

strategy
pathways to
employability
people
sustainable
value training
prosperity
empowering
innovation
credibility
development

United Nations Global Compact

focus
sustainable future

planet
economic
linkages
thriving society
energy
ethical leadership

diversity

climate and energy

trust

leadership



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Vision

Creating and supporting a sustainable, equitable and thriving society that makes South Africa one of the world's great places to live, work and do business.

Mission

The NBI, as a business collective, provides the progressive leadership and advocacy roles needed in South Africa to support and accelerate business action to achieve a sustainable, equitable and thriving society.

Values

trust **accountability**
s **diversity**
trust **empowerment**
trust **passion** **innovation**

About this report

This integrated annual report for Growth, Development and Democracy covers the operations of The National Business Initiative (NBI) in South Africa for the 12 months ending 30 June 2013. It aims to provide our stakeholders with meaningful, accurate, complete, transparent and balanced information on our financial, environmental, social and governance performance during the year.

“ The purpose of this report is to provide our stakeholders with meaningful, accurate, complete, transparent and balanced information on our financial, environmental, social and governance performance during the year. ”

The content of this report is guided by the governance principles outlined in the King Report on Corporate Governance for South Africa 2009 and the King Code of

Governance Principles (King III), the statutory reporting requirements of the Companies Act, 2008 and the guidance of the International <IR> Framework.

Sustainability information is disclosed using the principles of the Global Reporting Initiative (GRI) G3 guidelines and a GRI Index is provided at the end of this report. We self-declare Level C compliance with the GRI.

The information covered in this report relates to the 12-month period ending 30 June 2013, except where indicated otherwise. The information provided in the transformation section, for example, aligns with the dates of the BEE certificates reported in that section.

While we acknowledge the benefits of external assurance of sustainability information, we believe that we have further progress to be made in our reporting of sustainability before this will add significant value.

The financial information contained in this report was independently audited by BDO and their report appears on page 47. The board of directors (board) is satisfied with the accuracy of the information contained in the balance of this integrated annual report.



Who we are



The NBI's history of delivery and the fostering of partnerships in undertaking such work give it a strong platform to deliver value to its members through building business coalitions to address the challenges currently identified and those to come.



The NBI value proposition

The National Business Initiative for Growth, Development and Democracy (NBI), is a registered Public Benefit Organisation. It is a voluntary group of leading companies working together towards sustainable growth and development in South Africa through partnerships, practical programmes and policy engagement.

Capability

The international and national links the NBI has forged since its inception in 1995 have created a unique independent business coalition. Our focus is on building a sustainable society through facilitation, thought leadership and collective and practical action.

The NBI is one of close to 60 global regional partners to the World Business Council for Sustainable Development (WBCSD) and the focal point of the United Nations Global Compact (UNGC) Local Network in South Africa. This creates the opportunity for members to not only access international best practice but also influence global thinking.

The NBI offers those seeking a sustainable future for South Africa a practical and effective platform on which to engage

with each other, government and other stakeholders. The advocacy and leadership roles played by its members in addressing socio-economic and environmental challenges have built trust, capacity and collective action.

The organisation has shown that progress can best be achieved when business collectively works with government and other stakeholders. This is needed now, more than ever, to address unemployment rates of over 25%, high levels of inequality, a failing education system, skills shortages, endemic corruption and a fractured labour relations framework. Jointly, the NBI's members will seek to address these important matters despite a global economic slowdown, an increasingly complex political environment and a polarised national debate.

Impact

The NBI's independence has assisted it in building bridges between business, government and other role-players in society. This has led to such programmes such as the Energy Efficiency Leadership Network (EELN), the Carbon Disclosure Project (CDP) and its support of the Further Education and Training (FET) colleges, which demonstrate the willingness of business to work in partnership with government.





The NBI has also played a catalytic role in establishing organisations such as the Business Trust and Business Against Crime, high-level programmes such as the Joint Initiative on Priority Skills Acquisition (JIPSA) and working with business to address socio-economic challenges. More recently, it has led the environmental sustainability agenda for business through its work in energy efficiency and climate change.

We also play an advocacy role on behalf of members on matters such as the role of business in society, skills, energy efficiency and environmental policy, and we see this as a continuing vital role. We promote learning by sharing and capacity building within companies.

Delivering sustainable value

The NBI's history of delivery and the fostering of partnerships in undertaking such work give it a strong platform to deliver value to its members through building business coalitions to address the challenges currently identified and those to come.

We deliver value to our members by:

- convening critical informal and non-public conversations, both within business and between business, government and other stakeholders, to build consensus on actions to address critical socio-economic issues. These conversations take place at a leadership level and facilitate the practical action necessary to implement the National Development Plan and the formal agreements that are the purview of the mandated business formations;

- driving collective action by companies to achieve impact and scale and create platforms for collaboration within business and between business, government and other stakeholders;
- creating platforms where business can share and communicate best practice across South Africa at both a national and regional level. South African business' wealth of good practice and innovative solutions to social, economic and environmental challenges is not adequately communicated and these platforms facilitate communication, sharing of good practice and recognition of the role of business;
- offering in-depth training programmes on key issues such as greenhouse gas (GHG) accounting and other events to share information and knowledge; and
- creating platforms where government interacts with business to inform it on key policy and programmatic issues and where business can offer its ideas to address the challenges referred to above. These interactions also offer an opportunity for business and government to clarify any differences of views or opinions and understand different perspectives, towards acting in the national interest.

Members and stakeholders of the NBI have seen the changes, felt the impact and heard the positive testimony of the recipients of powerful programmes that have changed society. A collective business stand on sustainability, leadership, governance, education and societal bridge-building creates a profound impact on both the members of the NBI and the people of South Africa.

Our members

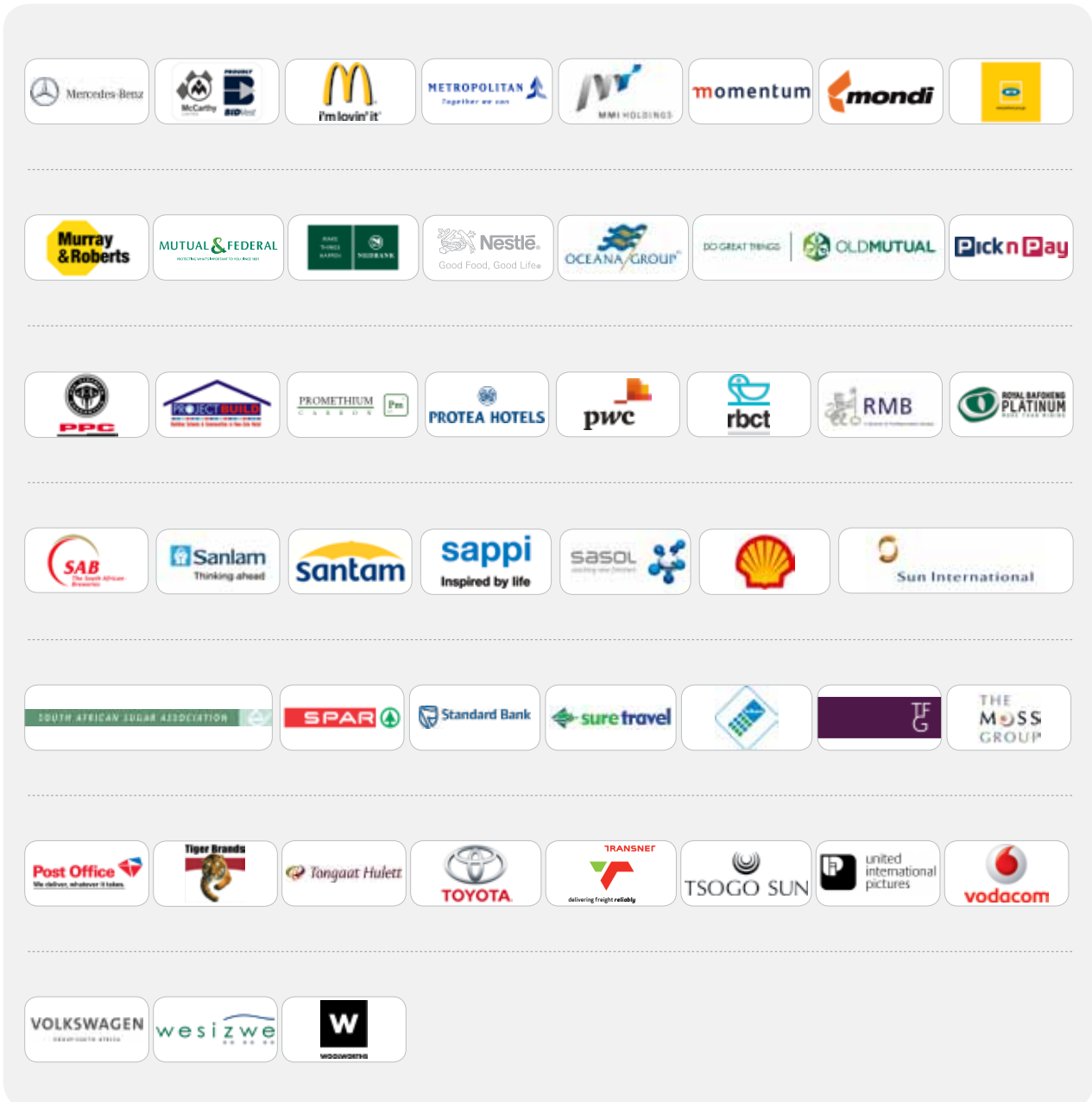
The image displays a collection of 84 member logos, organized into eight rows and ten columns. Each logo is contained within a white rounded rectangular box. The logos represent various companies and organizations, including:

- Row 1:** ABB, ABSA, AECI (good chemistry), African Bank (Credit that works for you), AfriSam (Building Our Future Together), AFROX (A Member of The LANC'S Group), ALSTOM, altron.
- Row 2:** AngloAmerican, ArcelorMittal, ARUP, AVANGINE GROUP (Leading in Performance), AVI (GROWING GREAT BRANDS), Barloworld (Leading Brands), bigbillion (Inspiring the Future).
- Row 3:** BHP Billiton, BHP Billiton, BG Bowman Gilfillan, BRITISH AMERICAN TOBACCO (Only for Great & Good), Burson-Marsteller, cennergi (PIONEERING PROGRESS), CLICKS GROUP (LIFE), Climate Neutral Group.
- Row 4:** Coca-Cola South Africa, COVA advisory (COVA Advisory & Associates Pty Ltd), DE BEERS (A DIAMOND IS FOREVER), Deloitte, Discovery, DISTELL, Drake & Scull, ENGEN.
- Row 5:** ERM, Eskom, exxaro (POWERING POSSIBILITY), FIRSTRAND, FNB (How Safe and Healthy you?), Gordon Institute of Business Science (University of Pretoria), GM, Gold Fields.
- Row 6:** Goldman Sachs, GRINDROD LIMITED, HARMONY, Hollard, IDC (Your partner in development finance), ILLOVO, IMPERIAL, IMPLATS.
- Row 7:** Investec (Out of the Ordinary), janssen, Johnson & Johnson, Johnson & Johnson (Caring for Life), KPMG, LONMIN, MASSMART, Walmart.

“

The NBI has excellent links to both South African and international business sectors, as well as with government and civil society at all levels. Members are provided with beneficial networking opportunities on a regular basis.

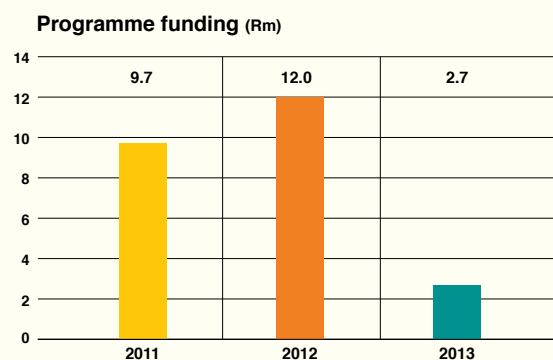
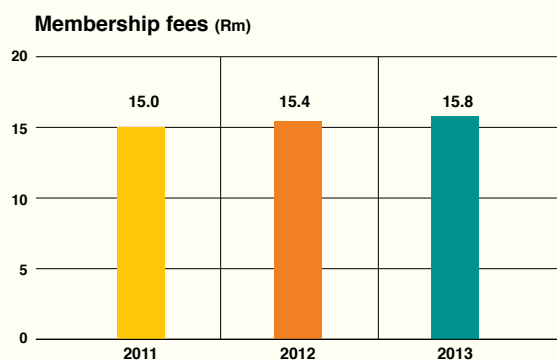
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financial and non-financial highlights



Year ended 30 June	2013	2012	2011
Membership fees (R million)	15.8	15.4	15.0
Programme funding (R million)	2.7	12.0	9.7
Headcount	22	31	43
Water consumption (m ³)	381	398	225
Electricity consumption (kWh)	172 441	201 620	243 476
BEE status	Level 4	Level 2	Level 1
Black beneficiary base of socio-economic projects	83%	85%	



our strategy



Building a future in which environmental and socio-economic sustainability work hand in hand

Our strategy

The NBI has a strong track record of building and supporting capacity in areas critical to business and has consistently demonstrated its ability to function as a bridge between government and business.

We believe that the most important sustainable development priorities are:

- employment creation, economic growth and reducing poverty and inequality;
- strengthening our country's human capital through education and skills development; and
- driving ecological balance so that the scarce resources available to our generation can also be used and developed by the next.

The NBI reviewed its strategy in 2012 to ensure that the organisation remains relevant to our members in the context of the changing nature of the sustainable development challenges facing business and the region. The board approved the new strategy in July 2012 and we began to align our action plans and resourcing to the revised strategy. In March 2013, the newly elected NBI board, as one of the outcomes of the governance restructuring, reviewed the strategy as approved in July 2012, and endorsed it.

Our strategic outcomes

Our strategic outcomes are the changes we aspire to create around us by consistently applying our strategy.

1. Collective action has had a significant impact on socio-economic and environmental issues.
2. The NBI is a trusted platform for collaboration and engagement between business and government.
3. NBI member companies have integrated sustainability into their strategies and operations.
4. Business leadership is ethical, trusted, transparent and forward-looking – it speaks its mind and is an active citizen.
5. There is a common understanding among NBI members, large and small, around what is needed to achieve sustainable outcomes.
6. The NBI delivers thought leadership and action that push the boundaries on key sustainability issues.
7. The NBI builds relationships and trust with government, business and key stakeholders.

Delivering on our value proposition

Our strategic focus areas have been determined by the degree to which business is able to impact, and is impacted by, specific sustainability-related issues and particularly those areas where business has the most leverage and desire to drive societal change. The four focus areas identified last year have been streamlined into two broad content focus areas:

1. Environmental sustainability
2. Socio-economic sustainability and governance

These broader categories break down into the work streams shown in the diagram below. These are supported by the adaptation of international partnerships and guidelines such as the WBSCD and the UNGC to the South African context.

Key projects

Our activities are focused on key projects in the areas we believe have the potential for the greatest impact and scale. These are:

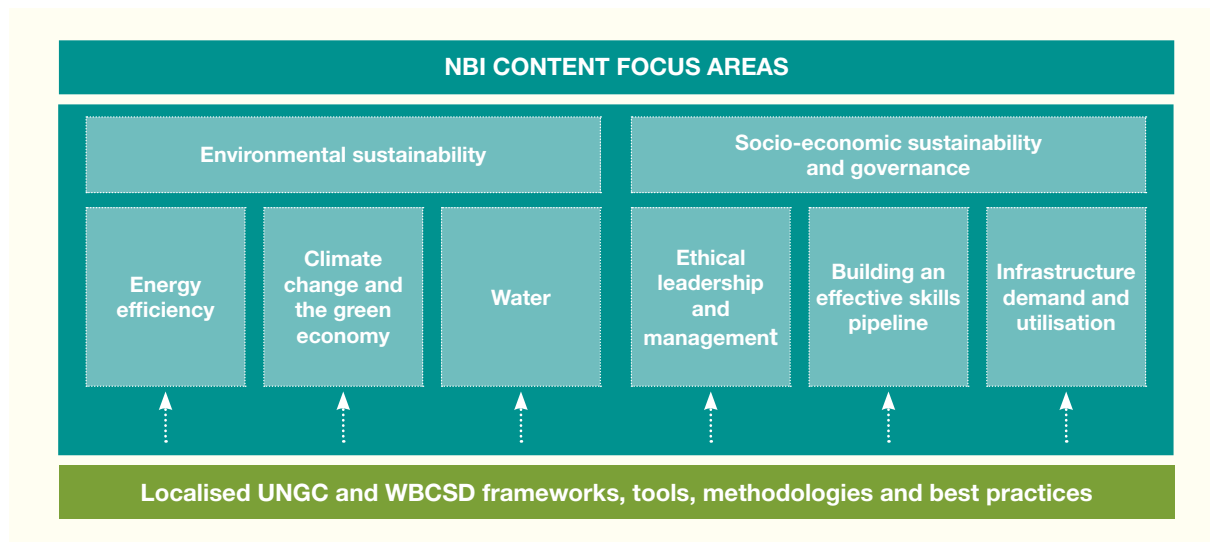
- Building a skills pipeline
- Energy efficiency
- Climate change and the green economy

Programmes under development

Further programmes under development include:

- enterprise development (ED) with a focus on collective platforms for sharing best practice, value chain sustainability and opportunities for youth within ED programmes;
- expansion of the Johnson & Johnson Bridge to Employment programme beyond the health sector; and
- facilitating a series of "quiet conversations" to build trust and enable challenging issues to be addressed. These conversations will align with both our current content focus areas as well as other economic and social issue challenges.

The projects and programmes relevant to each work stream, as well as our progress for the current year and goals for the year ahead, are discussed in the relevant sections of this integrated annual report.



our most material issues



Risks and opportunities that potentially have the most significant impact on our long-term sustainability

Our most material issues

We define our most material issues as those risks and opportunities that potentially have the most significant impact on our long-term sustainability. These were identified through board deliberations, membership engagement, the strategy review, a review of our risk matrix and the reporting process.

These issues include both financial and non-financial issues in recognition that economic, environmental, social and governance risks and opportunities all have the potential to affect the

organisation’s ability to generate long-term sustainable value for our stakeholders.

The table below summarises the most material issues facing the organisation as well as the NBI’s response.

These issues are analysed in more detail in the relevant sections of the report.

Material issue	Relevance	Response
1. Financial sustainability page 17	The NBI needs to ensure that it has sufficient financial resources to implement its programmes.	<ul style="list-style-type: none"> • A strict focus on cutting costs without compromising delivery. This includes the restructuring to reduce our cost base. • Continuous engagement with members to ensure the organisation remains relevant to members’ needs. • Formalised collection procedures to ensure timely receipt of member fees. • Improving project management capabilities and tools to ensure programme delivery and project cost recovery • Formalising and communicating the organisation’s value proposition.
2. Strategic positioning page 19	The organisation must continue to meet members’ changing needs.	<ul style="list-style-type: none"> • Strategy review to align with members’ needs. • Establish Membership Council to ensure member input into NBI work streams and overall strategy. • Continual engagement with members to understand their needs and reiterate our value proposition. • Key projects in each work stream. • Ensuring a good understanding of competitor organisations’ value propositions and how we compare.
3. Project execution page 20	Continued successful execution on projects with impact and scale demonstrates the NBI’s value proposition.	<ul style="list-style-type: none"> • Organisational restructure, now complete, to create a platform for improved delivery. • Improving project management capabilities and tools to ensure programme delivery and project cost recovery.
4. Governance page 21	Good corporate governance is essential in all organisations.	<ul style="list-style-type: none"> • Governance restructuring completed. • Compliance with the new Companies Act. • Continued progress in applying the principles of King III in our organisation.
5. Human capital page 22	We need to attract and retain motivated staff with the appropriate skills to deliver on our strategy effectively.	<ul style="list-style-type: none"> • Organisational restructure, now complete, to create a platform for improved delivery. • Ongoing engagement with staff to address morale issues arising from the restructuring. • Process in place to recruit appropriate skills required. • Team-based approach to ensure spread of skills and relationships.
6. Transformation page 24	The NBI is committed to the principles of transformation.	<ul style="list-style-type: none"> • Certified value-adding level 4 BBBEE contributor.
7. Environment page 25	The future of business depends on profitable growth that does not negatively impact the environment.	<ul style="list-style-type: none"> • Energy, water and waste efficiency initiatives are in place.

Chairman's report



Cas Coovadia, Chairman

“Organisations like the NBI are increasingly valuable under difficult business conditions, because collective business action is vital to guide businesses through difficult times, when the regulatory environment also becomes more complex.”

The operating environment for business organisations continued to be tough during the 2012 – 2013 financial year. Many corporates and smaller businesses have turned their focus inwards to weather the current challenging economic conditions. This focus on protecting the bottom line has constrained funding for organisations such as the NBI.

This financial pressure has also prompted us to focus inwards as an organisation to manage our cost base and refresh our value proposition for members. Much of the organisational restructuring was concluded last year. We continue to see the benefits in better use of our resources and capacity, which delivered improved cost efficiencies in the current year without any discernible negative impact on delivery of programmes. While membership donations increased marginally to R15.8 million, project cost recoveries decreased and the overall deficit for the year increased to R1.2 million from R128 000 in 2012. This deficit was covered through the utilisation of reserves in the development account.

Governance and sustainability

Management and the board of the NBI are committed to the principles of good governance recommended by the King Report on Corporate Governance for South Africa 2009 (King III). We believe that good governance is key to sustainability, not only for South African business, but also for the NBI as an organisation.

Early in 2013, we restructured our governance architecture, establishing a membership council to guide the activities and strategy of the organisation. We also reconstituted the board of directors and set up a social, ethics and transformation committee. I believe the smaller and more manageable board and other governance structures established this year will play an important role in the long-term success of the organisation.

In the long term, non-financial considerations have an equally significant impact on the sustainability of an organisation as financial issues. The NBI not only implements projects and programmes focused on addressing environmental, social and governance issues, but seeks to integrate these aspects of sustainability into its own policies and business processes. This integrated report demonstrates our integrated thinking and discusses the most material issues the organisation faces. This report is aligned with the requirements of the Global Reporting Initiative (GRI) G3 guidelines and is guided by the International Integrated Reporting Council's (IIRC) International <IR> Framework.

The hard decisions and focus in the last two years have been necessary to transform the NBI into a more sustainable organisation. While this organisational and governance restructuring has demanded a great deal of management time and attention, the NBI's various programmes continued to deliver effectively.

Our value proposition

The NBI holds a unique position among business organisations due to its core focus on sustainability. Our relationships with the World Business Council on Sustainable Development (WBCSD) and the United Nations Global Compact (UNGC)

hold important benefits for members, especially where these are localised for the Southern African business environment.

On a broader scale, the National Development Plan (NDP) offers an opportunity to bring business and government together to address the challenges facing our country. I believe business should take the lead in developing implementable programmes informed by the NDP and take these to government. The NBI is well positioned to bring the key stakeholders together and facilitate the robust conversations that need to happen. As the recent and ongoing labour challenges have made clear, non-financial sustainability concerns may not directly affect business's bottom line in the short term, but if left unaddressed their impact can be severe in the long term.

Our strategy

The major risks we face remain the financial sustainability of the organisation and ensuring that we attract and retain the necessary skills to deliver on our commitments to our stakeholders. While our member surveys consistently show that most of our members back our strategy and execution, we continue to struggle in securing adequate and timely funding from members.

We further streamlined our strategy and focus areas into two broad categories this year – environmental sustainability, and socio-economic sustainability and governance. There are six areas of focus that fall under each of these categories, which represent a reclassification of our previous focus areas rather than a new approach.

We have identified three key programmes within these areas, where most of our strategic intent is currently focused.

Building a skills pipeline

Scarce skills and high unemployment levels remain high-priority issues for the country. While we would like to see faster progress within the Further Education and Training (FET) college structures, we are heartened by the positive approach government is taking to address these challenges.

The programmes within this focus area are progressing well and we continue to identify further opportunities to foster skills development.

Energy efficiency

Our activities around energy efficiency matured further during the year. The Energy Efficiency Leadership Network (EELN) provides business with a platform to engage government and understand the future direction of energy strategy as well as the sharing of best practices.

The two-year Private Sector Energy Efficiency Project (PSEE) funded by the UK's Department for International Development (DFID) affords us an important opportunity to facilitate improved energy efficiency in the country as well as to deepen our relationship with our members.

Climate change, water and the green economy

The NBI has significantly expanded its work in this area. Building on the highly regarded Carbon Disclosure Project (CDP) Climate Change programme, the NBI is in its third cycle of CDP water reporting. The NBI has built on a well-received project on climate finance to support member engagement on carbon tax and offsets. We are also supporting our members' efforts in mitigation through a greenhouse gas capacity-building programme in partnership with the World Resource Institute (WRI).

The CDP continues to drive change in the reporting of carbon emissions. The excellent performance of South African companies relative to their global peers demonstrates the strong commitment of local business to managing the causes of climate change.

There are a number of other areas we believe fit well with the NBI's purpose. We are looking to engage meaningfully in the enterprise development space again as this is an important area of concern for our members. We are also refining our strategy around water to ensure that our engagements are effective and do not duplicate the efforts of other organisations.

Outlook

The short to medium-term environment is likely to remain challenging for business and business organisations. We believe, however, that the NBI's refreshed value proposition positions us well to continue our role of facilitating sustainable development in South Africa. Government is a key stakeholder in our programmes and we value our engagements with representatives at all levels. We are hopeful that in the lead-up to the 2014 elections the necessary focus will be maintained on ensuring delivery on the country's environmental and social development programmes.

With the organisational and governance structures bedded down and management committed to the specific deliverables arising from the new strategy, I am confident that we will continue to improve on meeting the expectations of our members and other stakeholders.

I appreciate the challenges facing business in South Africa. Global developments continue to put pressure on our economy, as do a number of internal factors South Africa Incorporated must grapple with. The difficult business environment has led to cost control and this, too, is necessary. However, organisations like the NBI are increasingly valuable under such trying conditions, because collective business action is vital to guide businesses through demanding times, when the regulatory environment also becomes more complex. I thus urge current and potential members to give serious consideration to the refreshed NBI value proposition – which I believe adds considerable value – and continue supporting the organisation.

Acknowledgements

I wish to thank the outgoing members of the NBI board that stood down in March for the value they added to the organisation over many years. I welcome the new board and membership council members and look forward to working alongside them in taking the NBI to the next level.

Our CEO and leadership team showed unity and resolve in steering the organisation through another extremely tough period. I would also like to acknowledge the efforts of our staff and thank them for their continued dedication and commitment.

In conclusion, I thank all of our members, partners and other stakeholders for their continued support.



Cas Coovadia
Chairman

Chief executive officer's report



Joanne Yawitch, CEO

“The NBI's socio-economic and environmental work and its commitment to dialogue and quiet conversations provide support to business.”

The NBI achieved a number of notable milestones in the 2013 financial year despite the challenging economic, political and operating environment. One such highlight was the establishment of the governance structures required by the new Companies Act, which included the formation of the membership council and the election of a new board of directors. This governance restructuring established the structures necessary to guide the organisation through its next growth phase.

We completed the operational restructuring, which reduced our cost base and positioned the organisation to deliver on its current and planned programmes. The strategy review process was finalised and we began the implementation of our long-term vision.

Our programmes in support of the UNGC grew substantially as several state-owned enterprises joined up and we increased our focus in this area. The excellent work done on climate finance was another highlight and we put extensive effort into securing funding for the PSEE.

Integrated reporting

The role of the newly appointed membership council is to guide the strategy and activities of the organisation. It also serves to bring the NBI closer to its most important stakeholder group. We also engage with the broader range of stakeholders on an ongoing basis to ensure that we understand their concerns and needs, and address these where relevant.

This is our second integrated annual report, which discusses both financial and non-financial areas of concern as recommended by King III. We again report our non-financial sustainability performance in terms of the GRI G3 Guidelines. The report discusses seven issues across the spectrum of economic, environmental, social and governance areas that we feel are most material to our business. These are analysed in further detail in the relevant sections of the report.

Our most material challenges and opportunities

Financial sustainability

The most significant ongoing challenge we experience is securing sufficient funding to ensure the effective implementation of our programmes and the financial sustainability of the organisation. Business in South Africa faces significant economic and political challenges. For many businesses, this has had the unfortunate effect of pushing sustainability down the corporate agenda, despite the pressing social and environmental challenges in the country. This led to a decrease in member numbers and increased the uncertainty of funding.

Despite this, membership donations increased slightly to R15.8 million from R15.4 million in 2012, while project cost recoveries fell from R12.0 million in 2012 to R2.7 million in 2013. Costs excluding restructuring costs fell 25%, reflecting the increased efficiencies and reduced headcount of the revised operational restructure. Despite the cost savings, the net deficit for the year increased to R1.2 million from R128 000 in 2012.

Outstanding membership fees at year-end improved to R2.6 million (2012: R3.7 million) after we raised a provision for doubtful debts of R2.9 million against these. Our collection efforts are showing good results, but the increased uncertainty around the timing and collection of membership fees continues to place unnecessary pressure on the organisation's cash flow.

While the UK's Department for International Development (DFID) project will deliver significant short-term project funding, we continue to work on identifying further long-term funding streams.

Strategic positioning

It is important for the NBI to continue to manage our positioning with other business organisations to ensure that the distinct and unique value we offer to our members is clearly understood. The refreshed value proposition we launched after year-end and our upcoming brand refresh are designed to clearly communicate our approach and highlight the value we offer to our members. We refined our overall strategy into an environmental sustainability wing and a socio-economic sustainability wing, and identified three key project areas for the organisation.

Project execution

While our project revenue and costs declined during 2013 in line with our strategy, we are now gearing up for the considerable demands the execution of the DFID project will pose for the organisation. This is a relatively short programme, but its scale is significant and we are putting in place the skills and resources to ensure that this and our other projects deliver the planned benefits to beneficiaries and members alike.

Human capital

The organisation's headcount decreased to 22 at year-end from 31 the year before. With the rightsizing of the organisation complete, we are looking to match the skills required for the DFID initiative to the timing of the project.

Our ability to achieve our strategic goals depends on the skills, experience and passion of our employees. We aim to add capacity in middle management and on a project-specific basis to ensure the organisation is well skilled to deliver on our projects.

Transformation

The NBI is committed to the principles of transformation as a key aspect of socio-economic sustainability. The organisation is a certified value-adding level 4 contributor in terms of the Department of Trade and Industry Codes of Good Practice (dti CoGP). The rightsizing of the last two years has affected our transformation profile and historically disadvantaged South Africans decreased to 68% of the workforce (2012: 71%).

Environment

As a relatively small organisation, the NBI's main contribution to environmental sustainability lies in the catalytic projects we run to raise environmental awareness and improve disclosure. These projects are discussed in greater detail in the environmental sustainability section of this report.

The NBI is nevertheless committed to reducing our consumption of resources and minimising the waste we produce. As a result of our move to smaller premises during the year, the organisation's electricity and water consumption decreased by 14% and 4% respectively. We also signed an

energy efficiency agreement with our landlords to ensure we continue to manage our carbon footprint, and continued with our recycling initiatives. The NBI completed and submitted its own CDP report for the first time in 2013.

Governance

Governance received a great deal of attention within the NBI during 2013 as discussed above. Our external initiatives focused on deepening the understanding and relevance of the UN Global Compact in the country and were well received by a range of stakeholders, particularly members of company social and ethics committees.

Good progress on our key projects

The EELN established platforms for knowledge sharing and constructive engagement with policymakers. We also undertook research and produced thought leadership pieces to support progress and grow the knowledge base in the sector.

The CDP is now in its seventh year and is well entrenched with South African business. The NBI further supported the reach of the project by assisting new entrants and completed an analysis of the last five years of CDP submission data. We also ran road shows and discussions around such climate-related topics as low-carbon finance, carbon tax and greenhouse gas accounting. The 2012 water disclosure report was released in April 2013 and received good exposure in the media.

Our skills development initiatives included a study on investment by business in education and the continued facilitation of the Johnson & Johnson Bridge to Employment programme. Progress on the FET college support programme was slow, but improved towards the end of the financial year with positive support from senior role players.

Continued relevance

The sudden emergence of severe socio-economic challenges was headed by the events at Marikana. These highlighted the importance of finding solutions to long-term socio-economic problems at an early stage and before they destabilise both business and society in general. Business faces the challenge of demonstrating how it plans to proactively address these pressing issues, as well as the other equally important, but less obvious, sustainability issues. The NBI's socio-economic and environmental work and its commitment to dialogue and quiet conversations provide support to business in dealing with these issues.

The NBI's flagship projects address sustainability across a broad spectrum of issues, particularly in the socio-economic space. The experience the organisation has gained from facilitating these projects along with our established role as a capable facilitator between government and business continues to ensure the relevance of the work of the NBI.



Joanne Yawitch
Chief executive officer

Stakeholder engagement

We define our stakeholders as any group on which we have an impact or which has an impact on us. The NBI's role is to both represent the interests of our members within the context of national priorities and shape their understanding of sustainable development. We do this by providing exposure to thought leadership, international best practice guidelines and programmes, and networking opportunities.

We communicate with our stakeholders through a range of communication channels that aim to raise awareness about sustainable development. These include:

- *On a Clear Day* published weekly and distributed to 2 267 readers;
- A total of 17 *Quick Briefs* sent to a database of about 2 782 subscribers;
- *NBI in the News* compiled and sent quarterly;

- NBI inclusions in the WBCSD quarterly *Regional Network Newsletter*; and
- Planned and unsolicited approaches for media coverage, including more than 157 placements in key business publications in print, online and television. A potential combined viewership of 3 470 537 was exposed to these media articles about the NBI's work. In particular, the NBI's release of the reports on carbon and water disclosure as well as the NBI's countrywide information sessions with Treasury on the pending carbon tax generated substantial media coverage.

We collaborate with government, communities, academic institutions and various partners to deliver on our projects. Our main stakeholder groups, how we interact with them, their key concerns and how we address these are detailed in the table below.

Stakeholder group	Nature of engagement	Concerns	How we address these
Members	<ul style="list-style-type: none"> • Continual interaction, board, membership council (both national and provincial), programme advisory structures, various publications, dialogues and events 	<ul style="list-style-type: none"> • A clear, unique value proposition • Value for money • Efficient and effective delivery on projects 	<ul style="list-style-type: none"> • Delivery on our core projects • Networking opportunities • Thought leadership in support of sustainable development
Project beneficiaries	<ul style="list-style-type: none"> • Interaction during project setup and delivery 	<ul style="list-style-type: none"> • Effective sustainable development 	<ul style="list-style-type: none"> • Delivery on our core projects
Project sponsors	<ul style="list-style-type: none"> • Interaction during project setup and delivery 	<ul style="list-style-type: none"> • Efficient and effective delivery on projects 	<ul style="list-style-type: none"> • Delivery on our core projects • Thought leadership in support of sustainable development
Other business organisations (e.g. BUSA, BLSA)	<ul style="list-style-type: none"> • Interaction through partnerships and other business forums 	<ul style="list-style-type: none"> • Co-ordinated sustainable development in support of business in South Africa 	<ul style="list-style-type: none"> • Delivery on our core projects • Regular interactions to drive strategic alignment
Employees	<ul style="list-style-type: none"> • Ongoing interaction • Performance reviews 	<ul style="list-style-type: none"> • Business sustainability • Fair wages • Good working conditions 	<ul style="list-style-type: none"> • Performance management reviews • Ongoing communication
Academic institutions	<ul style="list-style-type: none"> • Ongoing interaction • Sitting on advisory boards • Lecturing 	<ul style="list-style-type: none"> • Partnering to provide thought leadership 	<ul style="list-style-type: none"> • Delivery on our core projects • Developing thought leadership
Regional and national government	<ul style="list-style-type: none"> • Ongoing project-level interaction • High-level interaction • Interaction with other business organisations • Sitting on working groups • One-on-one support of key officials 	<ul style="list-style-type: none"> • Advancing the country's sustainable development agenda 	<ul style="list-style-type: none"> • Delivery on our core projects • Developing thought leadership • Maintaining strong relationships with government to act as a bridge between government and businesses
Strategic partners (including WBCSD, UNGC)	<ul style="list-style-type: none"> • Ongoing project-level interaction • High-level interaction 	<ul style="list-style-type: none"> • Advancing the international sustainable development agenda • Demonstrating the contextual relevance for South Africa 	<ul style="list-style-type: none"> • Delivery on our core projects • Thought leadership in support of sustainable development
Delivery partners (CDP, WRI, JET, specialist consultants)	<ul style="list-style-type: none"> • Ongoing project-level interaction • High-level interaction 	<ul style="list-style-type: none"> • Advancing sustainable development 	<ul style="list-style-type: none"> • Delivery on our core projects • Thought leadership in support of sustainable development

Material issues

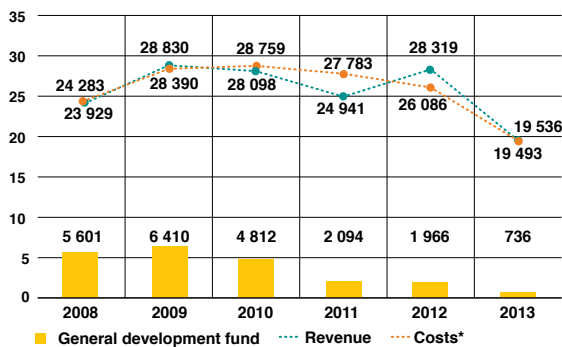
1. Financial sustainability

Why this is important to us

The NBI needs to ensure that it operates on a financially sustainable basis to deliver on its projects and continue as a going concern. Continued pressure on revenues and cost increases have led to a decline in the organisation's reserves in the form of the general development fund.

In 2013, membership donations increased 2% to R15.8 million (2012: R15.4 million) while project cost recoveries decreased 77% to R2.7 million (2012: R12.0 million) as fewer projects were run during the year under review. This led to a decrease in total revenue of 31% to R19.5 million (2012: R28.3 million). While costs were well controlled, the deficit for the year increased to R1.2 million (2012: R128 000) resulting in a decline in the General Development Fund to R736 000.

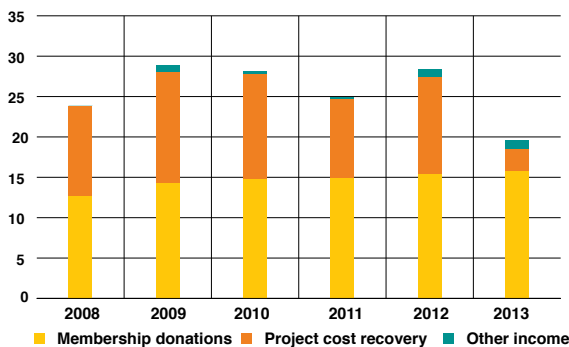
NBI revenue, costs and reserves (Rm)



* Excludes restructuring costs

The organisation continues to depend on membership donations for a significant proportion of its revenue – 81% in 2013 (54% in 2012). We experience the impact of the weak economic environment on our members through unpaid, late or unpredictable payments, which affect our cash flow. Member numbers continue to grow, although there were a number of small membership withdrawals in the current period.

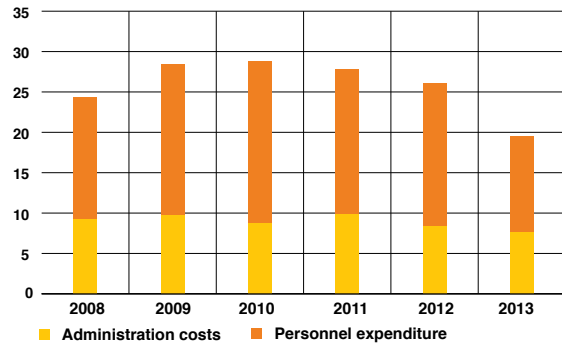
Revenue by source (Rm)



Personnel costs decreased 33% in 2013 and comprised 61% of total costs (excluding restructuring costs) compared to 68% in 2012. The rightsizing of the organisation in 2012 reduced personnel costs and there were certain placement costs that did not occur in the current year. Material appointments will be aligned with the requirements and duration of future projects.

Administration costs decreased 8% as a result of our continued focus on cost management.

Costs (Rm)



What we are doing about it

Our goal is to ensure that the NBI generates a surplus each year to rebuild our reserves to cover at least 18 months of operational expenses. To achieve this we need to implement projects that will increase revenue while continuing to maintain stringent cost controls.

Revenue growth

Memberships

The NBI historically functioned on a voluntary member contribution model. This resulted in unpredictable cash flows and this situation has been compounded by cancellations without advance notice, late and non-payment of membership donations. The NBI needs to continue to engage with members to secure funding commitments by clearly demonstrating its unique value proposition and ability to deliver value to its members.

The organisation is moving to formalise member relationships using a memorandum of understanding that defines expectations and commitments from both parties. These agreements will also provide an opportunity to negotiate deliverables with member companies. Our membership segmentation exercise also supports improved understanding of the implications of meeting member needs and costing these appropriately.

Project cost recovery

In terms of the revised strategy, formalised project management disciplines have been introduced along with a costing framework and new software solutions. These enable more immediate tracking of project costs, including overheads and time, as well as more efficient cost recovery.

Agreements with project sponsors and donors are being formalised to ensure accurate budgeting and forecasting of resource requirements, tight cost controls and effective recovery of project costs.

The NBI was successfully awarded a bid by the UK's Department for International Development (DFID) to run a two-year energy efficiency programme across South Africa. While this project introduces a degree of certainty to the organisation's income in the short term, we continue to investigate other sources of funding.

Material issues (continued)

Cost controls

Management has maintained its focus on controlling costs and total costs (excluding restructuring costs) declined 25% in 2013. Headcount has reduced to 22 people (2012: 31) and additional resources will be added on a project-specific basis as required to ensure delivery. The organisation moved to smaller premises, which reduced monthly rent and utilities. There is a further opportunity to reduce costs on the expiry of several long-term IT contracts during 2014.

We continue to investigate other opportunities to rationalise the organisation's cost base further, with careful consideration that this does not affect our ability to deliver on our commitments to members.

Total costs were inflated in 2013 by rationalisation costs, including voluntary retrenchment packages, a lease break fee, legal and consultant costs. These constitute abnormal expenses that will not be repeated in subsequent years.

Goals for 2013	Performance in 2013
Increase both membership growth and income as well as project income at a scale that will rebuild the NBI's reserves and therefore the NBI's financial sustainability	Membership income grew by 2% in 2013
Implement the Enterprise Resource Management system (ERM)	After further consideration, we decided to rather use similar functionality in our existing financial and CRM systems
Continue to drive cost efficiencies in the NBI's operations	Total costs decreased 27% in 2013

Goals for 2014

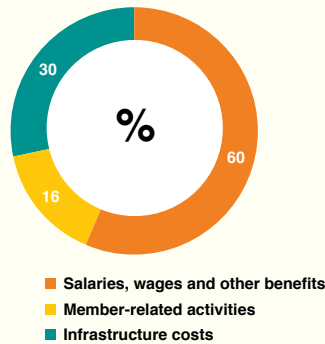
- To retain and increase membership income as well as project income at a scale that will begin to rebuild the NBI's reserves and therefore the NBI's financial sustainability.
- To continue to drive cost efficiencies in the NBI's operations, specifically in IT and telephony systems.

Value added

Value added measures the wealth created by the organisation over and above the cost of infrastructure and services required to operate. The value added statement below shows how this wealth is then distributed to employees, beneficiaries and other stakeholders that contributed to its creation. The statement also shows the value retained and reinvested for the further development of the organisation.

	COMPANY	
	2013 R'000	2012 R'000
Wealth created		
Revenue	19 536	28 319
Value added	19 536	28 319
Add: income from investments	58	203
Wealth created	19 594	28 522
Wealth distribution	%	
Employees		
Salaries, wages and other benefits	60	11 823
Member-related activities	16	3 160
Infrastructure costs	30	5 834
Interest on borrowings	–	7
Government taxation and levies	–	–
Retained in the company	(6)	(1 230)
Drawn from reserves		(1 230)
	100	19 594
		28 522

Distribution of value added (%)



2. Strategic positioning

Why this is important to us

The NBI has to clearly distinguish itself from the other South African business organisations in order to stay relevant to its members. This differentiation must be evident in the actions of the organisation and clear in the minds of its members, the business community and broader society.

What we are doing about it

The organisational review and restructuring that took place in 2012 positions the organisation to deliver on its value proposition, as listed on page 2, more effectively. The organisational structure is now flatter and refocused around delivery of projects and programmes.

The intellectual property and thought leadership we have developed in our focus areas are strengths of the organisation. These have been derived from the experience and deep understanding we have developed through our programmatic work and our level of involvement and engagement with our members.

We will continue to partner with other business organisations while identifying and reducing areas of unnecessary overlap. We believe that in an increasingly polarised society, the NBI has a significant role to play to ensure engagement on the core issues and challenges we face.

Our key programme streams focus on areas that we believe have the greatest potential to develop scale to positively impact both beneficiaries and our members. Our three key programme streams are:

- Building a skills pipeline
- Energy efficiency
- Water, climate change and the green economy

Detailed implementation plans arising from the new strategy have been developed for the next three years and we are engaged in a review and refresh of the NBI brand.

Goals for 2013	Performance in 2013
Develop cutting-edge research and provide relevant intellectual capital and thought leadership	Achieved through climate finance and green skills
Provide the relevant platforms to disseminate NBI thought leadership	Achieved through climate, water, skills development, energy efficiency and the UNGC
Develop practical tools and templates allowing members to apply the knowledge	Achieved through the UNGC

Goals for 2014

- Develop platforms for Quiet Conversations.
- Continue to play a bridge-building role between government and business.
- Raise the awareness of sustainability risks as a strategic issue for business and society.
- Build the capacity of companies to deal with sustainability management.
- Provide mechanisms for lagging companies to learn from the leaders.
- Provide platforms for transparency to both create public accountability and to provide a mechanism for leading companies to give effect to their market advantage.
- To provide a safe channel of communication with government to positively influence enabling frameworks.
- Provide practical ways for business to work together to solve the collective challenges sustainability presents.
- Deliver relevant NBI thought leadership to stakeholders.

Material issues (continued)

3. Project execution

Why this is important to us

The NBI is in effect a project environment. We believe we are differentiated from our competition by complementing our strategic thinking and thought leadership with effective, relevant project execution. Given the economic pressures our members are under and its impact on NBI revenues, it is vital that we are able to do more with less. Fundamental to this is a well-organised and well-managed project management system, elements of which are:

- proper costing of projects for better planning and fund raising;
- hourly costing of projects for better budget performance;
- time sheets;
- project monitoring, individual performance management and accountability;
- policy improvement; and
- control improvement.

Demonstrating our continued ability to deliver on projects such as the COP17 programme is critical to remaining relevant as an organisation. Maintaining sufficient capacity must be balanced with the need for financial sustainability – our staffing, operational structure and cost base must be appropriate to ensure that we can deliver while not compromising our financial future.

What we are doing about it

While support staff were reduced in last year’s organisational restructuring, we have maintained the operational resources necessary to deliver on our projects. We have improved our project management skills to ensure projects are effectively tracked and executed.

Our new cost recovery models include improved policies and controls as well as tighter focus on tracking costs and time and allocating overheads. This helps us to better understand the resources used by each project and cost these appropriately.

Goals for 2013	Performance in 2013
Implement the NBI project team and costing system	The project team and costing system have been implemented and are used on all projects
Apply the cost-recovery models and overhead costs upfront in project proposals to be able to select the appropriate value adding projects	Project proposals now include cost-recovery models and overhead costs
Deliver an enhanced project management approach	We have commenced with this approach and will continue to strengthen it in 2014

Goals for 2014

- Provide more robust project level reporting, including variance against actual.
- Tighten our performance management system.
- Review and improve procurement systems.
- Improve our contract management and legal process.
- Better project management and execution.

4. Governance

Why this is important to us

Long-term sustainability is inextricably linked to good corporate governance, both for the private and public sectors. The NBI needs to implement best practice corporate governance to ensure its own long-term sustainability and to demonstrate good corporate citizenship to members, government and society.

What we are doing about it

Following on from the governance review undertaken last year, the organisation's new governance structure was approved by the board in July 2012. The new architecture aligns the organisation with the requirements of the new Companies Act and the King III.

We established a membership council to provide input on strategy and direction. At the first meeting of the council in March 2013 the new board was appointed and the memorandum of incorporation that replaces the articles of association unanimously accepted.

The audit and risk committee and remuneration committee were reconstituted and the social, ethics and transformation committee established.

A description of these and other governance structures and activities are available in our full governance report on page 41.

The NBI plays a major role in facilitating good corporate governance in South Africa through a number of initiatives discussed in the socio-economic sustainability and governance section on page 32 of this report.

Goals for 2013	Performance in 2013
Establish the membership council and new board	The membership council was established and the new board constituted in March 2013
Use the input from the new board and councils to drive and focus NBI work	The new governance structures encourage member and board input in the organisation's activities
Continue to drive NBI governance against King III	With the governance restructure now largely complete, our focus is returning to aligning NBI governance with King III. A table showing our compliance with King III table is displayed on page 41 of this report

- Goals for 2014**
- Improve communication between governance structures such as advisory councils, and the NBI board.
 - NBI 20 years of existence and board visibility increased.



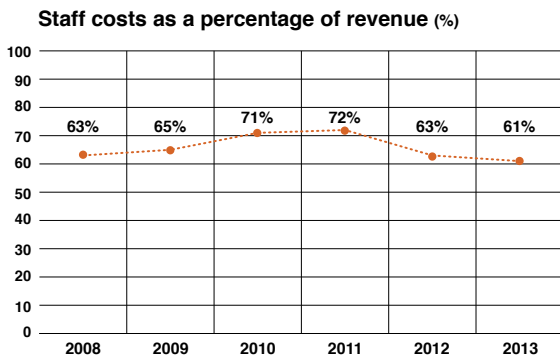
Material issues (continued)

5. Human capital

Why this is important to us

Our employees are invaluable assets to our organisation and represent our single largest operating cost. We need the right balance of support and operational employees and the appropriate blend of senior, middle and junior staff with the specific skills and experience required to execute on our projects. Managing this balance is crucial to our financial sustainability, project execution and strategic positioning.

Staff costs this year represented 61% of total revenue earned (2012: 63%). This decrease was impacted by abnormal expenses in 2012, including those incurred in employing our new CEO and voluntary retrenchment packages, that were not repeated in 2013.

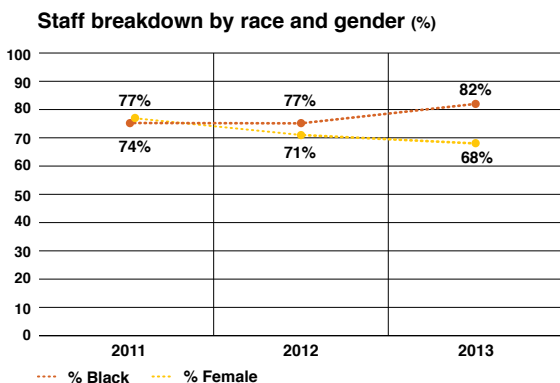


It is important that skills, knowledge and relationships are disseminated between employees, so that the organisation is not compromised by the departure of key personnel. We therefore use a team-based approach to ensure that skills and relationships are developed across a broader base.

What we are doing about it

Human capital is managed by our human resources (HR) department in terms of our HR policies and established practices.

There were 22 staff members at the end of 2013 (2012: 31). The decrease in headcount was due to a combination of retrenchments, contract terminations and resignations. Staff turnover rose to 41% compared to 26% in 2012 (excluding staff members who moved to the South African Supplier Diversity Council).

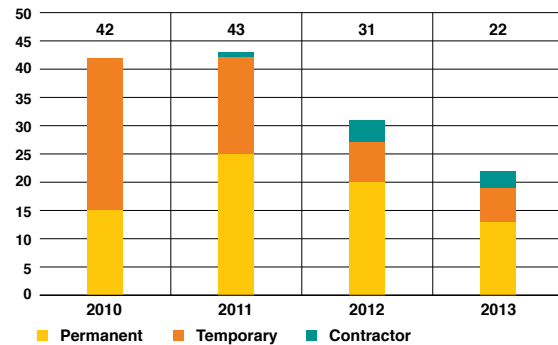


Future appointments will mainly be in middle management. The need for a head of operations has been identified to enable the CEO to pursue a more strategic and relational role.

Recruitment and resourcing was primarily focused on equipping the organisation for the Private Sector Energy Efficiency Project (PSEE) that will commence in the new financial year. A salary benchmarking process was completed as part of the performance management system.

The NBI is committed to transformation and has an employment equity policy and procedures in place to address transformation in our workforce. Historically disadvantaged South Africans comprise 68% of our workforce (2012: 71%) and women comprise 82% (2012: 77%).

Headcount



The organisation has policies and procedures in place that aim to ensure the safety, health and wellness of our employees, aligned with regulatory occupational health and safety requirements. There were no injuries during the period that resulted in lost workdays (2012: none).

Staff development initiative

Ad hoc training took place while staff involved with organising events received refresher and advanced training on the events management software. An assessment will be done to determine the level of upskilling needed in the organisation.

After reducing staff numbers in 2012, the NBI is understaffed in critical areas and therefore needs to expand staff capacity in order to grow the organisation. We value our staff and a specific staff development strategy to identify individual development needs will be crafted and implemented.

Skills development is one of the NBI's focus areas and the organisation has a number of initiatives that drive human capital development in South Africa. These are discussed in the section titled "building an effective skills pipeline" on page 32 of this report.

Goals for 2013	Performance in 2013
Ensure that the NBI is optimally staffed and skilled to deliver on its programmes and value proposition	Staff levels are now appropriate for the NBI's current projects. Future appointments will be project-specific
Implement a change management process to underpin the introduction of the restructured NBI	This project was not implemented due to capacity and funding constraints

Goals for 2014

- Hold a values workshop.
- Provide continued support for recruitment and resourcing needs for the organisation, in particular for the PSEE project in the new financial year.
- Complete an employment equity report to ensure that the NBI meets its compliance obligations.
- Implement a specific staff development strategy to identify individual development needs.
- Provide managerial training.
- Provide training on IT systems, including the CRM and event management, as well as on the website.



Material issues (continued)

6. Transformation

Why this is important to us

The NBI is committed to the principles of transformation. As a membership organisation, it is important that we hold ourselves to the same standards that apply to our members. The NBI's vision is to help make SA an equitable society. We have a long history of excellent relationships with government and need to demonstrate that our priorities align with the national agenda.

We are cognisant of our own staff composition and procurement practices.

Skilling and training of administrative staff is important. We wish to give mentoring and coaching support and opportunities, as part of a holistic approach to giving people training and support.

The NBI has three senior staff members from other African countries, but the BBBEE scorecards do not recognise non-South Africans. Consequently, the BBBEE scores do not reflect the full reality of the diversity in the NBI.

What we are doing about it

We measure our transformation against the dti CoGP.

	Target	2011	2012	2013
Certificate valid to		16/02/12	23/01/13	24/2/15
Assurance provider		Empowerdex	EVS	EVS
Ownership		N/A	N/A	N/A
Management	25	25	22.53	N/A
Employment equity	25	25	25	24.92
Skills development		N/A	N/A	N/A
Preferential procurement	25	25	25	25
Enterprise development		N/A	N/A	0
Socio-economic development	25	25	25	25
Total score	100	100	97.53	74.92
Level		One	Two	Four

The NBI is an externally verified level 4 value-adding BBBEE contributor.

As a qualifying small enterprise, the NBI is measured on the management, employment equity, preferential procurement, enterprise development and socio-economic development (SED) categories of the dti CoGP.

Goals for 2013	Performance in 2013
To achieve a higher score in relation to the NBI's BEE and continue to achieve the high SED status through programmes that are targeted to benefit historically disadvantaged people and a sustainable environment	The black beneficiary base of our socio-economic development projects was externally verified at 83% for the year under review (2012: 85%)
Continue to drive transformation alongside internal excellence within the NBI	Historically disadvantaged South Africans comprise 68% of our workforce in 2013
Continue to increase supplier diversity within the NBI's procurement practices	During the year, the NBI continued to focus on procuring goods and services from black-owned and managed suppliers

Goals for 2014

- A diverse, skilled and experienced workforce.
- Staff and skills retention.
- Strengthen our focus on transformation in procurement practices.
- Improve our contract management system as part of the renewed procurement practices.
- Strengthen our financial policies and procedures in order to accommodate an ever-changing procurement environment.

7. Environment

Why this is important to us

Sustainable business depends on profitable growth balanced with sound environmental stewardship. To achieve this, organisations should measure and minimise their negative impact on the environment. As an organisation that drives environmental sustainability, the NBI believes that it needs to demonstrate to members, government and broader society how we consider and implement these principles in our own operations.

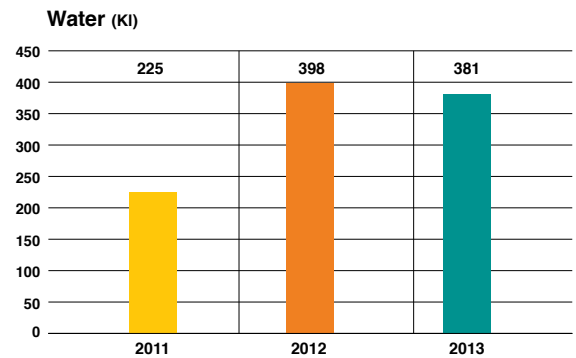
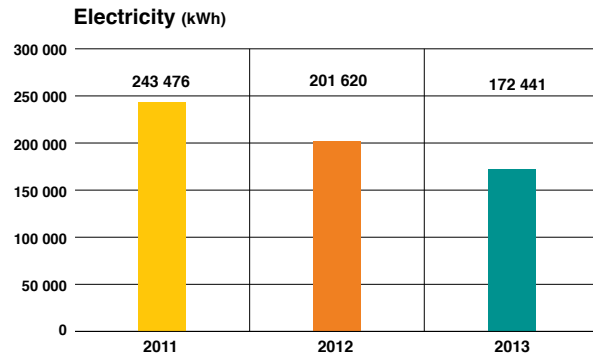
What we are doing about it

We believe that our environmental impact is small, given the size and nature of the organisation. We are nevertheless cognisant of the need to measure and minimise this limited environmental impact.

Environmental awareness initiatives highlight the importance of reducing consumption of resources such as electricity, water and paper. In 2013, the NBI consumed 172 441 kWh of electricity (2012: 201 620 kWh), a decrease of 14% on the prior year. The organisation also withdrew 381 m³ of water from municipal sources in 2013, 4% less than the previous year (2012: 398 m³). These declines are attributable to the move to smaller premises in January 2013.

As tenants in an office complex, we have limited ability to directly reduce our resource consumption as our usage is billed as an allocation according to the office space we use.

We have an agreement with our landlord who is implementing certain technologies to reduce the energy consumption of the building and ultimately the office park. These energy saving initiatives will start in 2014 and will be ongoing.



We focused on limiting travel wherever possible in 2013, reducing carbon emissions from travel and resulting in a decrease in travel costs of more than R69 000.

	2013	2012	Difference
Local airfares	R64 970	R122 101	R57 131
International airfares	R89 634	R102 081	R12 447

The NBI drives several environmental sustainability initiatives that are discussed in the section titled environmental sustainability on page 27 of this report.

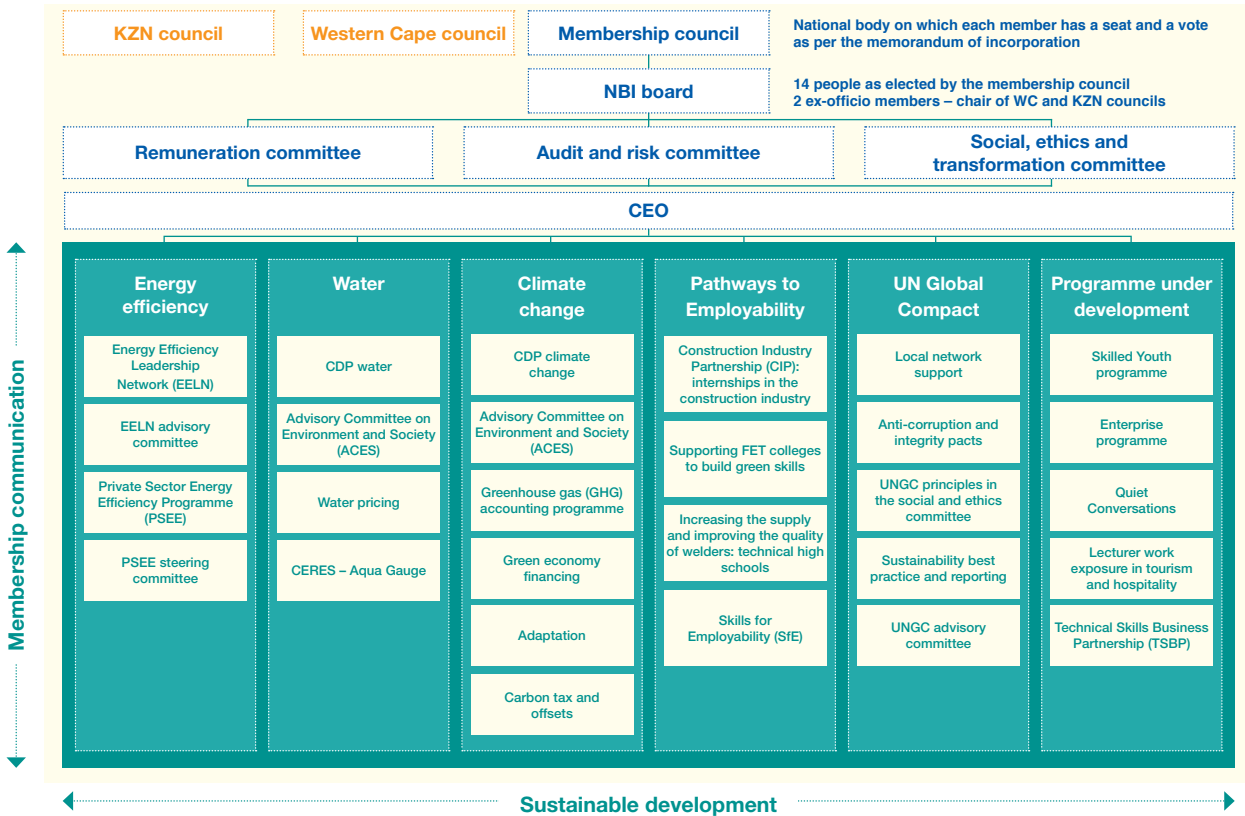
Goals for 2013	Performance in 2013
Reduce our carbon footprint through reducing air travel and through energy efficiency initiatives	Reduced airfares for local travel by 46.7% and for international travel by 12.1%. These reductions are due in part to better use of technology such as web-based conferencing
Increase the rate and extent of waste recycled by the NBI	The NBI has maintained its recycling initiatives by recycling broken electronic equipment and paper through paper bins located in areas where paper use is high
Work with our landlord to identify opportunities to reduce water and energy usage in our premises	We signed a green addendum with our landlord that allows the landlord to fit more energy efficient equipment into the building. This process will start in the 2014 financial year

Goals for 2014

- Reduce our carbon footprint through reducing air travel and through energy efficiency initiatives.
- Increase the rate and extent of waste recycled by the NBI.
- Work with our landlord to identify opportunities to reduce water and energy usage in our office.

Focus area review

The revision and finalisation of the NBI's value proposition groups the organisation's projects into two broad focus areas: environmental sustainability, and socio-economic sustainability and governance.



These focus areas and the activities underlying them are discussed in more detail in the sections that follow.

Our global partners

By partnering with global organisations that drive sustainability and governance, the NBI provides access to international networks and platforms, exposure to global best practice and access to relevant tools and methodologies.

The NBI is the South African partner for the WBCSD and local host of the UNGC.

Our affiliation with these organisations provides the NBI and our members with access to international networks, global best practice and a comprehensive range of sustainability tools and methodologies that are highly relevant to the NBI's member base. These partnerships also provide the NBI and its individual members with international platforms to share knowledge and experience, and to showcase local best practice.

We believe these partnerships are a crucial part of the value we add to our members through providing access to global thought leadership, networking opportunities and driving collective action.



wbcasd

business solutions for a sustainable world

The World Business Council on Sustainable Development (WBCSD) is a global CEO-led organisation of more than 200 forward-thinking companies representing combined revenues of over \$7 trillion. The WBCSD's goal is to galvanise the global business community to create a sustainable future for business, society and the environment.

Together with its members, the council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action. Its cornerstone Vision 2050 report calls for a new agenda for business, laying out a pathway to a world in which nine billion people can live well and within the planet's resources.

www.wbcasd.org



United Nations Global Compact

The United Nations Global Compact (UNGC) is the world's largest corporate citizenship and sustainability initiative. More than 10 000 participants, including over 7 000 businesses in 145 countries around the world, have committed to aligning their operations and strategies with the UNGC's 10 universally accepted principles. These principles cover human rights, labour, the environment and anti-corruption.

Through alignment with these principles, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

The new Companies Act requires businesses to disclose how they adhere to international guidelines including the UNGC.

www.unglobalcompact.org

Environmental sustainability

Why this is important to business in South Africa

By facilitating understanding and defining the business case for improved natural resource usage, the NBI supports business to take a more sustainable approach to using and managing natural capital.

Natural resources are a key input into all businesses, regardless of their product or service offering. Acknowledging the strategic implications of natural resource management in a business context is a first and pivotal step in ensuring a more sustainable approach to natural resource usage.

The NBI continues to play a role in helping companies to understand and define the strategic and financial business case for improved natural resource usage and management. The NBI provides access to thought leadership, best practice and innovation in processes, technologies and business models as well as facilitating access to appropriate platforms to share ideas and learnings around these issues.

Business needs to engage with government to ensure that future policies are designed to encourage more sustainable use of natural resources and to establish the skills required to enable the effective implementation of green practices, technologies and business models.

Over the past seven years, the NBI has established its footprint in the environmental space, both in its offerings to its members and the broader private sector as well as through its role as a trusted partner by a number of government departments. It has earned this space through key projects such as the CDP and the EELN. COP17 demonstrated the NBI's illustrative convening power where it galvanised the largest contingent of business participation and activity at any COP gathering to date. This track record has established the standing of the NBI, not only with its members but also with government Departments such as the departments of Energy, Environment and Water, Science and Technology, and Treasury.

The NBI has demonstrated its value in this area through its ability to engage the private sector at a strategic and implementation level and through its focus on issues such as climate, energy and water, influencing the transition of the private sector towards a low carbon and green economy. This is visible in the continued improvement by the JSE Top 100 companies in their carbon disclosure and performance as well as in the pledge by close to 60 signatories to continuously improve their energy efficiency.

Both as a consequence of the growth of these sub-focus areas as well as the restructuring of the organisation, the NBI has dedicated its resources to give optimal attention to two areas to more closely align our work with membership needs:

- Energy
- Climate and water

Key strategic objectives

- To integrate efficient natural resource management into the strategic agenda of companies;
- To enable business to radically innovate the way they manage natural resources throughout their value chains;
- To inform public policy to enable the proactive move towards a green economy; and
- To drive cross-sector action to effect more sustainable resource management by business.

Key programme: energy efficiency

The Energy Efficiency Leadership Network (EELN)

The NBI focus on energy efficiency is built around driving both collective and individual action by companies through the energy efficiency pledge. The pledge requires companies to adopt a coherent, strategic and action-oriented approach to the implementation of energy efficiency. To this end, the EELN has provided capacity building for network members on energy management. This capacity building assists companies in addressing energy efficiency through an energy management and energy systems approach. It also prepares them for

Focus area review (continued)

meeting future mandatory processes to be introduced by government that will require companies to produce and report against energy management plans in line with SANS 50001.

A special session held in January 2013 for the EELN brought members together with the Department of Energy to engage with the national energy efficiency strategy. The EELN was therefore able to give its own collective input into the national strategy while providing insight and evidence into the strategic process. A further session was held for the EELN to engage with the Department of Energy on the national energy efficiency action plan.

Two working groups have been established by members of the EELN to support members in the areas of capacity building and measurement and reporting.

The EELN, through the support of GIZ, was also able to arrange a study tour of EELN advisory committee members to Germany, to learn from their networks and their lessons on energy efficiency. Best practices included greater collaboration between industry and research institutions and the need to develop a more coherent knowledge and capacity-building platform.

Private Sector Energy Efficiency Project (PSEE)

At the beginning of July 2013, the NBI was awarded £8.6 million from the UK government's Department for International Development (DFID) to implement a countrywide programme of support to improve energy efficiency in the South African private sector.

The main purpose of the project is to improve energy efficiency in industrial and commercial sectors across various sizes of business in South Africa, through the provision of a variety of services to help companies identify and implement energy saving measures.

In the current context of energy security challenges and the impacts of energy price increases on operational costs, South African companies need to manage their energy demand in order to meet both country and value chain obligations to reduce their carbon emissions. At the same time, the implementation of energy efficiency measures can improve business productivity, competitiveness and innovation as well as provide access to financial subsidies and tax incentives. In line with this, the PSEE project seeks to support companies towards achieving:

- increased awareness of energy efficiency;
- energy savings;
- energy intensity reductions;
- increased operational reliability;
- reduction of greenhouse gas emissions;
- improved economic competitiveness through resource and process efficiency;
- investment leveraged from the private and public sectors through capital investment in energy efficiency projects; and
- indirect social benefits such as job creation/retention and skills development relating to energy efficiency services.

The project has set targets to be achieved by March 2015:

- 63 large companies with energy spend of R45 million and above.
- 1 075 medium size companies with energy spend between R750 000 and R45 million.
- 2 625 small companies with energy spend below R750 000.

The core NBI PSEE project team will be responsible for awareness raising, remote advice, customer recruitment, project management and follow-up monitoring. Technical delivery of company-level support will be undertaken by approved consultants.

This project, which comes under the UK-SA bilateral relationship through the UK government's Department for International Development, will contribute to the implementation of the South African government's strategy for reducing energy demand. The PSEE project will be governed by a multi-stakeholder steering committee led by the Department of Energy.

The NBI PSEE team will be working with technical support from the UK's Carbon Trust which has over 10 years of experience in rolling out similar projects in the UK.

Most of the activities in 2013 were related to project set-up, including:

- office set-up: additional office space to accommodate the project team of about 15 people;
- business planning;
- stakeholder engagement and management: stakeholder engagement included key stakeholders such as Eskom, the Department of Energy, the National Cleaner Production Centre (NCPC), the Energy Efficiency Leadership Network (EELN), the Industrial Task Team on Climate Change (ITTCC), Business Unity South Africa (BUSAs), the Green Building Council of South Africa (GBCSA), the Banking Association and the International Council for Local Environmental Initiatives;
- communication and marketing of the project;
- new staff recruitment;
- consultant selection and accreditation;
- establishing governance structures; and
- project launch: the project was officially launched on December 4, 2013.

The activities planned for 2014 are focused on delivering core services to companies in order to meet the main project objectives. These activities include:

- customer mobilisation – starting with the companies who have expressed interest in the project, the PSEE will start mobilising companies to meet the target of 25 large companies and 375 medium-size companies by June 2014;
- setting up a remote advisory service to support small businesses; and

- setting up regional offices in the Eastern Cape, Western Cape and KwaZulu-Natal to service businesses based in these regions. The rest of the regions will be serviced from Gauteng. In the KwaZulu-Natal region, the NBI has partnered with the eThekweni Municipality to assist the PSEE to implement the project in Durban and the launch of the project will be on February 12, 2014.

Thought leadership

The NBI conducted two important pieces of research to inform its strategy and match the needs expressed by EELN members in terms of the support they required, especially within the context of the South African energy efficiency landscape. The research resulted in two reports, an energy efficiency landscape report and a needs assessment report, in which 31 of the EELN members participated through in-depth interviews. Together, these two pieces of research present valuable information that will feed into the PSEE project and help to identify collective and individual needs for the EELN to provide support in its ongoing programme.

The needs assessment report helped identify the stage at which different companies find themselves in their energy management progress. The report also highlighted that only 40% of companies had set energy reduction targets. Obstacles

to target setting included a lack of energy consumption baselines and accurate methods of measurement. The findings are hugely beneficial and help to identify where focus is required in rolling out the PSEE project. The findings also underscore the need for more work to be done to embed energy efficiency in the strategic DNA of companies.

Key programme: water, climate change and the green economy

Companies may be tempted to lower the priority of environmental management in favour of investment in social initiatives and in the interest of keeping short-term costs down during extremely difficult economic times. However, the long-term impacts of environmental risk remain and may be exacerbated by short-term, damaging decisions. These decisions may also erode the future resilience of our society and economy.

The NBI climate and water team aims to revive the emphasis on environment as a strategic priority for business by acknowledging and establishing the link between the environment, society and the economy. We also acknowledge that companies are under cost pressure and aim to support their environmental activities through strategic research, capacity building and opportunities for replicable, transparent reporting (particularly to investors). The provision of collective services and action provides



Focus area review (continued)

member companies with a cost-effective way of engaging with sustainability, making their integration efforts and sustainability teams more efficient and effective, and minimising their risk.

- Biodiversity is an important future risk for businesses and our team will engage with this important topic through representation on advisory groups. We are also represented on the steering committee of the National Business and Biodiversity Network, a joint initiative between government and business, where the Endangered Wildlife Trust acts as the secretariat.
- During the year, the NBI also started work on climate adaptation and held a breakfast workshop building towards a wider case-study engagement with our members. The NBI met with seven members to discuss best practice in adaptation and will use this insight in future breakfast discussions as it was used in presentations at COP19 through the UNGC Caring for Climate campaign.
- A significant activity for the year was supporting government by attending technical working-group meetings relating to adaptation, monitoring and verification, key projects, adaptation and long-term adaptation scenarios.

The Carbon Disclosure Project (CDP)

The CDP is now in its seventh year and remains an important mobilising framework. It measures and tracks the performance of major companies listed on the JSE 100 Index in gathering and publishing data, setting targets and putting measures in place to respond to climate change. The project focuses on governance, risk and opportunity identification and emissions management. It has also encouraged greater investor focus on climate change. The 2013 report was launched on 28 November 2013 and South Africa took second place behind the Global Fortune 500 in terms of response rate, an achievement of which the country can be proud.

The NBI proactively encourages responses to the CDP through support to member companies and one-on-one engagements with new entrants or companies who are struggling. The NBI's work in the CDP quantitatively demonstrates our positive impact through driving companies towards the integration of climate change into business strategy and raising the focus on performance with regard to emissions management.

We completed the analysis of the last five years of CDP data with the intention of publishing an info-graphic reflecting the progress business has made since the inception of the CDP. This is, however, dependent on funding being available. The NBI also submitted its own response to the CDP in 2013.

Climate finance

- With the generous support of the Foreign Commonwealth Office, the NBI completed a project to explore barriers to low-carbon finance in South Africa and build awareness and capacity based on this study. By identifying barriers, the project aims to encourage greater flows of capital to important low-carbon projects in the medium term. The study polled the perceptions of over 50 finance and project specialists and the results were tested widely and well received within the finance and project development community.

- In order to publicise our work on access to low-carbon finance we held a road show to Cape Town, Durban and Johannesburg to disseminate the results. We also presented the results in smaller meetings to more specialised private sector and public groups.
- An important development in climate finance in 2013 was the release of the carbon tax discussion paper by Treasury. The NBI continued discussions with our members on issues relating to climate change and finance by hosting a carbon tax road-show with Treasury to Cape Town, Durban and Johannesburg, as well as a carbon offsets workshop in Johannesburg. Carbon offsets are a critical component of a carbon tax system and the NBI plans to continue to work with our members during the next year to develop a business view on an offsets framework.

As a result of the work we completed in climate finance the NBI was invited to attend a UNFCCC experts' meeting on long-term finance in Manila, the Philippines, funded by the UN.

Mitigation support

- The World Resources Institute (WRI) has partnered with the NBI to build capacity with our members and broader business to reduce greenhouse gas emissions. The partnership also includes sharing of best practice through case studies, supporting companies to improve voluntary reporting and preparing for mandatory reporting. It also supports the NBI's role in assisting the monitoring and evaluation technical working group set up by government.
- The NBI held four WRI/WBCSD greenhouse gas accounting (and reporting) workshops – one in Cape Town, one in Durban and two in Johannesburg.
- The NBI produced a paper on voluntary greenhouse gas accounting in a mandatory context, predicting that voluntary reporting, particularly to investors, will continue even if mandatory reporting is implemented.

With the goal of standardising greenhouse gas reporting and improving data accuracy, the NBI issued a quick brief on a grid emissions factor for South Africa. Following robust stakeholder engagement, we are working with Eskom and other project partners to calculate factors for the previous five years. Our goal is to assist government in standardising the grid emissions factors when implementing climate policy.

We held a breakfast workshop on adaptation as the beginning of a wider case-study engagement with our members and with COP19 through the UNGC Caring for Climate campaign.

We supported government by attending technical working group meetings relating to adaptation, monitoring and verification, key projects, adaptation and long-term adaptation scenarios.

The Water Disclosure Project

The 2012 water disclosure report was released in April 2013 and included responses from 30 companies, compared to 26 in 2011. As a consequence of the good press coverage received, the examples of business best practice in relation to water was seen by approximately 420 000 people and has been used as an input to several academic studies.

While continuing its leadership of the Water Disclosure Project, the NBI is seeking to broaden its scope of work in water. To do this would require further programme funding to be raised. Should the fundraising prove to be successful, the NBI will achieve this by:

- helping to build the strategic business case for water risk in South Africa through a discussion paper on water pricing;
- providing businesses with access to tools and methodologies for water measurement and the capacity to implement and interpret them.

Goals for 2013	Performance in 2013
To influence a coherent and integrated approach within the private sector to environmental strategy and action linked to the promotion of a green and low-carbon economy	The CDP (climate change and water) is a powerful tool in helping businesses to make the connection between resource management, strategy and risk. This is also an underlying theme of all of our training and workshops. The work on climate finance is particularly focused on the promotion of a green and low-carbon economy
To support the private sector in mitigation and adaptation to climate change	Over 100 companies and 125 individuals were trained on greenhouse gas (GHG) accounting. Several publications and quick briefs as well as one-on-one meetings with members helped improve the understanding of mitigation and disclosure options. Our engagements with government supported system mitigation efforts
To integrate sustainable and efficient resource management into the strategic agenda of companies through collective and individual actions, including through driving energy efficiency in companies	The EELN platform helps us engage companies directly with direct feedback from companies on how this process is of benefit to them
To enable business to innovate the way they manage natural and environmental resources throughout their value chains	A number of quick briefs and events focused on innovation (for example on using biodiversity to treat water). Several training sessions were held on scope 3 accounting of greenhouse gasses

Goals for EELN 2014

- To encourage and support companies to develop and implement energy management plans.
- To support companies through provision or referral to capacity building programmes.
- To assist companies in interpreting and/or engaging with the energy efficiency regulatory environment.
- To facilitate strategic engagement between EELN, government and other relevant stakeholders on pressing issues presenting opportunities or barriers to uptake of energy efficiency.

Goals for PSEE 2014

- Customer mobilisation: starting with the enterprises who have expressed interest in the project, start mobilising businesses to meet the target of 25 large companies and 375 medium-size companies by June 2014.
- Set up a remote advisory service to support small businesses.
- Set up three regional offices in the Eastern Cape, Western Cape and KwaZulu-Natal to service businesses based in these regions. The rest of the regions will be serviced from Gauteng.

Goals for water, climate change and the green economy for 2014:

- Revive the emphasis on environment as a strategic priority for business by acknowledging and establishing the link between the environment, society and the economy.
- Build the capacity of business to execute their commitments and responsibilities towards climate change and water.
- Work with government to share the expertise and experience of business with the goal of improved policy implementation and improved engagement of NBI member companies with policy formulation through formal channels.
- Expand the focus of our programme area beyond climate mitigation to have a more robust programme in green economy finance, water and adaptation.

Focus area review (continued)

Socio-economic sustainability and governance

By supporting education and skills development, the NBI helps business to reduce unemployment and build a strong skills pipeline to support future economic growth.

Key project: building an effective skills pipeline Why this is important to business in South Africa

This focus area addresses the need to create jobs to reduce South Africa's high levels of unemployment and to ensure a skills pipeline to support growth in the economy. Skills in especially short supply include technical competency at all levels as well as leadership capability and entrepreneurial ability within small and medium enterprises (SMEs). Skills that enable business to transition towards a green economy are becoming increasingly important.

The corporate sector invests a conservatively estimated R1.6 billion into the school system every year, but this investment is highly fragmented and largely ineffectual, particularly as it relates to driving systemic change within the school environment. Developing a coordinated and more strategic approach to schooling investment would go a long way to increasing the overall effectiveness and impact of this spend.

The SME sector in South Africa is seen as a key driver of future economic growth and job creation. Government and business need to establish mechanisms to ensure that the SME sector is able to create these jobs and absorb as many appropriately skilled youth as possible.

Institutional capacity to deliver quality programmes that are responsive to industry needs must be strengthened. Achieving this, together with driving innovation in the FET college sector, will require long-term funding from SETAs and a variety of other sources. Purposeful leadership from the Department of Higher Education and Training (DHET), colleges and business is needed to guide the education and training sector through a time of change.

Key strategic objectives

- To foster meaningful partnerships between business and government to enhance responsiveness to labour market demands.
- Expand the Johnson & Johnson Bridge to Employment programme into a Skilled Youth programme and to other sectors.
- To engender collective action that facilitates mobility from school through the post-school system (with a focus on FET colleges) and into business.

Our programmes

Business in Schooling

The Business in Schooling unit has been incorporated into the skills development work stream of the NBI. With the launch, in 2013, of the National Education Collaboration Trust as a partnership between government, business, labour and other social partners, the NBI will at this point not allocate resources to work in whole school development. All prior programmes have been completed and resources will be focused into the work on skills development. The only school-based work at this point will be to focus on expanding the Johnson & Johnson Bridge to Employment programme into what is being provisionally called the Skilled Youth Programme. This will also contribute to the foundation of our skills development work by bringing in the schooling aspect that is necessary to strengthen the development of skills relevant for the world of work.

The Johnson & Johnson Bridge to Employment programme helps young people build solid futures by introducing them to a broad array of careers in health care, helping them make informed subject choices in Grade 9. It also helps pupils prepare for further and higher education and training, as well as the world of work, business and economic activity.

The NBI manages and delivers the programme in Johannesburg and Cape Town in partnership with various tertiary and other educational institutions.

Work has been done to lay the basis for the expansion of the programme through the formulation of a concept document that builds on the current programme to develop it into the Skilled Youth Programme. The proposed expansion includes the potential for a youth enterprise development and value chain element.

Goals for 2013	Performance in 2013
Continue to focus on creating a strategic and coordinated effort around corporate social investment in education and skills	Completed a study on CSI spend and launched in October 2012
Establish collective action programmes that facilitate youth to move through school and tertiary education and into business	Extensive consultation with stakeholders in the Johnson & Johnson Bridge to Employment Programme has been completed and the development of the expansion programme is underway
Continue to support government in establishing facilities and programmes to develop the appropriate skills required by the economy	Ongoing support through the NBI's work in skills development

Goals for 2014

- Canvass the Skilled Youth Programme with NBI members in the 2013–2014 financial year.
- Finalise and secure seed funding for the Skilled Youth Programme.
- Identify companies interested in participating in pilots to test the Skilled Youth Programme.



Focus area review (continued)

Skills development – with a current focus on the Further Education and Training Sector

By facilitating partnerships and engaging with all stakeholders, the NBI supports youth education and skills development.

Pathways to Employability

The NBI's Pathways to Employability is an organising framework to facilitate meaningful partnerships between employers and Further Education and Training (FET) colleges. This programme aims to offer youth access to multiple pathways such as further study, employment and self-employment. To this end, significant effort has gone into finding ways in which to:

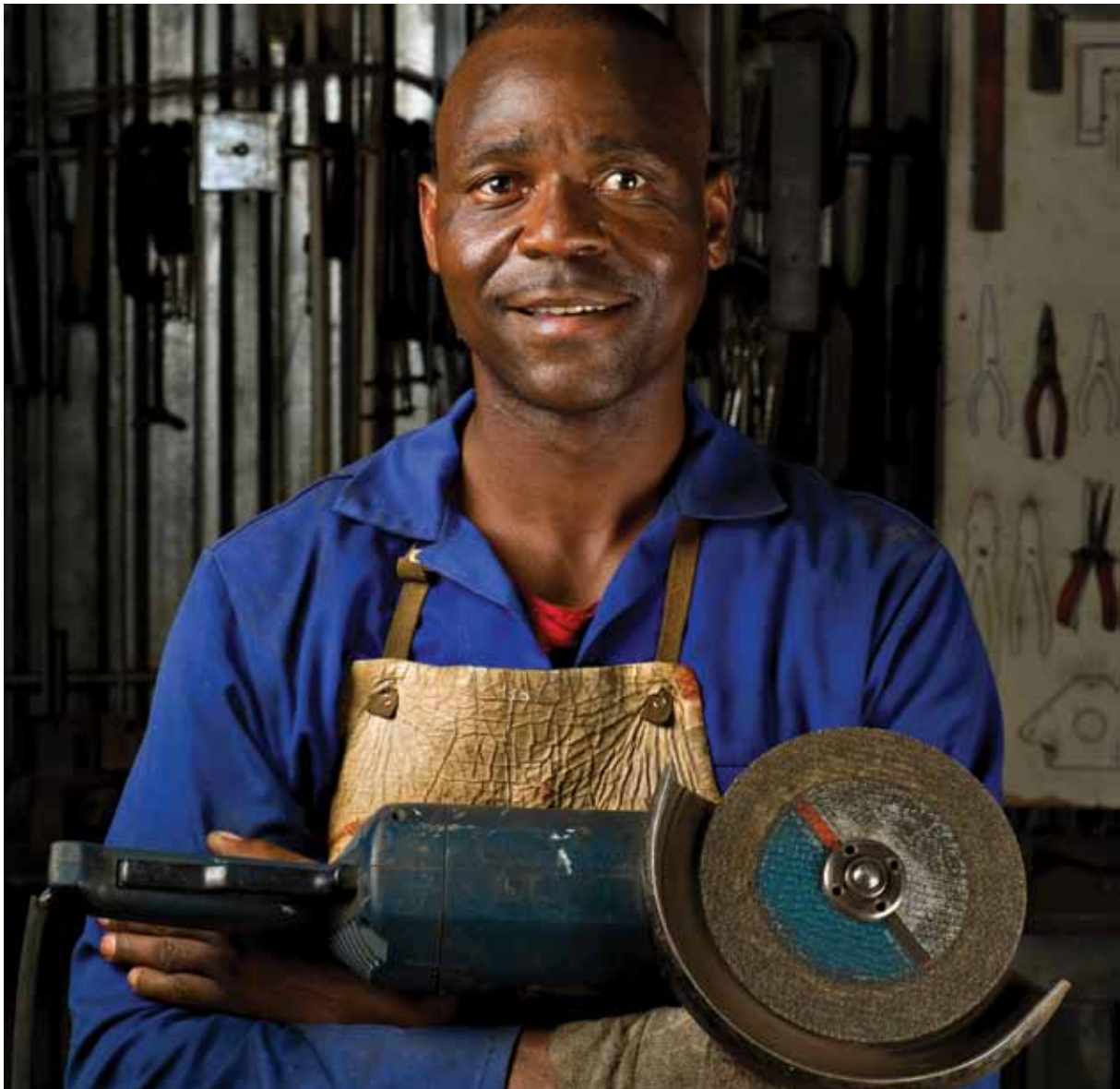
- consolidate existing partnerships and interventions;
- align these with the emerging policies, strategies and plans; and
- scale them up for greater and measurable impact.

The thrust of this intervention is two-fold, namely to:

- enhance the institutional capacity of FET colleges to deliver quality programmes that meet the skills demands of both national and local economic demands; and
- build a sustainable system for students and college lecturers to access structured workplace learning, in partnership with industry.

In the year under review, the NBI continued its strategic partnership with the Department of Higher Education and Training (DHET), international agencies and specialist organisations that have expertise in FET college institutional capacity building and workplace learning. These include the following:

- Hosting a business dinner with employers and the Minister of Higher Education and Training to provide a platform for structured engagement on matters related to workplace



learning and skills development. The dinner received good media coverage and positioned the NBI as a key partner with DHET and business.

- Providing technical support to the Technical Skills Business Partnership (TSBP), comprising four companies committed to increasing the pool of welders and improving their quality. The NBI has conducted a survey outlining the specific challenges in this area and the role of FET colleges in addressing these. The survey will inform the work of the TSBP.
- Providing continued technical support to the Construction Industry Partnership (CIP). The CIP focuses on fostering meaningful partnerships between FET colleges and industry with a view to developing a framework for college and curriculum improvement. The partnership consists of five companies and is seeking a partnership with the Construction Sector Education and Training Authority.
- Under the Skills for Employability (SfE) programme the NBI is continuing its partnership with the British Council where five South African FET colleges have entered into partnerships with five further education colleges in the United Kingdom. The partnerships focus on issues ranging from “green” curriculum development, the use of information communication technologies for improved teaching and learning, to the development of learning company models.
- Under the banner of SfE, the NBI provided expert support on the establishment of the Association of Colleges South Africa with the support of the British Council. At the launch function, Minister Nzimande acknowledged the NBI for the role it played in the establishment of the institute. This

initiative has seeded the development of a principal exchange programme between South African and UK FE colleges that will commence in the coming year.

- Emerging innovative areas of work that fall within the strategic thrust of the NBI skills development area of work include strengthening the capacity of FET colleges to deliver green skills and mobilising companies to partner with technical high schools through infrastructure support, teacher development and structured workplace learning.
- The NBI is a partner in a research project aimed at developing a framework for work experience for FET college lecturers.

Other developments aimed at improving the effectiveness and efficiency of the FET college sector during the period under review include the following highlights:

- The NBI served on a ministerial task team that established the South African Institute for Vocational and Continuing Education and Training. The Institute supports public FET colleges as well as strengthens the wider vocational and continuing education and skills development system in South Africa.
- The NBI concluded a project in partnership with JET Education Services and the Swiss South African Co-operation Initiative funded by the Manufacturing SETA. The project was an expansion of the Graduate Internship Programme in the Engineering sector. Through the project, 200 FET college graduates were placed in six-month internships in the workplace. The lessons learned from this project have informed the design of an initiative to be rolled out in 2014 aimed at scaling up workplace learning.

Goals for 2013	Performance in 2013
Consolidate the work undertaken in the year under review and implement innovative projects that demonstrate meaningful partnerships between FET colleges and business	Plans are in place to roll out the various initiatives in 2014. The inclusion of the NBI work under the Inclusive Growth Initiative will allow for the scalability of the Pathways to Employability project
Continue to nurture existing partnerships and build new ones	The continuation of the Technical Skills Business Partnership, Construction Industry Partnership and the Skills for Employability programme is confirmation of a commitment by employers to help address the skills shortages in the country. Going forward, securing strategic partnerships with the sector education and training authorities will be a priority
Secure funding to meet identified strategic goals	With a clear plan now in place, the NBI is in a position to raise funds in a targeted manner

Goals for 2014

- Encourage increased participation of companies to provide access to structured workplace learning opportunities for FET College lecturers and students.
- To continue to support NBI members with research and knowledge through dialogues and tools.
- Consolidate existing partnerships such as DHET and initiate new ones with a specific focus on sector education and training authorities.
- To continue to scale up and align our projects to member needs and national policy.

Focus area review (continued)

Ethical leadership and management

Why this area is important to business in South Africa

By supporting the integration of sustainability in the private sector and facilitating capacity building in the public sector, the NBI promotes an ethical and transparent business culture and promotes service delivery.

Private sector

Recent regulatory changes and developments in the corporate governance arena have significantly changed the way companies are required to manage and report on their performance. King III, the new Companies Act and integrated reporting guidelines have brought a very different perspective to companies, requiring that they actively address sustainability at a strategic level and that they report their performance in a more holistic and integrated manner.

South Africa is at the forefront of the global application of integrated reporting, making it a particular challenge for South African organisations, which may not be able to leverage the experience of others.

Boards are struggling to handle the transition to this integrated, transparent and forward-looking way of reporting. Management is battling to deal with the practical implications of managing and reporting on non-financial data and on integrating sustainability into their everyday practices.

The investment community is under pressure to actively consider the implications of sustainability-related issues in their investment decisions through codes and regulations such as Regulation 28 of the amended Pension Fund Act, the Code for Responsible Investing in South Africa (CRIISA) and the Principles of Responsible Investing (PRI).

A key challenge facing the investment community is how to incorporate non-financial metrics and issues into valuation models and company assessments. Another is the difficulty in comparing sustainability performance between organisations as reporting frameworks and metrics used may differ. The low level of maturity around integrated reporting compounds these issues.

Key strategic objectives

- To support business in integrating sustainability into their strategies, operations and measurement and reporting frameworks.
- To provide information and analysis that enables the investment community to integrate sustainability considerations into investment decisions.
- To drive and partner in collective action initiatives that build an ethical and transparent business culture.

The NBI will continue to play a key role in building a common understanding across all stakeholders of sustainability and its implications. This understanding forms the foundation on which all of the work in this area is built.

Public sector

Government faces significant challenges in service delivery, particularly in terms of capacity and establishing effective financial and business management principles and practices. It is also clear that an inefficient public sector makes doing business more challenging.

The private sector, with its strong emphasis on effective financial and business management, can support government in developing these capabilities and competencies that will ultimately enable a competent public sector.

This support could include mentorship and coaching programmes, financial management training and secondments of qualified private sector resources into the public sector. There are already instances of this taking place across the country. However, a more coordinated, strategic and collaborative approach with government to providing this support would be more effective in supporting the system.

Areas within the public sector where business could potentially play the greatest role over the short to medium term are education, municipalities and health (public hospitals in particular). The private sector also has a role to play in supporting government in developing its overall strategic agenda.

Active private sector participation and support in implementing the National Development Plan and the New Growth Path is a critical contribution towards building a national consensus and national effort that are the essential underpinnings of a successful and stable society.

Supporting government with capacity building sends a strong message to government that the private sector is committed to the overall success of the country.

Key strategic objectives

- To actively support government in developing the capabilities and capacity necessary to operate a competent public sector.
- To play a key role in co-creating the vision and future strategy for the nation.

The NBI is already involved in related projects and initiatives. The focus for the immediate future will be to drive a higher level of thought leadership within the NDP process and to explore particular capacity building initiatives.

Ethical behaviour

The NBI can play a key role in assisting the building of an ethical and transparent culture in business. Many of the issues that underlie corrupt behaviour are not fully understood or recognised by business. It is therefore challenging to develop solutions to address the root causes of the problem.

While government is often blamed for corruption, there is a growing recognition of the fact that corrupt practices require two complicit parties. There is also increasing acknowledgement of the significant level of business-to-business corruption, as publicly evidenced by various collusion charges against business.

The NBI can play a role in identifying the root causes of corruption, as well as in supporting business to develop solutions that are appropriate to the South African situation using strategic partnerships such as the WBCSD and UNGC. Multi-stakeholder engagement platforms could also provide opportunities to unearth the causes and to co-create potential solutions.

As a collective action organisation, the NBI needs to actively develop programmes that drive business and most particularly, NBI members, in building an ethical and transparent culture.

Key strategic objectives

- To identify the root causes of corruption within business.
- To drive the creation of innovative, local solutions to address the root causes.
- To establish and drive collective action initiatives that build an ethical and transparent business culture.

It is important that the NBI collaborates with other relevant business organisations to ensure minimum overlap of activities and maximum impact. The NBI's ability to leverage the UNGC relationship and knowledge base is a key differentiator.

Our projects

During the reporting period, the NBI expanded its work on social sustainability through the UNGC framework and platform. The UNGC 10 Principles, covering human rights, labour protection, environmental protection and anti-corruption, are areas that continue to be of significant risk to companies in South Africa. The new Companies Act (2008) acknowledges this and requires a social and ethics committee of the board to report on the implementation of a range of development issues that include the 10 UNGC Principles.

The UNGC CEO Round table for Leadership on the 10 Principles

The UNGC framework requires signatories to work towards greater impact on the 10 Principles by embedding the issues

into the core of corporate strategy. The UNGC advisory committee established a UNGC CEO Round table in South Africa to raise the profile of the initiative and establish leadership and ownership of sustainability within companies. The platform aims to link local priorities to the global priorities as well as contributing and shaping both the global and local agenda of the UNGC.

Two UNGC CEO Round tables were held, one in May 2013 and the other in September 2013. To date, this is the only platform at the level of business leadership that is solely dedicated to engaging on sustainability issues and finding appropriate solutions in the South African context. It will meet twice a year or as determined by the group of CEOs.

Anti-corruption in business and the promotion of integrity pacts

Work on anti-corruption and business continued in 2013, with the NBI focusing on training companies on implementation of anti-corruption measures and building the required relationships in the corporate and public sector for integrity pacts to take place. Five training sessions were held, three in Johannesburg and one each in Durban and Cape Town. A total of 123 employees from various companies and government departments took part in the training. Further training sessions will be held in 2014.

The NBI continued to promote understanding and build relationships that could lead to implementation of integrity pacts as a model to strengthen large procurement projects in South Africa. Ongoing consultations with the National Treasury were held and the NBI contributed to the draft treasury regulations, recommending that integrity pacts be considered into regulation.

The recommendations have so far not been included in the draft regulation, but our advocacy work continues with the aim to apply integrity pacts, not necessarily as mandatory, but a voluntary initiative that is capable of demonstrating best practice in large procurement projects.



Focus area review (continued)

We are investigating the feasibility of establishing an anti-corruption centre of excellence. The centre would be aimed at pooling existing strengths of organisations to build training capacity for companies, support curriculum development and research especially at business school level, enhance collective action against corruption, support enforcement and reporting of corruption and support business leaders in anti-corruption advocacy.

Integrity pacts

Developed by Transparency International, the integrity pact is a tool aimed at preventing corruption in public contracting. It consists of a process that includes an agreement between a government or a government department and all bidders for a public contract. It contains rights and obligations to the effect that neither side will pay, offer, demand or accept bribes, collude with competitors to obtain the contract, nor engage in such abuses while carrying out the contract. The IP includes a monitoring system that provides for independent oversight and accountability.

Implementation of social and ethics committee requirements

The NBI aims to create a platform for support and learning on the implementation of social and ethics committee requirements. The organisation held two meetings of chairpersons of social and ethics committees from various companies to understand emerging trends, best practice and challenges of implementation. This will enable the NBI to respond with appropriate benchmarks, tools and processes. The aim of the project is to improve the level of implementation and reporting, reach scale and begin to identify best practice.

Build consensus on sustainability best practice, prioritising human rights and labour

The NBI embarked on a series of engagements in Johannesburg, Cape Town and Durban to engage companies on human

rights and labour best practice. Framed within the UN Guiding Principles, the facilitated series of human rights and labour dialogues have involved companies sharing their experiences and the NBI is beginning to build a body of knowledge to inform the development of best practice benchmarks.

With the support of Nedbank and a small human rights working group of the UNGC network, a draft benchmark document is under development. This process has identified an urgent need for training on implementation of human rights and particularly in key supply chains.

Growth of the UNGC in South Africa

The last year has seen a significant increase in the number of signatory companies to the UNGC. To date there are 70 direct South African signatories and more than 15 multi-national enterprises signed up from elsewhere.

Resourcing challenges

Despite the relevance of social sustainability issues and the growing network of UNGC signatories in South Africa, the local network remains unfunded. The NBI, as managers of the UNGC local network, has been in conversation with the Global Compact office in New York, to agree on a more collaborative funding model that takes into account the developmental context in which South African companies operate. This process should be completed by the end of 2013 and the new model communicated to signatories at the beginning of 2014. The UNGC remains a voluntary initiative worldwide.

Governance

The local network of the UNGC is governed by an advisory committee chaired by a business leader (Mr Elias Masilela) and comprising a diverse group of stakeholders that include business, academia, non-governmental organisations and government. The advisory committee meets three times a year and has endorsed a seven-point plan that it will work toward in the medium term.

Goals for 2013	Performance in 2013
Establish a UNGC CEO forum	The forum was established and met for the first time in May 2013. The CEOs agreed on their terms of reference and will use the platform to make strategic decisions and actions on priority issues
Continue work to pilot an integrity pact in a large public procurement project	The NBI continues to lead in the push for adoption of integrity pacts in South Africa. The focus is on the construction sector in development of best practice on anti-corruption
Build company understanding of how to apply the UNGC principles in the context of the social and ethics committee	Platform established and two meetings held. Need for implementation tools and guidelines identified and development will be pursued in 2014
Build awareness of sustainability best practice and ways to streamline and improve the quality of sustainability reporting	Engagements held around the country focusing on human rights and labour dialogues. Draft benchmark to be tabled for discussion by companies by November 2013

Goals for 2014

- Build and support business leadership for the UNGC principles.
- Elevate business action on anti-corruption for tangible impact.
- Develop tools and awareness of sustainability best practice continuing with the work on human rights and labour and the implementation of social and ethics committee requirements.

Enterprise development

Enterprise development (ED) is a critical area for the NBI and its members. The organisation’s ED initiatives were focused in the South African Supplier Diversity Council (SASDC), which was spun out as a standalone organisation in 2012. The NBI subsequently consulted with members on the terms of reference that would best inform a new ED programme.

These engagements identified three broad areas of work:

- the need for substantial awareness, education, training, thought leadership and processes to share best practice, within corporates and at all levels;
- assessing enterprise development programmes in relation to strengthening value chain sustainability; and
- identifying creative means to involve youth in enterprise development.

Work will be done with interested member companies in 2014 to progress each of these areas and establish a programme.

Goals for 2013	Performance in 2013
Conduct feasibility study and consult proposals	The NBI engaged with members as a more effective means of establishing an appropriate ED programme than a feasibility study
Establish the new ED programme and source funding	The new ED programme will be developed in the coming year after further engagement with interested members

Goals for 2014

- Create platforms to share best practice with NBI members.
- Finalise ED offering and take forward recommendations from NBI members.
- Develop complete ED programme with implementation in the first quarter of 2014.



Focus area review (continued)

Infrastructure demand and utilisation

Why this area is important to business in South Africa

By providing thought leadership and facilitating engagement, the NBI supports effective infrastructure development.

Infrastructure is a crucial enabler to increase economic growth and development. Companies require access to affordable and high-quality infrastructure services for the delivery of goods and services and the underpinning of production.

Business therefore has a fundamental interest in and requirement for effective infrastructure at all levels. Business needs to engage with government and other key stakeholders regarding their infrastructure requirements, particularly water, waste, transport and health. These requirements will be informed by key trends such as urbanisation.

Companies across many sectors depend on effective and efficient rail, electricity and water delivery systems, among others. Increasingly, consideration of the adequacy of these services needs to be built into future business models and operations to ensure that their infrastructural requirements are met in a sustainable way.

Business can play a key role in engaging with government around how their policy decisions in other areas, such as the environment, affect infrastructure development. They can also assist government in identifying and, where possible, remedying the key blockages that are preventing infrastructure development from taking place. Finally, they could play a role in identifying the skills required by the public and private

sector to enable infrastructure development and management going forward.

Key strategic objectives

- To inform government's infrastructure development plans with the future needs of business.
- To enable business to adapt their business models and operations to a more sustainable infrastructure base.
- To support government in addressing the key issues that are blocking infrastructure development in South Africa.

Our programmes

The focus of this area is on providing thought leadership around key infrastructural issues and on providing platforms for business, government and other key stakeholders to engage on relevant issues. Over time, the NBI will initiate and drive the collective action opportunities that arise as a result of this upfront work.

Six infrastructure dialogues were held, with good corporate participation. A publication summarising the content of the dialogues for the period under review was produced.

In 2013, the NBI continued to partner with the Development Bank of Southern Africa (DBSA), the South African Cities Network, and the Department of Performance Monitoring and Evaluation (DPME) in the Presidency to run the infrastructure dialogues. In addition, NBI staff participated in a number of thought leadership events relating to the challenges facing infrastructure and the built environment in South Africa.

Goals for 2013	Performance in 2013
Thought leadership development and distribution through the mechanism of the infrastructure dialogues partnership	Six infrastructure dialogues were held as well as further thought leadership events
Where appropriate and relevant, facilitation of interaction between government and business as this content area grows	Achieved through the infrastructure dialogue engagements

Goals for 2014

- Focus involvement around the infrastructure dialogues to ensure these address Infrastructure related issues relevant to a collective action agenda.
- Increase corporate participation in the dialogues.
- Work with member companies to identify the issues that would be of greatest relevance for engagement.

Governance report

The NBI’s commitment to good governance

The NBI was founded on the principles of good corporate governance and stewardship. We are committed to these principles, as defined in the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (King III) and to ongoing compliance with the regulatory requirements in South Africa.

The major focus area for the year was the restructuring of the organisation’s governance architecture. This restructure was necessary to align the organisation’s status as a non-profit company under the new Companies Act with the requirements of the Act.

Compliance with King III

Since the introduction of King III in March 2010, the organisation has engaged with a number of consultants to assist the organisation in reviewing existing governance practices and the appropriate levels of implementation of the King III principles.

There were no material instances of non-compliance with our current governance principles during 2013. With the governance restructuring now largely complete, our attention returns to the ongoing process of reviewing areas within the King III framework to ensure we apply these principles, or explain why we do not. The table that follows summarises certain key matters along with their current status. We considered the applicability of these matters in relation to the size and public nature of the NBI.

Principle	Evaluation	Looking ahead
Ethical leadership and promoting an ethical climate	Management has considered the values promoted by the NBI to its stakeholders. This issue is integrated into all work streams of the NBI and is a core focus area in our strategy.	The current values promoted by the NBI facilitate an ethical environment and ethical interactions with staff and our stakeholders.
NBI board and its directors	The NBI board has been restructured to align with the requirements of the new Companies Act and King III. The NBI executive committee (Exco) assists and supports the board by providing oversight, guidance and advice to the CEO and management. The board is chaired by Mr Cas Coovadia.	The revised governance structure comprises a membership council and a board comprising fourteen members and two ex-officio members. The chairman and the CEO are both members of the board.
NBI audit and risk committee	NBI’s new audit and risk committee was established in April 2013 and comprises three non-executive directors. The committee is chaired by Mr Gideon Serfontein.	Due to the size of the organisation and the increased responsibilities and duties as recommended by King III, the core duties of the audit committee have been expanded to include those of oversight of the management of risk in the organisation. The terms of reference for the audit and risk committee have been updated accordingly and increased time will be devoted by the audit committee to incorporate these additional responsibilities.
NBI remuneration committee	The NBI currently has a remuneration committee that governs and oversees the policy for recognition and reward. The committee is also responsible for the evaluation of the performance of the NBI CEO. The committee is chaired by Mr Cas Coovadia.	The committee provides the NBI with the appropriate level of governance required by King III in matters relating to remuneration.
IT governance	The roles and responsibilities of IT governance as recommended by King III have been reviewed and considered.	The board requested management to assess the status of IT security and levels of oversight. The recommendations from last year’s review of the adequacy of the organisation’s IT systems have been implemented. A draft IT charter is being prepared and will be reviewed by the board. The IT governance process is overseen by the audit and risk committee.
Compliance with laws, rules, codes and standards	The NBI promotes adherence to laws, rules, codes and standards.	This matter is of ongoing importance.
Stakeholder relationships	The NBI has assessed its interactions with stakeholders and believes it is proactive in engaging with its stakeholders. Engagements are detailed in the table on page 16 of this report.	A sample audit of NBI stakeholders was undertaken as part of the strategic review. A further sample audit was taken as part of the brand audit process, currently underway. The NBI has also developed a sustainability maturity model to further facilitate a deeper engagement with its member companies. Ongoing engagement with stakeholders remains a strength of the NBI. Due to the nature of the operating context, ongoing review of both internal and external stakeholders will continue. The membership council plays a valuable role in providing strategic guidance and oversight to stakeholder (including membership) activities.

Governance report (continued)

Governance structures

Membership council

The membership council was established in March 2013 and is responsible for the appointment of the board and to drive and oversee the NBI strategy. It has no fiduciary responsibility and was created to involve the members of the NBI and to enable them to give their oversight to the organisation. Through the council, members can directly shape, influence and drive the strategy of the NBI. The forum does not replace the vital one-on-one and other member meetings.

The board is accountable to the council, which receives reports from the CEO and the board on critical issues and the strategic direction of the organisation. Members deliberate and comment on the reports and ensure that the NBI is following the correct strategy and focusing on the issues most relevant to members.

Regional membership councils have also been established in the Western Cape and KwaZulu-Natal. The membership council will meet twice annually. In the period under review the council met once.

The board

The NBI's previous board comprised 37 members, including representatives from member companies and selected leaders. This board met twice in the year under review.

A memorandum of incorporation (MoI) was drafted during the year to replace the old articles of association. The MoI reflected the revised governance structure and paved the way for the establishment of the membership council that appointed the new board.

Directors	Company	Attendance	
		09/04/13	24/06/13
Cas Coovadia (chair)	The Banking Association of South Africa	Y	Y
David Brink	Independent	Y	Y
Karin Ireton	Standard Bank	Y	Y
Vuyo Kona	Tongaat Hulett	Y	Y
Gideon Serfontein	Absa	Y	Y
Khumo Shongwe	Independent	Y	Y
Masechaba Tekana	Sasol	Y	Y
Joanne Yawitch (CEO)	NBI	Y	Y
Laura Nel (ex-officio)	Johnson & Johnson	Y	Y
Xolani Magojo (ex-officio)	Illovo Sugar	A	Y
Deirdré Lingenfelder	De Beers	A	Y
Colin Coleman	Goldman Sachs International	Y	A
Thabani Jali	Nedbank	Y	A
Steve Lennon	Eskom	Y	A
Bonang Mohale	Shell	Y	A
Andile Sangqu	Xstrata	Y	A

A – Apology received

The new board comprises 14 members who were appointed at the membership council meeting in March 2013 as well as the NBI CEO. The two chairs of the regional membership councils serve in an ex officio capacity on the main board in addition to the 14 directors. Twelve of the directors are representatives of member companies.

The board is responsible for implementing the organisation's strategy and is accountable to the membership council. It meets four times a year and more frequently when required.

Board sub-committees

The board delegates certain of its responsibilities to board sub-committees while retaining ultimate responsibility for these functions. Sub-committees may include members who are not on the board where they bring additional expertise that may be needed for the role. The sub-committees are chaired by board members.

Audit and risk committee

The new audit and risk committee was established in April 2013 and comprises two non-executive directors and a member representative. The audit and risk committee will meet four times a year, or more frequently as required.

Audit and risk committee	29/04/13	14/06/13
Gideon Serfontein (chair)	Y	Y
David Brink	Y	Y
Theresa Moila	Y	Y

The roles, duties and responsibilities of the audit and risk committee are set out in the audit and risk committee charter, which is currently being finalised. The charter aims to ensure that the committee is compliant with the recommendations of King III. The charter will be made available to the members of

the NBI at the next meeting of the membership council and a summary of the charter will be disclosed in the next integrated report of the NBI.

Remuneration committee

The remuneration committee governs and oversees the organisation's policies for recognition and reward. The committee is also responsible for the evaluation of the performance of the NBI CEO.

The committee comprises three non-executive directors and the chairman. The committee meets once a year, and if required, more frequently.

Remuneration committee	19/06/13
Cas Coovadia (chair)	Y
Karin Ireton	Y
Khumo Shongwe	Y
Steve Lennon	Y

Social, ethics and transformation committee

The social, ethics and transformation committee was established in May 2013 and comprises three non-executive directors. The committee is developing its terms of reference, which the board will consider. The committee will be responsible for determining the course of action the NBI should adopt for unethical member behaviour, look at stakeholder issues and at the broader social issues within the context of the NBI.

The committee met once during the year under review.

Social, ethics and transformation committee	31/05/13
Masechaba Tekana	Y
Thabani Jali	Y
Andile Sangqu	Y

Company secretary

The company secretary assists the chairman in coordinating and administering the functioning of the board, the induction of new non-executive directors and ensuring statutory compliance. Directors have unrestricted access to the advice and services of the company secretary. The appointment and removal of the company secretary is a matter for the board and not executive management.

Delegation of authority

The NBI exercises a hierarchy of approvals within the organisation. Due to the relatively small size of the organisation, these approvals take place at a senior level.

Risk assessment

The audit and risk committee reviews and assesses the risks facing the organisation. The major risks facing the organisation relate to attaining funding within a tough economic environment and effectively managing the liquidity of the organisation, which is largely based on membership fees and donor funding. These risks are of an ongoing nature and the NBI will continue to work towards ensuring the active management of stakeholder (including membership) relationships and operational efficiencies in order to manage these risks.

Furthermore, the NBI continues to develop and refine the levels of risks and its risk appetite. As a membership and donor-funded organisation, reputation is of great importance. Policies, which are currently in the process of being revised and formalised, will provide guidance on risk tolerance and the consistency of accepting such risk across the organisation.

Sustainability

Sustainability affects the NBI in two ways. Sustainability is a key consideration within the NBI's operations, as well as being the primary objective for projects the NBI undertakes.

We believe that through monitoring and mitigating the risks indicated above, differentiating ourselves even further and ensuring we continue to connect with our stakeholders (including the NBI membership), the organisation will continue to sustain itself towards achieving its company objectives.

The NBI's objective to shape a sustainable future through responsible business leadership and action is inextricably linked to the success of the projects it undertakes. Through the NBI's project management, which includes both performance and financial monitoring, the NBI continues to work with our members and partners to ensure that the projects continue to progress and produce the desired results. The success of these projects will reinforce the NBI's credibility with its members, who will in turn contribute to the longevity of the organisation.

The board is responsible for meeting all fiduciary requirements as defined by the Companies Act and King III. The CEO is accountable to the board and membership council and is responsible for implementing the organisation's work.

Remuneration report

NBI directors are volunteers and therefore receive no remuneration. Of the board members, only the NBI chief executive officer receives remuneration, in the form of her salary. This remuneration is overseen by the NBI's remuneration committee. The remuneration committee is responsible for the performance of the chief executive officer and for policy recognition and reward.

GRI index

As part of our progress in demonstrating our commitment to integrating the concept of sustainability into the organisation, we provide a table of this report's alignment with the Global Reporting Initiative (GRI) G3.1 guidelines. The sustainability information in this report has not been externally assured.

This report meets the requirement of GRI Application Level C.

Profile disclosure	Description	Section
1.1	Statement from the most senior decision-maker of the organisation.	Chairman's report
2.1	Name of the organisation.	About this report
2.2	Primary brands, products, and/or services.	Who we are; Our strategy
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Who we are
2.4	Location of organisation's headquarters.	Contact details
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	About this report
2.6	Nature of ownership and legal form.	Who we are
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Who we are
2.8	Scale of the reporting organisation.	Financial and non-financial highlights; Human capital
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	There were no significant changes during the reporting period regarding size, structure or ownership
2.10	Awards received in the reporting period.	There were no awards received during the reporting period
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	About this report
3.2	Date of most recent previous report.	12 months to 30 June 2013
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions regarding the report or its contents.	Contact details
3.5	Process for defining report content.	Our most material issues
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	About this report
3.7	State any specific limitations on the scope or boundary of the report.	About this report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	There were no changes in basis for reporting that affect comparability
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such restatement.	There were no restatements of information provided in earlier reports
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	There were no significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report
3.12	Table identifying the location of the standard disclosures in the report.	This table

Profile disclosure	Description	Section
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Governance report
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	The chairman of the board is an executive officer
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Governance report
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Stakeholder engagement
4.14	List of stakeholder groups engaged by the organisation.	Stakeholder engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder engagement
Economic performance indicators		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Financial sustainability
EC4	Significant financial assistance received from government.	There was no significant financial assistance received from government during the year under review
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Focus area review
Environmental performance indicators		
EN4	Indirect energy consumption by primary source.	Environment
EN8	Total water withdrawal by source.	Environment
EN9	Water sources significantly affected by withdrawal of water.	Water is withdrawn from municipal sources
Social performance indicators – labour		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Human capital
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	Human capital
Social performance indicators – human rights		
HR4	Total number of incidents of discrimination and actions taken.	There were no incidents of discrimination reported in the year under review
Social performance indicators – society		
SO4	Actions taken in response to incidents of corruption.	There were no incidents of corruption reported in the year under review
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations reported in the year under review

Glossary

BEE	Black economic empowerment
BBBEE	Broad-based black economic empowerment
CDP	Carbon Disclosure Project
CoGP	Codes of Good Practice
CIP	Construction Industry Partnership
DBSA	Development Bank of Southern Africa
DFID	Department for International Development
DHET	Department of Higher Education and Training
DPME	Department of Performance Monitoring and Evaluation
dti	Department of Trade and Industry
EELN	Energy Efficiency Leadership Network
FET	Further Education and Training
GHG	Greenhouse gas
GRI	Global Reporting Initiative
JIPSA	Joint Initiative on Priority Skills Acquisition
Mol	Memorandum of Incorporation
NBI	National Business Initiative for Growth, Development and Democracy
PSEE	Private Sector Energy Efficiency Project
SASDC	South African Supplier Diversity Council
SETA	Sector Education and Training Authority
SfE	Skills for Employability
SME	Small and Medium Enterprise
TSBP	Technical Skills Business Partnership
UK	United Kingdom
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute

Independent auditor's report

ON THE SUMMARY ANNUAL FINANCIAL STATEMENTS

To the members of the National Business Initiative for Growth Development and Democracy (non-profit company)

The accompanying summary annual financial statements of the National Business Initiative for Growth Development and Democracy, which comprise the summary statements of financial position at 30 June 2013 and the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the company audited annual financial statements of the National Business Initiative for Growth Development and Democracy for the year ended 30 June 2013.

We expressed an unmodified opinion on those company annual financial statements in our report dated 25 November 2013.

The summary annual financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the company audited annual financial statements of the National Business Initiative for Growth Development and Democracy. Reading the summary annual financial statements, therefore, is not a substitute for reading the audited annual financial statements of the National Business Initiative for Growth Development and Democracy.

Directors' responsibility for the abridged financial statements

The directors are responsible for the preparation of the summary of the company audited annual financial statements in accordance with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the summary company annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary company annual financial statements derived from the company audited annual financial statements of the National Business Initiative for Growth Development and Democracy for the year ended 30 June 2013 are consistent, in all material respects, with those financial statements, on the basis described in the related notes.

BDO South Africa Inc.

BDO SOUTH AFRICA INCORPORATED

Per: Diane McCallum (Partner)

Registered Auditor

25 November 2013

22 Wellington Road

Parktown

Johannesburg 2193

Statement of financial position

for the year ended 30 June 2013

	2013 R'000	2012 R'000	2011 R'000
Assets			
Non-current assets			
Property, plant and equipment	417	278	332
Intangible assets	57	221	394
Total non-current assets	474	499	726
Current assets			
Trade and other receivables	3 889	6 504	8 796
Cash and cash equivalents	11 792	13 372	19 504
Total current assets	15 681	19 876	28 300
Total assets	16 155	20 375	29 026
Funds and liabilities			
General development fund	736	1 966	2 094
Non-current liabilities			
Project funds administered	10 230	15 050	22 720
Deferred lease accrual	47	52	223
	10 277	15 102	22 943
Current liabilities			
Trade and other payables	1 244	2 719	3 704
Project funds administered	3 888	582	–
Bank overdraft	10	7	285
	16 155	20 376	29 026

Statement of comprehensive income

for the year ended 30 June 2013

	2013 R'000	2012 R'000	2011 R'000
Revenue			
Membership donations	15 803	15 419	14 960
Project cost recovery	2 704	12 008	9 705
Other income	1 029	892	276
Total income	19 536	28 319	24 941
Administration costs	(7 670)	(8 367)	(9 839)
Personnel expenditure	(11 823)	(17 718)	(17 944)
Abnormal items	–	–	(450)
Restructuring costs	(1 324)	(2 553)	–
Surplus before net finance income	(1 281)	(319)	(3 292)
Finance income	58	203	576
Finance cost	(7)	(12)	(2)
Deficit for the year	(1 230)	(128)	(2 718)

Statement of changes in equity

for the year ended 30 June 2013

	General development fund
Balance as at 1 July 2011	2 093
Changes in equity	
Total comprehensive (deficit)/surplus for the year	(127)
Total changes	1 966
Balance as at 1 July 2012	1 966
Changes in equity	
Total comprehensive (deficit)/surplus for the year	(1 230)
Total changes	(1 230)
Balance as at 30 June 2013	736

Statement of cash flows

for the year ended 30 June 2013

	2013 R'000	2012 R'000	2011 R'000
Cash flow from operating activities			
Cash generated from/(used in) operations	220	1 372	(5 984)
Interest income	58	203	576
Finance cost	(7)	(11)	(1)
Net cash from operating activities	271	1 564	(5 409)
Cash flow from investing activities			
Purchase of property, plant and equipment	(333)	(126)	(267)
Sale of property, plant and equipment	–	(6)	3
Purchase of other intangible assets	(84)	(210)	(323)
Sale of other intangible assets	4	12	1
Net cash from investing activities	(413)	(330)	(586)
Cash flow from financing activities			
Movement in project funds administered	(1 514)	(7 088)	5 599
Total cash movement for the year	(1 656)	(5 854)	(396)
Cash at the beginning of the year	13 365	19 219	19 615
Effect of exchange rate movements on cash	73	–	–
Total cash at the end of the year	11 782	13 365	19 219

Contact details

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