensive strikes that took place at the time of the matric examinations.

Where comparative 2009 data was available from the schools, an average of a 9% improvement in results was shown.



Matric learners at the Limpopo Love Life Centre.



## NEDBANK FOUNDATION PROJECTS

### COMMUNITY DEVELOPMENT

#### HIPPO WATER ROLLERS

Designed to hold up to 90 litres of water, the Hippo Water Roller is a large reinforced drum with a metal handle, which allows it to be pushed or pulled over various types of terrain – making it far easier for rural community members to collect and transport large volumes, but make fewer trips to the water source. These Hippo water rollers are very durable and can last up to five years before maintenance is required, which makes it a long-term solution for the community.

*Thanks to the financial support of the Nedbank Foundation, the first 450 Hippo Water Rollers were handed over to recipients in Eastern Cape rural communities and another 450 to residents in Mpumalanga in 2010.*

In addition to the Hippo Water Rollers, the foundation also funded the provision of boreholes in a number of the communities.

#### Financial support

R1,3 million

#### Beneficiaries

Some 250 000 community members, many of them women and children who have to carry water for their families.

#### Impact

The impact of this project on communities has been huge, especially for the school-going children who are responsible for collecting water during school hours for their families. It is estimated that the Hippo water rollers save about four hours a week in collection time, which means the children can now spend more time at school, focusing on their education.



### SOCIOECONOMIC DEVELOPMENT

#### VEZOKUHLE YOUTH DEVELOPMENT PROJECT

Crime is a threat to democratic and individual rights. As a business Nedbank is aware of the role it can play in helping to fight crime. In addition to supporting Business Against Crime, this project is another example of Nedbank Group's other crime-fighting initiatives.

Vezokuhle Youth Development Project (VYPD) offers life skills training to young prisoners to help them reintegrate into society and also offers viable, sustainable training to the youth of the Nelson Mandela Metro (NMM) and the broader community of Eastern Cape Province. Through its programmes, this dynamic youth-driven organisation is reaching numerous school-going youths, out-of-school (unemployed) youths and young people infected with and affected by HIV/Aids. Nedbank Group's sponsorship of the programme effectively cuts across its skills development and education development focus areas by empowering these young people to rejoin society and become contributors to the SA economy.

#### Financial support

R500 000

#### Beneficiaries

More than 30 ex-offenders and community members of NMM communities.

#### Impact

To date 13 out of the 30 ex-offenders have been trained in electronics, computers, electrical engineering and catering.

Altogether 10 ex-offenders have been placed in direct jobs and three still need to complete the training. For those who have not found employment VYPD provides assistance in starting self-owned businesses.

Eight offenders have registered to undergo the Nedbank Foundation-funded programmes during 2011. These former inmates have been screened and home visits have been conducted. The next training intake will start in March 2011.



*Hippo water rollers are used to transport large volumes of water in rural communities.*



## STAFF VOLUNTEERISM

As an integral part of our cultural sustainability, Nedbank Group encourages its employees and clients to play their part in uplifting and empowering communities. This fosters a culture of selflessness and builds a strong sense of community spirit.

Nedbank Group operates two successful staff volunteerism programmes in the form of the Local Hero Programme and the Nedbank Team Challenge. Through these volunteer programmes employees of Nedbank Group are afforded the opportunity to work with causes close to their hearts and, with the financial support of the foundation, make a tangible and lasting difference to people less fortunate than themselves.

The group also partners with its clients through the Local Hero programme. The client aspect of the programme allows Nedbank Group to make a tangible and sustainable impact on many smaller organisations that are often overlooked by large CSI initiatives.

Staffmembers are also encouraged to participate in a voluntary payroll giving initiative, in which they donate funds monthly to the SA Children's Charity Trust (SACCT), to support five charities across different sectors.

Apart from these initiatives, the Nedbank Foundation encourages staffmembers to volunteer their time to share their skills on an ad hoc basis at events such as National Volunteer Week, Nelson Mandela Day and the Angel Tree project.

The total spend by the Nedbank Foundation in support of volunteer programmes for the year to 31 December 2010 amounted to R2 047 588 (2009: R2 250 000). The spend in this area decreased slightly as a result of fewer requests for funding being received from staff. During 2011 efforts to encourage more participation in the various staff volunteer programmes will be ramped up.

*Dulci Williams, Anastacia Madikane and Ulsela Petersen at the Thabang Daily Care Centre Local Hero cheque handover.*



## PAYROLL GIVING PROGRAMME

Total staff donations (2006 to 2010)	R5 483 815
2010 staff donations	<b>R1 436 513</b>
Beneficiaries	QuadPara Association of South Africa (QASA), Reach for a Dream, Red Cross, Ithemba, Cotlands and Childhood Cancer Foundation South Africa (CHOC)
Number of staff participating in 2010	4 728

*'QASA is extremely proud to be a beneficiary of Nedbank's Payroll Giving programme. This important and essential revenue is used to fund our development projects. In 2010 we offered 14 bursaries for education of our quadriplegics and paraplegics, together with the opportunity for them to participate in sport. Another project that is now being supported by the Payroll Giving programme is a driver training programme. In 2010 this gave 14 people with disabilities the opportunity to learn to drive. The Nedbank Payroll Giving programme plays a huge part in the improvement and development of the lives of people with disabilities.'*

Ari Seirlis, National Director, QASA



## TEAM CHALLENGE WINNERS DISCOVER THE TRUE JOY OF 'GREEN' GIVING

The Dream Makers team was the winning team in the 2010 Nedbank Team Challenge. In addition to making a difference in the lives of the educators and children at the Ecclesia Educare Centre in Bellville, Cape Town, the team earned R50 000 towards further sustainable improvements at the centre. But just as importantly, they discovered that, when you are willing to give of yourself to help others, your life is made richer in return.

Ecclesia cares for 60 children between three months and five years of age, and the daily hustle and bustle of 60 pairs of little feet had begun to take its toll. Team leader Dawn Booysen recognised an opportunity to make a difference and rallied her colleagues from various Nedbank business areas to establish the Dream Makers team. After a full analysis of the crèche's needs, the team set to work – doing everything, from cleaning up the grounds, fertilising the soil and painting the building, to raising R13 000, planting a vegetable garden, and acquiring wind turbines and a solar geyser – all with a view to making the centre comfortable for the children, self-sufficient and sustainable.

'For most of us, this was a life-changing experience,' says Dawn, 'we learned the value of caring for others and sharing our time and abilities and all of us discovered how rewarding it is simply to share your heart with other people and make the effort to care for them.'

The fact that the Dream Makers used sustainable, environmentally friendly solutions to meet the needs of the crèche made this project a clear winner. On the back of its success the Dream Makers team is now turning its attention to the surrounding communities.

## SOCIAL SUSTAINABILITY

## NEDBANK TEAM CHALLENGE

Total number of volunteers in 2010 (staff and others)	273 (2009: 202)
Number of teams	16
Amount of money donated to winning teams	R170 000 (2009: R200 000)
Direct beneficiaries	Various national projects and charitable organisations, as selected by teams.

## LOCAL HERO PROGRAMME (STAFF)

Total number of Local Hero participants (since inception in 2001)	149
Local Hero participants in 2010	30
Projects undertaken	Various – as selected by participants – primarily in the areas of education, social development and health.
Donations made in 2010	R300 000
Direct beneficiaries	Typically schools, ECD centres, old-age homes, animal welfare organisations, sports clubs, etc.

## LOCAL HERO PROGRAMME (CLIENTS)

Total number of participants (since inception in 2007)	389 Nedbank clients
Total donations made since inception	R3 890 000
Projects undertaken	Various – as selected by participants
Donations made in 2010	R1,1 million
Direct beneficiaries	Typically schools, ECD centres, old-age homes, animal welfare organisations, sports clubs, etc.

*A scaled-down model of the Ecclesia crèche in Bellville with the sustainable solutions proposed and implemented by the members of the 2010 Team Challenge winning team.*



## NATIONAL VOLUNTEER WEEK

Number of projects supported	Two regions (CHANCE Children's Home and Leamogotshwe)
Number of staffmembers who volunteered	50
Total donated	R50 000 to the charities with which staff were involved.

## NELSON MANDELA MONTH

Number of projects supported	19
Number of staffmembers who volunteered	50
Total donated	R50 000 to the charities with which staff were involved.

## ANGEL TREE

A total of 61 of the Nedbank Foundation preselected organisations were 'adopted' by staffmembers across the country. These employees then bought and delivered gifts to those receiving care at these organisations. An additional 52 organisations were selected by staffmembers themselves and these also received gifts over the festive season.

## CASUAL DAY

In 2010 Nedbank staffmembers raised R148 000 towards the annual Casual Day initiative (2009: R145 000).

Nedbank Group staffmembers are not forced to participate in the staff volunteer or Payroll Giving programmes, but are encouraged to get involved if they wish to make a difference in the lives of others. Feedback from employees who participate in the programmes reveals that they enjoy immense personal growth, are hugely motivated and inspired by their involvement, and gain great personal satisfaction from knowing that their efforts are helping others.

Many also point out that they have gained valuable experience and life skills through their involvement, while the tremendous sense of unity that is built among team members is brought back to Nedbank Group, serving to enhance the corporate culture and sense of unity of the entire organisation in the process.

*Vegetable garden at the Ecclesia crèche.*







## CONSUMER AND SUSTAINABILITY EDUCATION

### Consumer education

Nedbank Group is acutely aware of the need for effective financial education among SA consumers – particularly given the current difficult economic conditions. The group places a high priority on educating consumers and clients, and a number of initiatives were undertaken in this regard in 2010, including:

THE BOXER PROJECT	THE IN-WORKPLACE PROJECT	THE IN-COMMUNITY PROJECT	COMMUNITY INTEGRATION PROJECT	SPECIAL PROJECTS
Delivers consumer education via Boxer stores and also facilitates staff training.	Provides training in the workplace and utilises consumer education as a complementary skills development programme.	Offers training for people in community organisations and empowers the general public with the critical literacy skills required to manage their daily financial needs.	Establishes and maintains strategic relationships in communities with key and influential stakeholders, ie government and municipal officials, organised labour and other relevant structures to facilitate and identify mutually beneficial business opportunities, including consumer education.	Teach Children to Save South Africa™ (TCTS SA™) presents sector outreach programmes to young children to foster a culture of saving. TCTS SA™ highlights the important role financial sector professionals can play in educating South Africa's youth to become lifelong savers.

Consumer education was offered to the Metro Police of eThekweni and Johannesburg through their academies. Education sessions have also been conducted among traditional leaders of KwaZulu-Natal and Eastern Cape, and via the KwaZulu-Natal expanded public works programme (EPWP).



### Sustainability education

During 2010 Nedbank Group launched its Caring for Communities sustainability education programme, which aims to impart knowledge and understanding of environmental, economic, social and cultural sustainability to community members across the country. Through interactive course content that engages adult and youth attendees, and concludes with a practical application of the learning, the Caring for Communities programme has enjoyed significant success. (For details of the programme please refer to the case study on page 81.)



## NEDBANK AFFINITY PROGRAMME REVIEW FOR 2010

Nedbank Group is committed to enabling its staff and clients to make a difference in the lives of those less fortunate and to the world in which they live. This cooperative approach to social and environmental sustainability not only enhances the effectiveness of the group's efforts, but also increases the group's sustainability reach and contributes to the creation of a more inclusive mindset among all stakeholders. The continued success of the Nedbank Affinity programme also serves as proof of the value that can be unlocked via a highly integrated approach to sustainability – for the organisation, the beneficiaries it serves and the environment (as outlined in the Environmental Sustainability section of this report on page 113).

### THE NEDBANK ARTS AFFINITY AND THE ARTS & CULTURE TRUST

The Arts & Culture Trust (ACT) was established with the purpose of attracting funding for the sustainable development and growth of the arts, culture and heritage in South Africa. ACT has funded nearly 600 projects in the development areas of job creation, creative skills, management skills, cultural diversity and cultural tourism marketing.

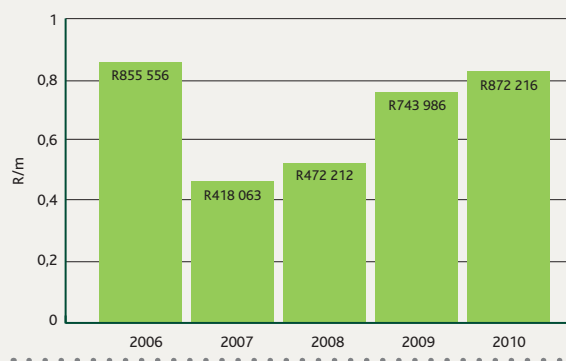
Examples of the projects and initiatives funded by ACT in 2010 include:

**The ACT Development Programme**, which funds programmes that support artistic excellence in creative production, professional development and training for the youth, ie:

- **The Break A Leg Drama Project**, which provides free drama training and life skills coaching to children from previously disadvantaged communities in Western Cape.
- **Drama for Life**, which is a unique crosscommunity HIV/Aids arts education, activist and therapeutic intervention in the form of a travelling festival.

Since inception the Nedbank Arts Affinity has donated more than R10 million to ACT. In 2010 Nedbank Affinity donations to the Arts & Culture Trust grew by 9% to **R872 216** (2009: R743 986).

### ARTS AFFINITY DONATIONS TO THE ARTS & CULTURE TRUST



### THE NEDBANK CHILDREN'S AFFINITY AND THE NELSON MANDELA CHILDREN'S FUND

The Nedbank Children's Affinity was launched in mid-2005 in partnership with the Nelson Mandela Children's Fund (NMCF). The vision of the NMCF, which was founded by former president Nelson Mandela in 1995, is to 'change the way society treats its children and youth'. The fund was established to look after orphaned and vulnerable children. To achieve this it supports five key strategic programme areas, namely:

- **The wellbeing of a child** – strengthens families and communities to mitigate the impact of both HIV/Aids and child abuse.
- **Leadership and excellence** – identifies and nurtures youth with leadership potential.
- **Skills development** – realises the potential of young people to contribute positively to their own development and that of others.
- **Disability** – improves the quality of life of disabled children and youth.
- **Goelama** – builds links between services offered by government and NGOs in communities.

#### EXAMPLES OF NMCF-SUPPORTED PROJECTS INCLUDE:

- **The Champions for Children Campaign**, which builds a national movement for the protection, safety, care and nurturing of children.
- **Diketso Eseng Dipuo (DEDI)**, which enables young and old women in and around Smithfield, near Bloemfontein, to take charge of their lives through training.

Since inception the Nedbank Children's Affinity has donated over R25 million to the NMCF. In 2010 Nedbank Affinity donations to the NMCF amounted to more than **R5,7 million** (2009: R5,8 million).

Beneficiaries of the NMCF wishing Madiba well on his birthday.



### THE NEDBANK SPORT AFFINITY AND THE SPORTS TRUST

The vision of The Sports Trust is to build active communities by providing all South Africans with opportunities to play sport. It provides sporting equipment and upgrades sporting facilities in outlying or previously disadvantaged communities, advances sport in South Africa, helps to identify young sporting talent, and offers coaching and training programmes.

Examples of the projects supported by The Sports Trust in 2010 include:

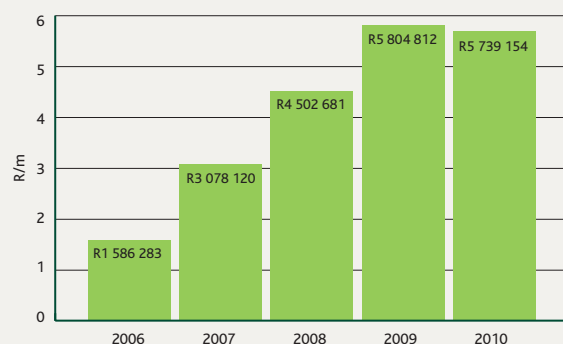
- **100 Days, 100 Kits for 100 Schools**, a programme that saw 100 soccer kits donated to 100 schools in 100 days.
- **Nedbank Sports Trust Cycling Programme**, which donated 151 bicycles, helmets and cycling kits to children from the Boland and Cape Flats in 2010.
- **The Sports Trust Golf Challenge**, which is held the day after the Nedbank Golf Challenge and raises more than R1 million for the trust each year.

Since inception the Nedbank Sport Affinity has donated over R10 million to The Sports Trust. In 2010 Nedbank donations grew by 81% to nearly **R1,9 million** (2009: R1,02 million).



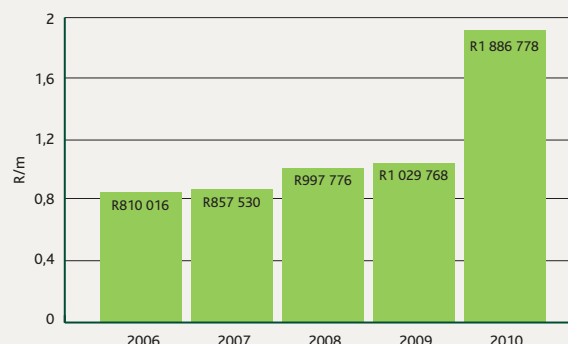
Participants in Nedbank Sports Trust Cycling Programme.

#### CHILDREN'S AFFINITY DONATIONS TO THE NMCF\*



\* Nelson Mandela Children's Fund.

#### SPORTS AFFINITY DONATIONS TO THE SPORTS TRUST



## NEDBANK GROUP SPONSORSHIPS

While the primary aim of Nedbank Group Sponsorships is to provide a platform on which to profile the Nedbank brand, the group is also committed to harnessing its sponsorships to make a difference in the lives of people from the various communities in which it operates. This commitment is clearly demonstrated through the strong developmental focus of all sponsorship opportunities. Nedbank Group's portfolio of sponsorships currently includes:

### Golf

The profile of golf in South Africa has changed dramatically in recent years and the sport offers opportunities for sponsorship at every level, from professional competition to golf development and golf for people with disabilities. By sponsoring golfing events, Nedbank Group reaches a large section of its existing client base, as well as its target market. Through this sponsorship it also reaches the emerging market and contributes to the development of golf among the previously disadvantaged.

Nedbank Group's current golf sponsorship portfolio includes:

- Nedbank Golf Challenge.
- Nedbank South African Disabled Golf Open.
- Nedbank Affinity Cup (Sunshine Tour event).
- The Sports Trust Golf Challenge (in cooperation with Sun International).

**The Sports Trust Golf Challenge.** This joint initiative between Nedbank Group and Sun International raises R1 million in aid of sport development annually and is played on the Gary Player course the day after the Nedbank Golf Challenge. To date over R10 million has been raised in aid of The Sports Trust through this event.

**The Nedbank Affinity Cup.** This forms part of the Sunshine Tour and is played on the Lost City Golf Course three days prior to the Nedbank Golf Challenge. Nedbank Group donates an annual amount equal to the winner's prizemoney to a Nedbank affinity of the winners choice.

### Sport for the disabled

Nedbank Group's association with sport for the disabled dates back to 1992, with the sponsorship of the annual Nedbank National Championships for the Physically Disabled and cosponsoring the SA Paralympic Team, to which the group has committed its support (along with six other corporate sponsors) for Team South Africa to the 2012 London Paralympic Games.

This sponsorship has already generated significant benefits for sport for the disabled, with a number of athletes competing at the Nedbank National Championships for the Physically Disabled being selected for the SA Paralympic Team. The impressive list of athletes includes Paralympic triple-gold-medalist, Oscar Pretorius, and Hilton Langenhoven.

Nedbank Group's current 'sport for the disabled' sponsorship portfolio includes:

- Nedbank National Championships for the Physically Disabled.
- Nedbank Technical Excellence and Administration Programme.
- Nedbank South African Disabled Golf Open.
- Partner to the South African Paralympic Team.

### Road running

With its low barrier to entry, road running is one of South Africa's most accessible sports. As such, the sport gives Nedbank Group an excellent platform from which to engage effectively with participants and spectators across the country. The group operates 13 running clubs in all nine provinces. During 2010 these Nedbank Running Clubs enjoyed a steady increase in membership, growing from 1 800 runners in 2009 to 2 300 in the current financial year. Two of the clubs are specifically identified as having a development focus, while the remainder are effective in building the profile of road running in general.



*Soccer, golf and road running are a major part of Nedbank's sponsorship programme.*



Nedbank Group's current road running sponsorship portfolio includes:

- The Comrades Marathon (cosponsor).
- Nedbank Running Clubs.

In 2010 Nedbank Group presented a cheque for R80 000 to The Sports Trust. Funds were collected from runners during various road running activities and were generated through the group's involvement at the 2010 Comrades Expo.

#### Brand ambassadors

While Nedbank Group does not sponsor individuals, since 2007 it has appointed and supported a number of 'brand ambassadors', who represent the Nedbank brand and promote the association of the group with various sports or sponsorship properties. In 2010 Nedbank Group had two brand ambassadors in the form of Hilton Langenhoven (sport for the disabled) and René Kalmer (road running), both of whom are exceptional sporting talents and appeared at roadshows, functions and prizegivings. They also featured in certain Nedbank Group advertising campaigns.

#### Soccer

Nedbank Group sponsored the Nedbank Cup – the South African Premier Soccer League's official knockout cup competition – for the third time in 2010. The competition features 32 teams – 16 from the Premier League, eight from the National First Division and eight from the South African Football Association – and is the only cup competition that addresses football development through the inclusion of both professional and amateur teams.

Nedbank, in partnership with The Sports Trust, celebrated the 2010 Nedbank Cup season with a campaign aimed at giving underprivileged children an opportunity to enjoy the game of soccer. Titled 100 Kits to 100 Schools in 100 Days, the campaign saw no fewer than 100 schools across the country receiving full soccer kits during the buildup to the 2010 FIFA World Cup.

#### The Businesswomen's Association

Nedbank Group has sponsored and supported the Businesswomen's Association (BWA) for the past 10 years. The annual BWA South African Women in Leadership Census, in partnership with Nedbank Group, has grown in stature over the past seven years and now plays a pivotal role in gender transformation within corporate South Africa. By highlighting the progress that has been made and the disparities that still exist, the census delivers a constant reminder to corporate South Africa of the need to transform.

#### Cape Winemakers Guild

Nedbank Group's sponsorship of the CWG enables the group to be highly involved in the country's wine industry and supportive of its transformation. Established by Nedbank Group and the CWG in 1999, the Nedbank Cape Winemakers Guild Development Trust is wholly funded by donations and proceeds raised through silent and charity auctions at various Nedbank/CWG events throughout the year. The trust invested more than R500 000 in social upliftment, scholarship and mentorship programmes for aspiring winemakers in 2010.

The trust also provides finance for infrastructural projects at local schools, school tuition fees and bursaries for potential Protégé Programme students.

#### The Nedbank and Old Mutual Budget Speech Competition

Now in its 39th year, this competition (run in cooperation with the Department of Finance) aims to contribute to economic excellence in South Africa by promoting the principles of sustainable economic development, developing future leaders in the field of economics, making young South Africans excited about Economics as a subject and career path among pre- and postgraduate students.

2010 CWG Protégé Programme candidate, Sacha Claasen, with mentor Jeff Grier from Villiera.



Santie Botha, Executive Director, MTN Group Marketing was crowned Business Woman of the Year for 2010.





## BEYOND COMPLIANCE

As one of the main financial institutions in South Africa, Nedbank Group plays an important role in improving access to financial services for previously disadvantaged individuals, businesses and communities. This is primarily achieved through delivery in areas previously measured under the Financial Sector Charter (FSC), but not included in the dti Codes, including:

- Access to financial services.
- Targeted investments.
- BEE transaction financing.

## ACCESS TO FINANCIAL SERVICES

By way of realising its vision of being a bank for all South Africans, Nedbank Group continues to invest in making banking services and accounts more accessible to all members of South Africa's population. The table below shows the financial aspect of that investment commitment during 2010:

Description	Achieved 2010	Achieved 2009
Access to financial products (active Mzansi Accounts)	315 024	317 286
Consumer education (% of retail NPAT spend per annum)	0,27%	0,29%

### Mzansi

Nedbank adopted the industry standard Mzansi product, opting not to introduce its own similar product given the affordability of Mzansi Accounts for the previously unbanked market. Nedbank Retail has implemented mobile sales teams that visit rural settlements to help residents open Mzansi Accounts. This has been a key driver of the group's continued success in terms of Mzansi Account acquisition. The table below illustrates the number of open and active Mzansi Accounts at 31 December 2010 (since 1 January 2009):

Description	2010	2009
Total active accounts	315 024	317 286
Total inactive accounts	53 362	24 064
Total open accounts	368 386	341 350

### Nedbank branches

In 2010 Nedbank Group opened five new branches dedicated to the needs of the previously unbanked market: two in Gauteng (Soshanguve and Westonaria) and three in Western Cape (Nonqubela, Zevenverwacht and Nomzamo).

### ATMs

Nedbank Group has maintained its steady penetration of the market, recognising the accessibility of ATMs as secondary only to a full-function branch in terms of the provision of financial services.

## NUMBER OF NEDBANK ATMs

PROVINCE	EASTERN CAPE	FREE STATE	GAUTENG	KWAZULU-NATAL	LIMPOPO	MPUMA-LANGA	NORTH WEST	NORTHERN CAPE	WESTERN CAPE	TOTAL ATMs
2010	204	70	830	404	126	113	68	21	447	2 283
2009	164	66	662	325	107	79	69	17	358	1 847

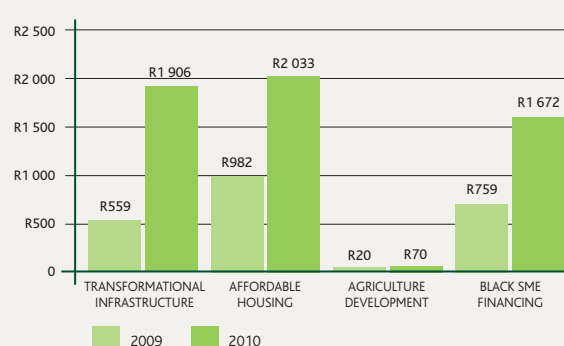
## TARGETED INVESTMENT

Targeted investment by Nedbank Group comprises the following subcategories:

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

The graph below shows Nedbank Group's performance in each of these areas in 2010:

NEDBANK TARGETED INVESTMENT CONTRIBUTORS (RM)

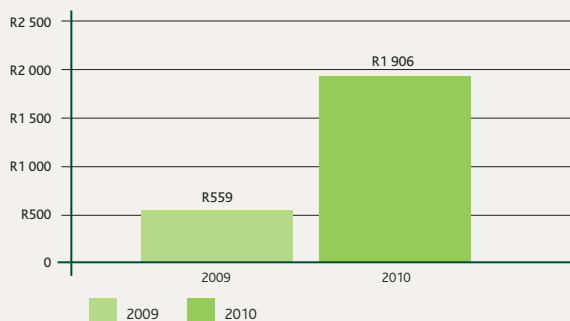


### Transformational infrastructure

Transformational infrastructure deals with the financing of the supply of basic infrastructure in previously disadvantaged areas, which can include, but is not restricted to, water, sanitation, schools, roads and any other infrastructure that can help the area become more productive and inclusive within the mainstream economy. Some of the major projects funded during 2010 included:

- **City of Johannesburg Metropolitan Municipality** – R1,8 billion in various loans mainly required for the 2010 FIFA World Cup (ie stadiums such as Soccer City), water and sanitation infrastructure, electricity and road/transport infrastructure such as the Bus Rapid Transport System (BRT).
- **City of Tshwane** – R720 million as part of the R1 081 billion long-term funding for its approved 2009/2010 capital expenditure programme.
- **eThekweni** – A R500 million term loan as part of the ongoing integrated development plan to meet the requirements of the infrastructure service delivery programme for the municipality.

### NEDBANK TRANSFORMATIONAL INFRASTRUCTURE (RM)



### Affordable housing

With the exclusion of affordable housing from the dti Codes, the sector is legally unable, in terms of the Competition Act, to set an industry affordable-housing target. Notwithstanding this impasse, Nedbank Group has agreed its own internal five-year target.

This target market remains under affordability pressure due to ever-increasing property (land) and building prices. Fortunately, the stable interest rates over the reporting period have not added further pressure to new and existing clients.

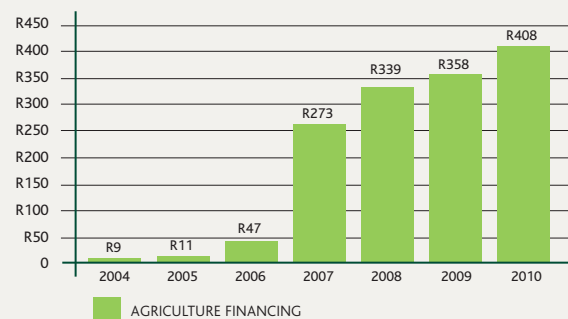
Nedbank Group has remained actively involved with the Banking Association's Affordable Housing Committee, with the specific intent to develop the affordable-housing market by undertaking research and working with sector stakeholders, particularly the Department of Human Settlements.

### Black agriculture financing

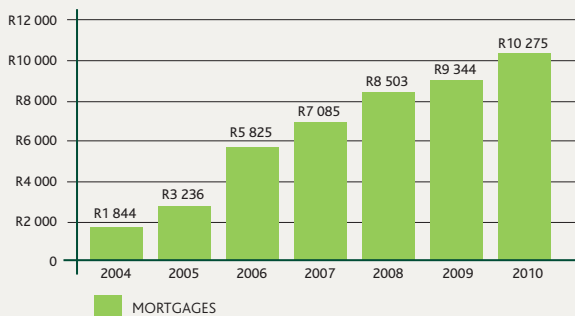
Challenges in agriculture continue to impact on overall investment in the sector. Nedbank Group has embarked on various strategies and initiatives to help to transform this market and has been vocal and visible in the media and the market with its view on sustainable land reform. One of the key focus areas remains private-public sector partnerships through collaboration between corporate companies, industry bodies and government. Regionally, through value networking and sponsorships, the group is linking up with government, industry bodies and organised agriculture to identify current and proposed projects.

Nedbank Business Banking has formalised a national agriculture structure, which provides strategic direction and coordination of agricultural initiatives and processes. In line with this, and the rolling out of an agriculture operating model nationally, additional resources have been allocated to provide strategic intent and additional capacity to service the sector.

### NEDBANK CUMULATIVE FINANCIAL SECTOR CHARTER BLACK AGRICULTURE FINANCING (RM)



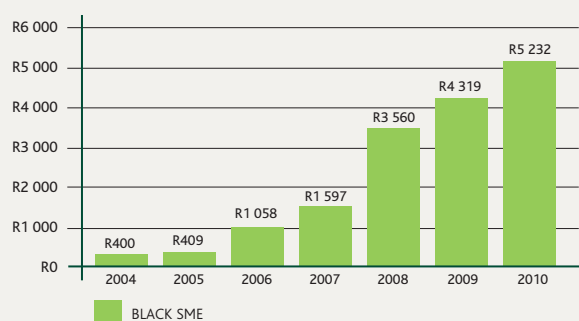
### NEDBANK CUMULATIVE FINANCIAL SECTOR CHARTER MORTGAGE ORIGATION (RM)



### Black SME financing

Nedbank Group is actively engaged with the SME market and puts a specific focus on the financing of black SMEs through the delivery of innovative solutions to this market segment, such as the 'Free banking' offer to startup small businesses. Furthermore, the group has given priority to markets where it previously had a limited presence, such as business communities in townships.

#### NEDBANK CUMULATIVE FINANCIAL SECTOR CHARTER BLACK SME\* FINANCING (RM)



\* Small and medium enterprise.

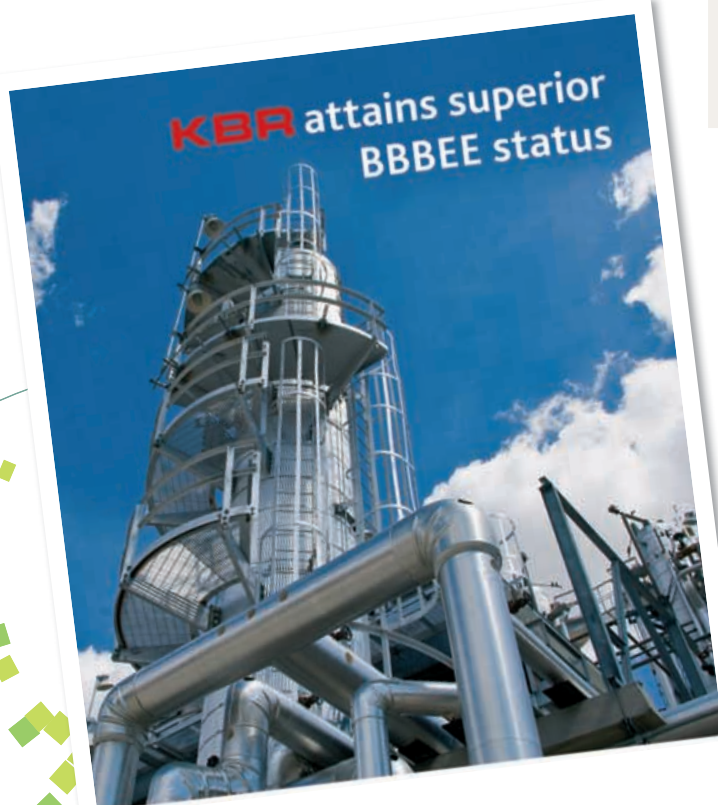
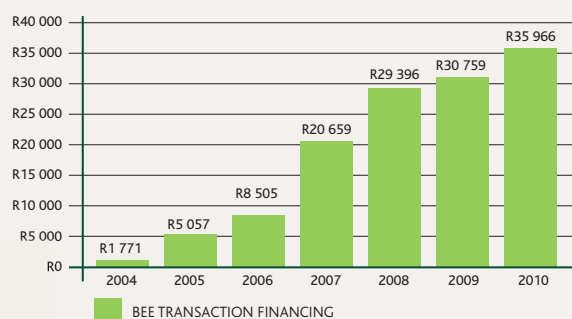
### BLACK ECONOMIC EMPOWERMENT TRANSACTION FINANCING

The supply of equity and transaction financing for BEE companies other than exempt microenterprises\* (EMEs) and qualifying small entities\*\* (QSEs) that formed part of the FSC, is known as BEE transaction financing. This is a particular area of strength for Nedbank Group. The financing enables black-empowered and black-owned entities to achieve their own growth goals and prosper in the long term. Equity deals allow ownership by more people, promoting the sharing of wealth and sustainable development of the economy.

\* EME – annual turnover of less than R5 million.

\*\* QSE – annual turnover of between R5 million and R35 million.

#### NEDBANK CUMULATIVE BLACK ECONOMIC EMPOWERMENT TRANSACTION FINANCING (RM)







## ENTERPRISE DEVELOPMENT

Nedbank Group's alignment with the financial reporting cycle means that ED is measured based on annual performance against the previous year's NPAT. The group's qualifying ED contributions include:

- Grant contributions, which comprise overhead costs (salaries, direct costs incurred in supporting ED and other direct costs incurred, such as the Small Business Services free banking seminars).
- Loans and related contributions in the form of black EME and QSE loans from Nedbank Business Banking and Nedbank Retail, and standard loans to other beneficiary entities, such as agriculture financing.
- Contributions made towards human resource capacity building, such as the free service that Nedbank Small Business Services consultants provide for QSEs.
- Shorter payment periods in procurement.

Engagement with municipalities and provincial governments remains a crucial component of sustainable enterprise development for



## PREFERENTIAL PROCUREMENT

During 2010 Nedbank Group improved its performance against all procurement targets, with an overall BEE spend of 85,12% (up 1,7% on 2009). In the subtargets the SME spend was at 27,13%, the black-owned enterprises spend was 12,56%, and the black-women-owned (BWO) enterprises spend was 5,24%.

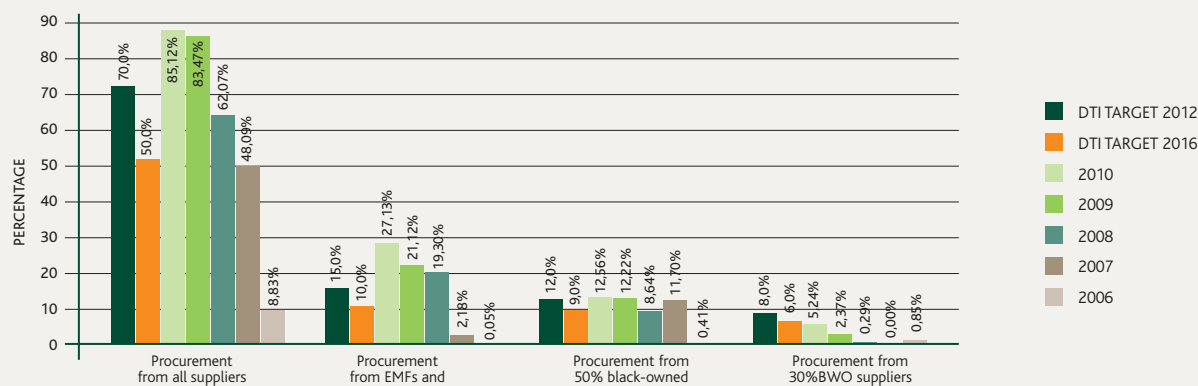
This combined spend translates to a total score for procurement of 19,75 (2009: 18,79) on the generic dti scorecard. Particularly noteworthy is the improvement in the BWO spend, which rose from 2,27% in 2009 as a result of specific strategic objectives and initiatives in this area. Early payment of suppliers amounted to more than **R224 million**.

The following table and graph represent Nedbank Group's 2010 scorecard for preferential procurement:

### NEDBANK GROUP'S 2010 SCORECARD FOR PREFERENTIAL PROCUREMENT

MEASUREMENT CRITERIA	Weighted points	Compliance target by end 2011	Achieved 2010	Points claimed (total 19,75)	Achieved 2009
Procurement spend from all suppliers	12	50%	85,12%	12,00	12,00
Procurement spend from QSEs or EMEs	3	10%	27,13%	3,00	3,00
Procurement spend from suppliers who are 50% black-owned	3	9%	12,56%	3,00	3,00
Procurement spend from 30% BWO suppliers	2	6%	5,24%	1,75	0,79

### NEDBANK GROUP'S PROCUREMENT



## CULTURAL SUSTAINABILITY

NEDBANK GROUP RECOGNISES THAT AN INNOVATIVE, VALUES-DRIVEN CORPORATE CULTURE IS AN ESSENTIAL CORNERSTONE OF SUSTAINABILITY. TO THIS END THE GROUP STRIVES TO CREATE AN EMPOWERING ENVIRONMENT IN WHICH EMPLOYEES HAVE THE FREEDOM TO CONTRIBUTE TO A CULTURE THAT ENCOURAGES PERSONAL AND CAREER GROWTH, VALUES ALIGNMENT, INNOVATION AND A SHARED VISION FOR THE FUTURE.

Investment continues to be made into fostering and entrenching cultural sustainability across the organisation. Importantly, Nedbank Group recognises that achieving the desired cultural sustainability is not the exclusive responsibility of the Human Resources (HR) Division, but requires the commitment of all stakeholders at every level of the organisation.

During 2010 positive shifts continued in the culture and corporate climate of the group as it retained its strong focus on developing its people, with a particular focus on the retention and attraction of talented employees who support the organisation's goals and objectives. The group's people strategy for 2010 included the following focus areas:

- Accelerating transformation
- Building a unique culture for competitive advantage
- Embedding talent management
- Aligning the total reward strategy
- Learning and growing
- Enabling HR capability and excellence

These focus areas are supported by HR policies that set out the high-level principles to be applied across the group in attracting, recruiting, selecting, motivating, managing and retaining the required skills. These policies play a critical role in reducing people-related risk by ensuring consistent, compliant and fair HR practices.

### MAIN CHALLENGES IN 2010

Despite having made much progress in transforming Nedbank Group into a 'great place to work', a number of key challenges remain in terms of the group's cultural sustainability efforts. These include:

- The adequate appointment and development of people with disabilities.
- The appointment of Africans, especially African females, at middle and senior management levels.
- Difficulties in establishing a robust talent pipeline to support transformation at senior management and executive level.
- A scarcity of skills despite the focus on developing a pool of graduates.
- The need to formalise mentoring and coaching programmes to ensure the transfer of skills within designated groups.
- The rising cost of attracting and retaining talent within designated groups.

*Nedbank and its staff fully supported the 2010 FIFA World Cup.*

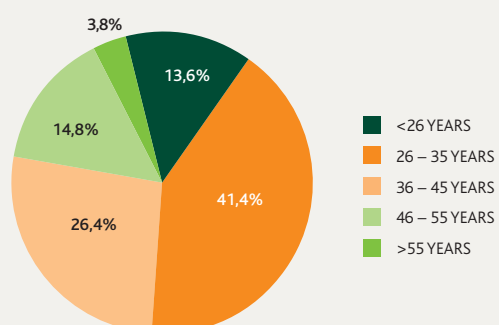


## NEDBANK GROUP EMPLOYEE PROFILE

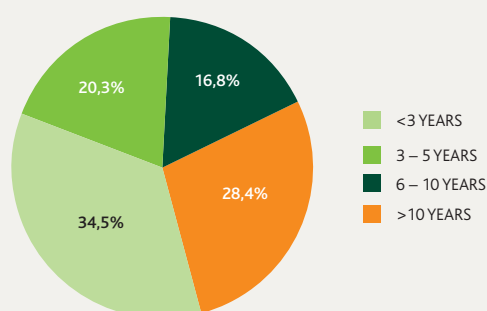
NEDBANK GROUP LIMITED	2010	2009	2008
Total number of employees	27 037	27 570	26 522
SA permanent employees at 1 January 2010	22 416	22 720	21 581
Recruitment	2 844	1 812	3 936
<b>Add:</b>			
Takeon (includes employees from other entities, eg Imperial)	1 030		
<b>Less:</b>			
Terminations	2 246	2 116	2 797
SA permanent employees at 31 December 2010	24 044	22 416	22 720
<b>Add other employee categories:</b>			
Contractors and financial planners	1 777	1 802	1 849
International employees (including Africa)	1 658	1 666	1 803
External entities (includes employees from other entities, eg Holsboer Funds)	46	1 153	1 198
Total number of employees (excluding temporary staff)	27 525	27 037	27 570

\* Workforce profile and employment equity tables differ due to base commission earners who are included as permanent headcount on the employment equity table and reflected below the line on the employee profile.

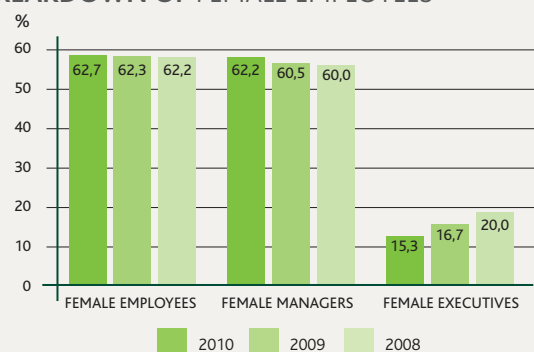
## AGE PROFILE OF EMPLOYEES



## EMPLOYEE TENURE



## BREAKDOWN OF FEMALE EMPLOYEES



## ACCELERATING TRANSFORMATION

Nedbank is committed to continuing to accelerate transformation, both within the organisation and in support of the country, and 2010 saw the group moving forward in its realisation of this objective. During the period under review Nedbank Group was in joint first place in the *Financial Mail*/Empowerdex Top Empowered Companies Survey on the Department of Trade and Industry (dti) Codes in respect of the employment equity, social development and management control dimensions.

The following table shows the current demographic profile of the group based on the Employment Equity (EE) Act definition of occupational levels at 31 December 2010.



## 2010 EMPLOYMENT EQUITY ANALYSIS – BASED ON THE EMPLOYMENT EQUITY ACT

OCCUPATIONAL LEVEL	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	4			9	1			1	0	0	15
Senior management	59	21	49	334	33	12	26	87	25	8	654
Professionally qualified	709	371	599	1 665	709	469	648	1 685	92	91	7 038
Skilled technically	1 793	742	687	703	3 294	1 833	1 370	2 099	32	103	12 656
Semiskilled	645	219	135	77	1 373	556	281	421	3	11	3 721
Total permanent	3 210	1 353	1 470	2 788	5 410	2 870	2 325	4 293	152	213	24 084
Contractors, temporary employees and commission earners	379	109	89	335	666	176	101	260	23	14	2 152
Grand total	3 589	1 462	1 559	3 123	6 076	3 046	2 426	4 553	175	227	26 236

## EMPLOYMENT EQUITY

The year 2010 saw Nedbank Group in the final stage of its 2008 – 2010 Employment Equity Plan. A new target-setting model and approval process allow for group targets to be calculated based on the individual cluster targets, and the review and approval process is now aligned to the three-year business planning process. The 2011 – 2013 employment equity targets, including targets for people with disabilities, was approved by the Group Executive Committee (Group Exco).

Nedbank Employment Equity Forum (NEEF) continued to function well under the chairmanship of the Group Chief Operating Officer, Graham Dempster. Graham's tenure as Chairman ended in December 2010 and the position was filled by Mfundo Nkuhlu, the Managing Executive of Nedbank Corporate, with effect from 1 January 2011.

Focus areas for the forum were identified for 2010 to ensure an objective-driven approach for the year. NEEF monitors and evaluates the implementation of the employment equity plans in each of the group's clusters. Consultation on the group 2011 – 2013 Employment Equity Plan was a key focus area for NEEF in 2010.

## PEOPLE WITH DISABILITIES

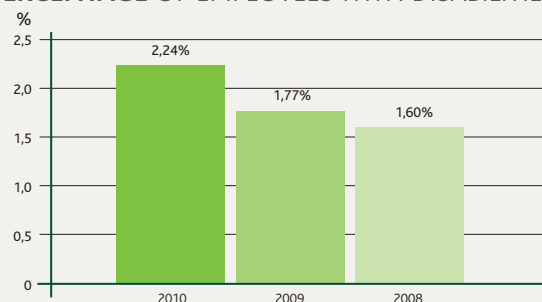
## 2010 PROFILE OF PEOPLE WITH DISABILITIES

OCCUPATIONAL LEVEL	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	1	0	11	0	0	0	5	0	1	19
Professionally qualified	7	5	14	69	12	2	10	44	2	3	168
Skilled technically	38	10	13	34	53	25	15	82	1	0	271
Semiskilled	21	6	4	10	26	8	4	34	0	0	113
Unskilled	0	0	0	0	0	0	0	0	0	0	0
Exceptions – permanent staff not matched	0	0	0	0	0	0	0	0	0	0	0
Total permanent	67	22	31	124	91	35	29	165	3	4	571
Temporary employees	3	1	3	4	3	1	0	1	1	0	17
Grand total	70	23	34	128	94	36	29	166	4	4	588

Nedbank Group continues its drive to becoming a fully disability-accommodating organisation. The table above provides a breakdown of the profile of people with disabilities within the group at 31 December 2010.

As part of a broader diversity framework that was developed and approved in 2010, Nedbank Group has implemented a number of initiatives aimed at promoting tolerance and fostering good relations among all its employees, including specific initiatives for women and people with disabilities.

## PERCENTAGE OF EMPLOYEES WITH DISABILITIES



The People with Disabilities (PWD) Forum continues to function well and the chairperson is also a member of the NEEF, ensuring that matters affecting people with disabilities are channelled through the correct transformation governance structures.

In April 2010 the group placed 15 learners with disabilities within the various clusters, through a partnership with Bank Sector Training Authority (BANKSETA) and Boston City Campus. By participating in this partnership, Nedbank Group has contributed to the broader skills development agenda for people with disabilities.

The PWD Forum has also been instrumental in driving communication aimed at raising awareness on matters related to people with disabilities. A drive to encourage staff to declare their disabilities was initiated in the runup to International Disability Day on 3 December 2010 and saw an additional 45 Nedbank Group employees declaring their disability status. Such declaration allows the group to better accommodate the special needs of these employees.

Nedbank Group is a member of South African Employers 4 Disability (SAE4D), an organisation that represents the interests of the national business community in its efforts to meet disability employment targets and further the wider disability equity agenda.

Recently, the group participated in the Top South African Companies and Disability Survey conducted by Stellenbosch University. The group received a benchmark report on disabled employees and disability practices in South Africa, which will be used to provide further impetus to the bank's efforts in this area of transformation.

## GENDER EQUITY

The Nedbank Women's Forum continues to perform a vital function in the group and remains a key vehicle in advancing gender equity in the workplace. In 2010 the forum again offered its highly successful Women Empowerment Programme, which is aimed at equipping Gauteng-based female junior managers with skills for better career prospects within the bank. The Women's Forum also hosted a number of events to mark Women's Month in August as well as Breast Cancer Awareness in October.

## EMPLOYEE RELATIONS

Nedbank Group is committed to fostering sound employee relations and acknowledges the rights of employees to representation, freedom of association and collective bargaining as a way to determine conditions of service.

The following table provides an overview of the number of disciplinary incidents, disputes and Commission for Conciliation, Mediation and Arbitration (CCMA) cases recorded in 2010:

	2010	2009
Employee relations incidents logged	8 426	6 044
Resolved through counselling	3 554	3 710
Resolved by means of verbal warnings	1 575	1 668
Resolved by means of written warnings	2 717	2 645
Cases referred to the CCMA	142	144
<b>OF THE CASES REFERRED TO THE CCMA:</b>		
Settled	67	42
Withdrawn	15	24
Dismissed in favour of Nedbank Group	20	23
Unfavourable decisions against Nedbank Group	3	2
In progress	37	53

While the number of disciplinary incidents and disputes referred to the CCMA in 2010 represents an increase over 2009, it is not possible to ascribe this increase to any single factor. The number of dismissals during the period under review decreased compared with 2009. The majority of dismissals occurred as a result of dishonesty or gross negligence. Nedbank Group's approach to dismissals remains one of a fair disciplinary process.

A special escalation procedure was established for unfair discrimination, sexual harassment and bullying cases. A number of cases reported via this procedure have been escalated to the Industrial Relations Oversight Committee. All cases of this nature now receive attention at senior levels of the organisation, protecting staff and helping to prevent unnecessary litigation.

Formal and informal management training, as well as focus group sessions, were offered on the industrial relations (IR) aspect of managing discipline, grievances and performance. In 2010 a total of 319 (2009: 333) managers and supervisors attended these sessions.



### INTERNAL OMBUDSMAN

The Nedbank Ombudsman provides employees with an additional channel to voice any concerns they may have regarding issues such as victimisation, racism and discrimination. The ombudsman's role is to facilitate discussions between employees, HR and line managers and to allow the line manager to resolve matters accordingly. In 2010 a total of **99 incidents** were handled by the Nedbank Ombudsman, compared with 77 in 2009.

### COLLECTIVE BARGAINING

The group continues to embrace the principles of collective bargaining as a means of encouraging a healthy employer-employee relationship. At 31 December 2010 altogether 68,2% of permanent Nedbank Group employees belonged to the collective bargaining unit. The group is committed to utilising this process as a means of agreeing the terms and conditions of employment as well as any restructuring that may be required.

During 2010 two outsourcing projects were successfully concluded, impacting 79 staffmembers. The integration of Imperial Bank staff into Nedbank was also successfully concluded without any forced retrenchments. For further details on the Imperial Bank integration please see page 145.

The relationship agreement with the recognised trade unions requires the bank to commence consultations with them as soon as operational changes that could affect the job security of staff are contemplated. The agreement caters for a two-month consultation period followed by one-month statutory notice if terminations are unavoidable.

### BUILDING A UNIQUE CULTURE FOR COMPETITIVE ADVANTAGE

#### CULTURE MEASUREMENT AND DEVELOPMENT

During 2010 significant emphasis was placed on the development of Nedbank Group's organisational culture as a means of enabling the achievement of the group's other cultural sustainability objectives.

The Organisational Development Unit worked with a culture and values workstream, resulting in a number of key initiatives, most notably research conducted into the group's middle management employees and their development requirements (see page 139).

Nedbank Group continues to measure staff morale and corporate culture on an annual basis, using various diagnostic methods. In addition to the surveys, insight-driven reporting was introduced, thereby enabling focused interventions.

The three main culture-based surveys conducted in 2010 were:

#### The Barrett Survey

This measures employee perceptions and the 'degree of alignment' of personal values, current corporate cultural values and desired corporate cultural values within the organisation.

For the first time the 2010 Barrett Survey results registered 'commitment' as a value present in the group's current culture. This result is key, as it reinforces the internal cohesion of the organisation, which is supportive of its aspiration of 'becoming great at collaboration'.

The group's entropy level for 2010 was 13% with six value matches between current culture and desired culture recorded. These results are indicative of an aligned, high-performing culture.

Entropy is the amount of energy in the group that is consumed in unproductive work. It is a measure of conflict, friction and chaos that exists within the organisation.

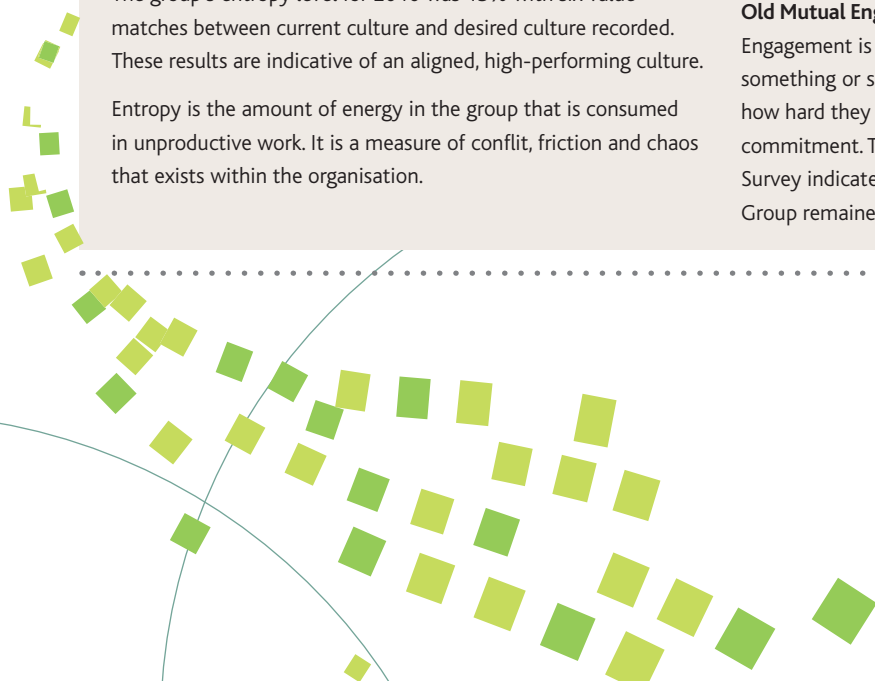
#### Hewitt Engagement Survey and Nedbank Staff Survey

An unprecedented 19 878 Nedbank Group employees participated in the 2010 Nedbank Staff Survey (NSS) in 2010. The overall engagement score for Nedbank Group registered a small decline year-on-year, primarily due to the challenging local and global economic circumstances. The group's performance remains within the Hewitt Engagement Survey's high-performance range of between 65% and 100%.

The overall NSS score also experienced a small decline from 78,9% in 2009 to 75,9% in 2010, but this remains an acceptable score by international standards and in the current economic climate.

#### Old Mutual Engagement Survey

Engagement is the extent to which employees commit to something or someone in their organisation, and a measure of how hard they work and how long they stay as a result of that commitment. The results of the 2010 Old Mutual Engagement Survey indicated that the engagement levels within Nedbank Group remained stable in relation to those of 2009.





The group's employee surveys scores showed slight declines, but remained in high-performance ranges despite significant macro- and microenvironmental changes.

#### Middle-management research

During 2010 Nedbank Group middle managers were identified as a specific grouping that requires additional development in order to ensure overall alignment with the group's strategy. The findings of the detailed research and qualitative focus groups conducted in this regard led to a decision to cascade the group's Leading for Deep Green programme to this level of management.

Leading for Deep Green is a programme that was launched in 2006 to senior management with the core aim of entrenching a values-based leadership culture across the group through personal insights and team effectiveness. A manager's newsletter was launched to share HR information directly with managers.

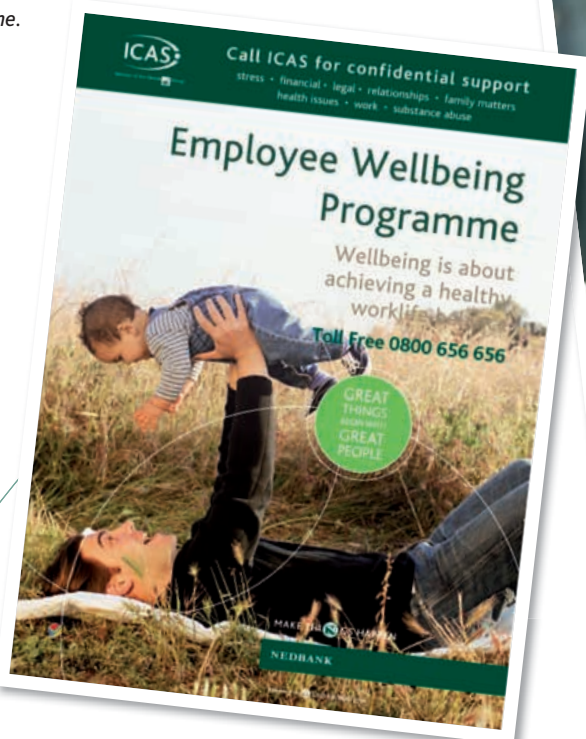
#### EMPLOYEE WELLBEING

The Nedbank Employee Wellbeing Programme focuses on all aspects of individual wellbeing within the Nedbank Group and offers a supportive structure to contribute to the health and wellbeing of staff in the workplace, thereby improving business effectiveness and staff morale.

The programme is available to all permanent and temporary staffmembers and their household family members. The wellbeing programme's service provider, ICAS, offers confidential counselling telephonically or face-to-face through trained professionals located across South Africa.

The programme was well-utilised by Nedbank Group staffmembers during 2010, with 21,5% of group employees making use of the various services available to them. This is notably higher than the industry standard of 10,3% and is due to effective awareness campaigns that were run to launch the revised service offering.

*Communication regarding the Nedbank Employee Wellbeing Programme.*



### REALISING POTENTIAL THROUGH LEARNING – RANJINI MAHARAJH

Ranjini is a training consultant who works in Nedbank Corporate. In 2010 she was selected to participate in the Nedbank Women Empowerment Programme, a joint initiative of the Nedbank Women's Forum and Group Human Resources.

'While much of what I learnt had to do with the practicalities of realising my full potential, I think the most valuable lesson was the fact that acknowledging that one needs help is not a sign of weakness, but rather an indication of inner strength of character and a willingness to grow. In future I will not hesitate to ask for assistance, or give it, in order to ensure a positive outcome for all. I will be forever grateful to Nedbank Group for affording me this excellent opportunity to learn, grow, challenge myself, and become the person and leader that I know I can be.'



*Ranjini Maharajh is a participant in the Nedbank Women Empowerment Programme.*

The top reasons for employees making use of the programme were relationship issues and work or personal stress.

Nedbank Group conducted its first employee wellbeing survey in 2010. This behavioural risk assessment, Pulse Audit, offers a snapshot of the emotional and behavioural health of a sample of group employees. All employees who responded to the survey received a personal analysis of their responses, outlining the extent of their behaviour and emotional risk exposure and providing recommendations about ways to address higher-risk areas.

The employee wellbeing services and initiatives offered by Nedbank Group include (but are not limited to) the following:

- **Executive health programme** – a comprehensive wellbeing assessment, with a combination of medical and behavioural, risk management and personal optimisation modules.
- **Trauma debriefing** – for employees who have suffered a traumatic incident, such as a robbery. Certain cases are transferred to the Employee Wellbeing Programme for longer-term care where required.
- **Employee Wellbeing Programme** – confidential, professional consultation services for all employees.
- **Holsboer Benefit Fund** – offering support to Nedbank Group employees who suffer extreme financial hardship as a result of unexpected medical costs. In 2010 medical costs to the value of over **R1,7 million** were covered by the fund.
- **Gerry Muller Benefit Fund** – assisting Nedbank pensioners to overcome financial hardship caused by medical aid shortfalls.
- **Holsboer Vacations Fund** – offering employees and pensioners affordable holidays at a variety of resorts countrywide.

Nedbank Group also provides childcare facilities at three of its headoffice buildings in Gauteng. By addressing the needs of working mothers and fathers, the group retains key staffmembers, boosts productivity and reduces absenteeism. Together these facilities accommodated 238 children in 2010.

*Children playing at the crèche at 135 Rivonia Road.*



## HIV/AIDS MANAGEMENT PROGRAMME

As part of its commitment to addressing HIV/Aids in a positive, supportive and non-discriminatory manner, Nedbank Group offers treatment to HIV-positive employees through its HIV/Aids management programme. At 31 December 2010 there were 488 (2009: 444) employees or dependants registered on the programme. Registered employees and their dependants qualify for unlimited HIV/Aids benefits, including chronic medication and blood tests required to treat the condition. Free antiretroviral drugs are also provided as part of a managed care programme.

In support of the government's HIV Counselling and Testing Campaign, Nedbank Group relaunched its Voluntary Counselling and Testing (VCT) Programme in December 2010 to offer both on- and offsite testing to employees until the end of February 2011. In December 2010 a total of 597 employees were tested as part of the VCT Programme.

An actuarial assesment of the impact of HIV/Aids on employees was also commissioned in 2010 and the results will be used to enhance current HIV/Aids management practices.

## EMBEDDING TALENT MANAGEMENT

### TALENT ATTRACTION

#### Employer branding and the employee value proposition

Enhancing Nedbank Group's employer brand remains a key priority and efforts in this regard continued in 2010 via a number of key employer branding publications. The group also actively explored partnerships and associations with both the professional and youth chapters of black professional associations such as the Association of Black Securities and Investment Professionals (ABSIP), the Association for the Advancement of Black Accountants of Southern Africa (ABASA) and the African Women Chartered Accountants Forum (AWCA). The continued sponsorship of Students In Free Enterprise (SIFE) and the Sci-Bono Maths and Science Week further served to position the group as an employer of choice.

*Detailed communication shared with employees at the 2010 World Aids Day celebrations.*



## RECRUITMENT AND SELECTION

Altogether 36 976 external candidates applied for jobs on Nedbank Group's e-recruitment system in 2010 (2009: 40 370), many in response to the 581 (2009: 427) positions that were advertised during the year.

A total of 2 844 external appointments were made, while 2 751 internal appointments to higher occupational levels occurred.

In addition, 218 appointments were made as a direct result of existing staffmembers acting as employer brand ambassadors and referring suitable candidates for vacancies.

Recruitment and assessment processes were monitored to ensure that any barriers to fulfilling the transformation strategy were removed. A total of 315 African females and 305 African males, at both senior and middle management levels, were appointed to positions within the group.

In an effort to ensure appropriate broad-based black economic empowerment (BBBEE) spend, focus was placed on partnering with more black-women-owned recruitment vendors as well as other recruitment agencies that specialise in the sourcing of black talent and people with disabilities.

The graduate recruitment campaign saw Nedbank Group actively targeting students at seven universities across South Africa with a view to attracting new, qualified talent in 2011. These efforts resulted in applications by 7 796 students wishing to participate in the Nedbank Graduate Development Programme – 110 of whom were placed on the programme for 2011. This is 38% higher than the 80 candidates that were accommodated in 2010.

## TALENT MANAGEMENT AND RETENTION

Nedbank Group is committed to retaining its talented employees and is continuously exploring opportunities to ensure greater retention of staffmembers. Talented employees and those with scarce skills are key areas where such retention is of utmost importance.

In 2010 the group saw the finalisation of a global high-potential employee list, with 43 candidates being identified. Global high-potential employees are individuals who show the potential to occupy future key executive positions within the Nedbank Group and/or Old Mutual Group in the next six to 10 years.

In 2010 priority was given to strengthening the succession pipeline in Nedbank Group, and this resulted in succession plans being formalised for all roles within the group management structure up to two levels below that of chief executive. Profiles have been developed for each of the prospective successors to gain a better understanding of their career aspirations and developmental needs.

### Flexible work practices

Nedbank Group continued to promote flexible work practices. Various flexible work practices are on offer to employees, including flexitime, telecommuting, homeworking, compressed working hours, four- and five-hour workdays, and two-, three- or four-day workweek options. A total of 691 staffmembers (2009: 236) made use of this employee benefit in 2010.

## ALIGNING THE TOTAL REWARD STRATEGY

Nedbank Group subscribes to a total-reward approach in order to attract, retain, motivate and reward all of its employees appropriately. Total reward is a combination of financial and non-financial, direct and indirect, and intrinsic and extrinsic rewards. This total-reward remuneration philosophy is aimed at promoting sustainable long-term performance and aligning performance with the strategic direction and specific value drivers of the business.

During 2010 the group reviewed all remuneration policies to ensure alignment with the relevant codes of best practise and governance frameworks. The minimum guaranteed package paid by Nedbank Group in 2010 was R82 000 per annum. This is above the stipulated minimum wage. Please refer to the Nedbank Group Remuneration Report, available on pages 224 to 247 of the Nedbank Group Integrated Report 2010, for more detail.

## REMUNERATION

Nedbank Group actively monitors race and gender income differentials across the organisation and in 2010 an extensive analysis was done to assess whether there were any unfair or discriminatory practices in the group's remuneration processes. The results revealed that, while parity of remuneration still requires attention, no unfair or discriminatory practices are taking place.

The annual increase process and out-of-cycle increases are used to address any remaining parity issues.

### Empowerment through the Eyethu share schemes

In 2005 Nedbank Group made history by launching Eyethu, a truly BBBEE transaction that included participation by employees, strategic black business partners, corporate and retail clients and a community trust. In July 2010 the Eyethu Broad-Based Employee Share Scheme vested. This was an important milestone in Nedbank Group's BBBEE transaction and proved a huge success for both the organisation and the participants.

The employee portion of the Eyethu Broad-based Employee Scheme afforded Nedbank Group the opportunity to recognise the important role its employees play in its success. In line with the group's aspiration of being a great place to work, in 2005 shares were allocated to employees earning less than R278 482 per annum, regardless of race. A total of 14 699 Nedbank Group employees (including past employees) have benefited from this scheme, with the shares appreciating by around 65% since inception.

The Nedbank Eyethu black economic empowerment (BEE) schemes comprise the following:

- Eyethu Black Executive Trust – aimed at attracting and retaining black executives.
- Eyethu Black Management Scheme – designed to attract and retain black senior and middle managers.
- Eyethu Broad-based Employee Scheme – intended to promote an equitable and diverse workplace through encouraging share ownership by employees.



- Eyethu Evergreen Trust – assisting the empowerment of black employees at lower income levels.

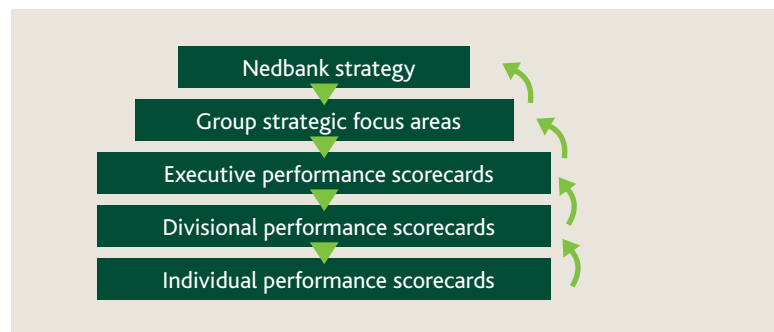
The various Eyethu BEE schemes have delivered over R1 billion in value to beneficiaries to date, including R670 million that accrued to beneficiaries of the Corporate and Non-executive Directors Schemes on 1 January 2011. The group has also undertaken an investigation into how best to deal with future empowerment allocations now that some of the initial Eyethu schemes have vested.

### PERFORMANCE MANAGEMENT

Nedbank promotes holistic performance management by incorporating all aspects of performance into a single integrated HR framework. To facilitate transformation within the group a strategic performance management philosophy has been adopted that aims to put strategic plans into action and measure how the organisation responds to variables that influence organisational performance. There is a great focus on creating a high-performance culture with high aspirations, a common vision and individual responsibility for actions and decisions.

Performance scorecards are formulated around the principle that all objectives and projects support the objectives of the business unit and are aligned with the Nedbank Group strategy. In this way key strategic objectives are applicable to every individual in the business. The performance scorecard is based on the balanced-scorecard methodology.

In 2010 a learning and exploration journey was undertaken to integrate the performance standards from the Nedbank Group leadership pipeline into performance scorecards.



### RECOGNITION

The Nedbank Achiever process is unique in that it decentralises recognition in the group by allowing each business cluster to customise the programme. This cluster customisation takes place within a clear set of guidelines to ensure fairness and consistency in the groupwide recognition approach.

The culmination of the recognition programme saw 141 Nedbank Top Achievers (119 individual winners, 20 Top Team winners and two CEO Award winners) and their partners visiting Singapore and Bali as reward for their excellent performance throughout the year.

### LEARNING AND GROWING: DEVELOPING PEOPLE

The Group People Development function supports the delivery of Nedbank Group's three-year business strategy through policies and practices that allow clusters and business units to benefit from worldclass thinking and research into developing their people. Nedbank Group's people development focus areas include:

- Enabling people to perform at the level required within the organisation through role-based development.

Bertus and Winia Janse van Rensburg browsing a street market in Bali.



Top Achievers visited Club Med in Bali.



- Building a transformed talent pipeline through formal and informal learning solutions.
- Providing future career opportunities through personal development.
- Measuring and reporting on learning to inform people development decisions.
- Contributing to the National Skills Development Strategy.
- Embedding the legislative requirements created by the Employment Equity Act, Skills Development Act, Skills Development Levies Act and all other relevant legislation in all Nedbank Group's people development practices.

### SKILLS DEVELOPMENT AND TRAINING

Nedbank Group focuses its learning efforts on delivering optimum value for both the employee and the organisation via a positive shift in performance. The creation and maintenance of a learning culture within the group not only fulfils the various regulatory requirements that govern skills development, but also provides the momentum for sustainable organisational performance.

In 2010 the drive to develop learners for the financial services industry resulted in 137 learners participating in the Kuyasa and Letsema Learnership Programmes (2009: 210). A further 214 participated in other learnerships (2009: 240), while eight graduates undertook the Training Outside of Public Practice (TOPP) Programme for accountants, and 80 attended the Nedbank Graduate Development Programme (2009: 104).

In 2010 an average of 39 hours of training per employee was completed.



### NEDBANK BURSARY SCHEME



The External Bursary Programme saw **265** bursaries awarded to undergraduates studying toward bank-related qualifications. The focus of the bursary scheme is on meeting scarce-skills requirements at Nedbank Group as well as ensuring that candidates who are most in need of funds receive the assistance they require. A total of 132 final-year bursars exited the scheme at the end of 2010, of whom nine were selected for placement on the 2011 Graduate Development Programme, while 109 are available for direct recruitment across the group in 2011.

A further 1 081 internal bursaries amounting to **R8,4 million** were awarded to Nedbank Group employees for further academic studies at graduate and postgraduate level. Study grant assistance to the value of **R3,6 million** was provided to **347** employees for the education of their children.



### TRAINING SPEND



In 2010 Nedbank Group spent R244,2 million on training, representing 3,58% (2009: 4,32%) of basic payroll, with **R130,6 million** or 2,78% (2009: 2,97%) going to the training of black staff (after adjusted recognition for gender). Of the total direct spend 27% (R40 million) was on strategic programmes supporting transformation, with 59,88% of the total training spend on black staff having been spent on black female staff.

Business and academic development for successive levels of our management is catered for in the business education programmes. In 2010 a total of 63 senior managers attended the executive education programmes, locally and internationally, and 462 managers attended business education programmes at top business schools in South Africa.

Other training and development opportunities made available to employees of Nedbank Group include:

- **Executive education programmes** – provide global and local leadership and management knowledge and skills to senior managers and executives.
- **BANKSETA learnership programmes** – funded by BANKSETA, Nedbank Group provides the infrastructure and support to ensure that learners develop skills and knowledge to make them more employable.
- **Professional development programmes** – aimed at graduates entering specific professional fields within banking to provide further professional development in the workplace.

### MANAGEMENT DEVELOPMENT PROGRAMME

The Management Development Programme (MDP) is aimed at establishing a common values-based management approach within the group. A total of 3 876 staffmembers attended MDP role orientation workshops in 2010.

### COACHING FOR GROWTH

During 2010 coaching was repositioned as an enabler of leadership development in order to support the group's vision of fully performing leaders. A three-tier coaching framework was designed and implemented.

More than 1 000 business managers and HR professionals attended Coaching for Growth in 2010 and the aim is to reach 3 500 managers by the end of 2012. Coaching for Growth, as part of tier 1 of the coaching framework, aims to provide all managers across the group with basic coaching capabilities as a requirement of their leadership roles.

During 2010 a total of 26 external coaches (accredited through the International Coach Federation) and 18 internal coaches were selected for the development of both executive and managerial staff.

### ENABLING HUMAN RESOURCES CAPABILITY AND EXCELLENCE

Nedbank Group is committed to enhancing its HR capability and competence levels in order to build effectiveness and efficiencies in employee interactions and relationships, and to enable all HR professionals to realise the vision of building a great place to work. As part of enhancing the HR capability, an HR academy programme has been designed and will be rolled out in 2011.

## CULTURAL SUSTAINABILITY OBJECTIVES FOR 2011

IN ORDER TO BUILD ON THE ACHIEVEMENTS IN THE AREA OF CULTURAL SUSTAINABILITY OVER THE PAST YEAR THE FOLLOWING CORE OBJECTIVES HAVE BEEN IDENTIFIED FOR 2011:

### Transformation beyond the numbers

- Foster an integrated approach to transformation.
- Leverage transformation and diversity to align the business profile with that of South Africa's economically active population.
- Build a truly SA bank where transformation is prioritised.
- Retain key skills.

### Building a unique and innovative culture

- Cascade Leading for Deep Green (LFDG) Management Programme to the next management tier.
- Enable a culture conducive to the creation of a 'great place to work'.
- Ensure that interventions and programmes are integrated into the overall organisational approach to building culture.
- Build a strong values-based leadership culture through embedding and implementing the Nedbank Group employee value proposition.

### Leadership/Management effectiveness

- Operationalise the Nedbank Group Learning Framework.
- Ensure a return on the investment in leadership and management effectiveness.

### HR 2010 and beyond

- Deliver value-added, client-driven HR services.
- Roll out the HR Academy to the HR community.

### Talent management

- Attract, develop and grow talent within the group.
- Share knowledge, skills and experience across the group.
- Ensure the mobility of talent across the organisation.
- Define scarce- and strategic-skills categories and focus on building a pipeline for these skills.
- Refine and embed the employer brand.
- Respond to the availability of talent as economic pressures ease.
- Reward talent optimally, taking cognisance of market practices and affordability.



## OCCUPATIONAL HEALTH AND SAFETY

A culture of safety is of utmost importance at Nedbank Group. This entails compliance with various pieces of legislation including the Occupational Health and Safety (OHS) Act, 85 of 1993, and its regulations, and the Compensation for Occupational Injuries and Diseases Act (COIDA), 130 of 1993, as well as internal OHS policies aimed at the health, safety and security of employees, clients and all other stakeholders. Measures to ensure compliance include the following:

- OHS training is compulsory for all Nedbank Group employees.
- Evacuation drills are practised at least twice annually. During 2010 the time taken to clear all sites was materially reduced.
- All OHS representatives undergo annual training.
- OHS committees meet monthly at all Nedbank Group sites to review the effectiveness of OHS within the group as well as compliance with legislation.
- The Nedbank OHS intranet site is available to all employees and includes relevant OHS information, training, a copy of the OHS Act, and important policies and procedures.
- Recognition for all OHS wardens is endorsed by the annual recognition process and the OHS function is now provided for in their performance agreements.
- Health, safety and security awareness events are held regularly.
- Regular communications are sent to all staff in terms of health and safety.
- Commitment from the Nedbank Group Exco to maintain a culture of safety.

### Accident reports and investigations

In 2010 altogether 61 workmen's compensation claims were accepted by the Compensation Commissioner (2009: 52). Incidents are investigated for accidents involving all Nedbank Group permanent and temporary staffmembers and contract workers, and are reported.

### OHS INCIDENTS REPORTED DURING 2010

First-aid incidents*	1 057 (2009: 1 077)
Medical incidents	196
Medical incidents, including workmen's compensation (COIDA)**	
Nedbank Limited	61
Contractors onsite	16
Total incidents	1 253 (2009: 1 259)

\* First-aid incidents reported include minor injuries such as paper cuts.

\*\* Workmen's compensation – injured-on-duty incidents are included in the total number of medical incidents.

### OHS highlights

- The 2010 FIFA World Cup brought some new challenges to OHS as soccer teams were hosted close to Nedbank sites and so alternate emergency routes and assembly points were identified and successfully drilled.
- Compliance with the OHS Act by Nedbank Group remained consistent at 98,88% (2009: 98,43%).
- The group complied with changes in legislation, eg the promulgation of the Tobacco Act that resulted in all Nedbank buildings being declared non-smoking areas.
- The Imperial integration into Nedbank Group resulted in an increase in the number of sites included in the Nedbank Group OHS programme.
- The disability incident frequency rate (DIFR) for Nedbank Group in 2010 was 0,33. This aligns with the industry standard and is 0,4 below the national average.
- The group's OHS Act compliance target for 2010 was to achieve a gold rating. This target was achieved, with a final rating of 98% for 2010.





## CARING FOR PEOPLE MAKES INTEGRATION EASIER

WHILE MERGERS AND ACQUISITIONS ARE AN INTEGRAL PART OF THE BUSINESS WORLD, AND CAN BE KEY ENABLERS OF STRATEGIC ADVANTAGE FOR THE COMPANIES CONCERNED, THEY CAN ALSO BE IMMENSELY CHALLENGING FOR EMPLOYEES OF THOSE ORGANISATIONS.

Recognising this fact, Nedbank Group's acquisition of a further 49,9% of Imperial Bank in 2010 was undertaken with a focus on successfully integrating the staffmembers of the affected businesses in a way that would demonstrate Nedbank's commitment to caring for its people and build the bank's image as a great place to work.

### Measuring success differently

A total of 1 500 Imperial Bank and Nedbank Group employees were affected by the integration and, in drawing up the required acquisition documentation for the Competition Commission in November 2009, the worst-case scenario outlined in terms of potential surplus positions was that 460 jobs could be affected as a result of the integration.

It was agreed that the ultimate success of the venture would not hinge solely on the business opportunities it delivered, but also on the extent to which employee security was maintained.

### Demonstrating commitment through action

An integration that impacts 1 500 employees creates feelings of insecurity and uncertainty. So the first step, aimed at preserving a positive corporate culture throughout the exercise, was the commitment that there would be no forced retrenchments of permanent Nedbank or Imperial Bank staff as a result of this integration for the 12 months to January 2011 – a commitment that was subsequently extended to June 2011.

An Operational Talent Pool managed by a senior HR professional was established to facilitate the placement, within Nedbank Group, of employees in surplus positions. As a direct result of this, less than 1% of staffmembers affected by the integration had not yet been placed in positions by the end of the 2010 financial year. Subsequent to this, all staff have been placed. This represents a significant achievement when viewed against the original worst-case scenario of 460 surplus jobs.

Further evidence of this commitment is that there have been no IR cases emanating from the merger.

### The power of culture alignment

When integrating two businesses, alignment of culture is of paramount importance. In the case of the Nedbank and Imperial Bank merger this proved less of a challenge than originally anticipated, as independent research revealed that employees of the two organisations already shared very similar personal values as well as similar perceptions of the organisation's current and desired values.

### Helping people to manage change

Despite these cultural similarities, every effort was made to ensure that all employees affected by the merger enjoyed a measure of security and familiarity. Conditions of employment were aligned and change management workshops facilitated for the most impacted areas.

## FIVE LESSONS LEARNED

The success of the integration of Imperial Bank with Nedbank delivered a number of key cultural sustainability lessons that are sure to stand Nedbank Group, and indeed any business, in good stead in the future. These included:

- 1 Demonstrate real concern for the welfare of employees as this is an investment that will reap huge rewards well into the future.
- 2 Create a platform for affected employees to secure their own futures – this significantly enhances levels of security, loyalty, goodwill and productivity.
- 3 Make every effort to align the values and cultures of all the businesses in one's own group. If evaluating outside companies for the purpose of a merger, be sure to include staff values and corporate culture in the assessment.
- 4 Never underestimate the power of transparent communication, focused training and genuine empathy, and furthermore the commitment of the leaders throughout the process.
- 5 Never assume that people can cope with change. When they feel like their livelihood might be threatened, everyone can use a little help in managing their lives, careers and emotions.

