

INTEGRATED
**ANNUAL
REPORT**

2020 / 2021



A construction worker wearing a white hard hat, a high-visibility yellow safety vest over a dark long-sleeved shirt, and blue jeans is working on a wooden frame. The worker is wearing white gloves and is focused on their task. The background is a blurred outdoor construction site with trees and a clear sky. The entire image has a halftone dot pattern.

“

The responsibility of business is to use its will and resources to advance a cause greater than itself, protect the people and places in which it operates and generate more resources so that it can continue doing all those things for as long as possible.”

Simon Sinek: The Infinite Game

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>> Strategy, activities, performance and prospects

01 REPORT SYNOPSIS

This integrated annual report sets out details of the NBI's strategy, activities, performance and prospects for the twelve months ending 30 June 2021 (the 2021 financial year). It is created for the purpose of documenting the activities and accomplishments relating to NBI's strategic focus areas as well as those issues most material to NBI socially, environmentally and from a governance and financial perspective.

The report addresses those activities directly undertaken by NBI and includes relevant information for the 2021 financial year.

The financial information in this integrated report has been independently audited by SizweNtsalubaGobodo Grant Thornton Incorporated and their report can be found on page 48. The B-BBEE certificate is externally verified and remains at Level 1.

This document has been prepared to align with the governance principles of the King IV Report on Corporate Governance for South Africa 2016, the statutory reporting requirements of the Companies Act, 2008 as amended, and the guidance of the International Integrated Reporting Council's International <IR> Framework. Furthermore, the guidelines of the GRI (Global Reporting Initiative) G4 have been considered in the preparation of this report.

The Board of Directors acknowledges its responsibility to ensure the integrity of the integrated report and has applied its collective mind to its preparation and presentation. The Board is confident that the information contained in the report is complete, accurate and in line with the IR Framework. Furthermore, the board confirms that it provides a reliable and balanced synopsis of the NBI's activities and those matters most material to the organisation during the 2021 financial year.



STRATEGIC FOCUS AREAS



ENVIRONMENT

Climate, water, energy, green economy, biodiversity and just transition pathways



ECONOMIC INCLUSION

Skills and employability, township economies, SMEs and youth



BOLD AND AMBITIOUS LEADERSHIP

Cross-cutting and including anti-corruption, ethics and transformation



SOCIAL COHESION AND INEQUALITY

Gender, race and intergenerational equity



INSTITUTIONAL AND GOVERNMENT CAPACITY

Governance and capacity building

TIME FRAMES USED WITHIN THIS REPORT

SHORT (1 year)
MEDIUM (2-5 years)
LONG TERM (5+ years)

>> National Business Initiative

02

EXECUTIVE SUMMARY

The National Business Initiative (NBI) is a not-for-profit organisation established in March 1995. The organisation's three Units focus on: Social Transformation, Technical Assistance Mentorship and Development (TAMDEV) and Environmental Sustainability. We are committed to actively building an equitable and sustainable South Africa by means of collective business, thought leadership, and action. The NBI fosters collaboration between business, government, and social partners to co-create tangible outcomes focussed on achieving environmentally sustainable socio-economic advancement.

Furthermore, we are a platform with the necessary gravitas to enable difficult and courageous conversations. We bring a mindful, informed, and global perspective to these platforms.

- > Facilitating active collaboration;**
- > Fostering trust and**
- > Coordinating collective effort.**

HOW THE NBI'S WORK IS ACHIEVED WITH OUR PARTNERS

The NBI mobilises the collective resources and capabilities of member companies, as responsible corporate citizens, to influence their operating context and to play a leadership role in creating an ethical, sustainable, and equitable society.

We partner with some of the most influential organisations in the world to ensure that our strategic direction and work content are world class.



NBI GLOBAL AND LOCAL PARTNERS

Allan Gray Makers
 Association for Savings & Investment South Africa
 Atlantis Special Economic Zone
 Business Leadership South Africa
 City of Cape Town
 CDP
 C40 Cities
 CEO Water Mandate (UN Global Compact)
 Climate Finance Accelerator
 Climate Group
 Confederation of Danish Industry
 Department of Higher Education & Training
 Department of Water & Sanitation
 Department of Cooperative Governance & Traditional Affairs
 Development Bank of Southern Africa
 Ekurhuleni East TVET College
 Ekurhuleni West TVET College
 Federal Ministry of the Federal Republic of Germany
 Ford Foundation
 Gauteng Provincial Government
 German Cooperation
 Green Cape
 Harambee Youth Employment Accelerator
 Institute of Plumbing SA
 JET Education Services
 Joburg - world class African city
 Just Share
 Manufacturing Circle
 Natural Resources Stewardship Programme

Northlink College
 ODI
 PropertyPoint
 PEPSICO Foundation
 Renewables Ambition in South African Energy
 RE100
 Skills Development for Green Economy
 South African National Biodiversity Institute
 South African Renewable Energy Technology Centre
 SEDA (Small Enterprise Development Agency)
 South African Photovoltaic Industry Association
 Siyandza Experience Learning
 South Africa UK Impact
 Swiss Confederation
 The African Climate Foundation
 The Lewis Foundation
 Tshwane South TVET College
 Tushiyah Advisory Services
 UK Government
 Umfolozi TVET College
 uMhlathuze Water Stewardship Partnership
 City of uMhlathuze
 Watersberg District Municipality
 Water Research Commission
 West Coast College
 Western Cape Government
 We Mean Business Coalition
 WBCSD
 WWF

NBI MEMBERS WHO HAVE FUNDED AND CONTINUE TO FUND, PROGRAMMES OVER AND ABOVE THEIR MEMBERSHIP INVESTMENT

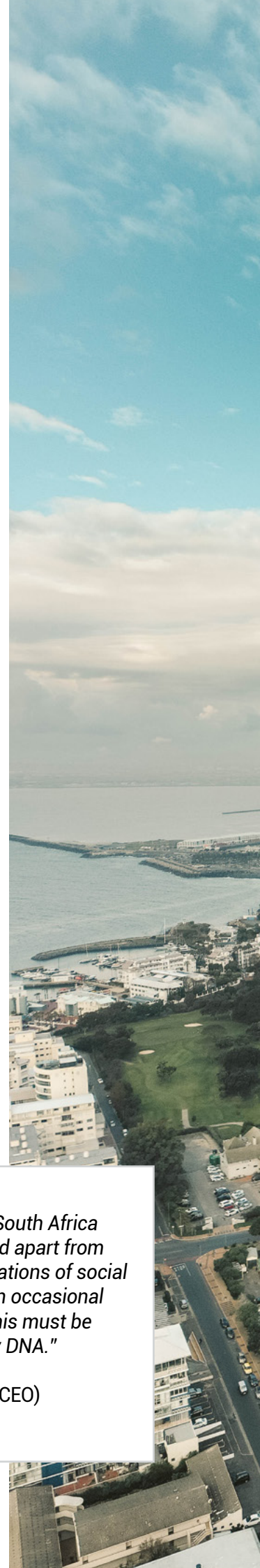


Our work streams, also referred to as pathways, are strongly influenced by the local and international guidance provided by South Africa's National Development Plan (NDP) and the Sustainable Development Goals (SDGs).

COVID-19 has amplified the deep fault lines and inequalities prevalent in South Africa and around the globe. The pandemic has had a significant impact on the economy and our member companies. It has also drawn attention to the environmental costs resulting from the way we produce and consume. Our strategy was therefore accordingly adapted for the current operating context and the need to focus on green economic recovery as we build back better. We will continue, with increased fervour, to lead the way in addressing the deep structural weaknesses and inequalities that afflict our society.

"It is not an option in South Africa for companies to stand apart from society and demonstrations of social solidarity cannot be an occasional response to crisis – this must be imbedded in company DNA."

Joanne Yawitch (NBI, CEO)





2.1 OUR PURPOSE

We are working to create a thriving South African society through thought leadership, strategic implementation, capacity building and collective action with business, social partners, and government. Our work strives to reduce inequality, increase social cohesion, and drive sustainable economic growth.

2.2 OUR VISION

As a business collective, we provide the progressive leadership and advocacy roles needed in South Africa to support and accelerate business action which will achieve a sustainable, equitable and thriving South African society.

2.3 OUR VALUES

- > Integrity
- > Trust
- > Respect
- > Commitment
- > Excellence

The NBI operates with the dual aim of achieving our wider environmental and societal aspirations, while creating significant value and benefit to our members.

The NBI's Impact Framework summarises our primary objectives, as supported by our focal areas and vision for South Africa.

THE WAY WE WORK

THOUGHTFUL
LEADERSHIP

LEAD

The NBI endeavours to make South Africa's economy more inclusive, equitable, competitive and sustainable

CAPACITY
BUILDING

LEARN

The NBI builds institutional capacity to ensure South Africa's economy is driven by social and economic transformations.

DESIGN &
IMPLEMENT
COLLECTIVE
ACTION

IMPACT

The NBI strives to increase cohesion so that South Africa is a society characterised by a high degree of trust.

03 2021 HIGHLIGHTS

- > **4 AUGUST 2020:** Report on Understanding the Experiences of LGBTQI+ Employees in the Workplace launched.
- > **17 NOVEMBER 2020:** The 6th Annual Water Stewardship Event jointly hosted by the NBI, the Strategic Water Partners Network (SWPN), the Royal Danish Embassy and supported by GIZ. More than 200 water sector representatives were present, including officials from government, industry, finance, civil society, and development organisations.
- > **2 DECEMBER 2020:** Report on Transparency in Corporate Reporting: South Africa 2020 (TRAC SA 2020) launched with Corruption Watch and the Overseas Development Institute (ODI), an independent London-based global think-tank, in partnership with the NBI. The report examines corporate governance practices of 100 corporations operating in South Africa.
- > **12 MARCH 2021:** Gender Pay Gap Report 2021 launch highlights findings from the pilot study as well as proposing solutions for correcting the wage gap during the online launch event.
- > **22 APRIL 2021:** 5th anniversary of the uMhlathuze Water Stewardship Partnership (UWASP). UWASP is a recognised example of global best practice in public and private sector water collaboration. The NBI's focus over the next year will be in applying the lessons learnt under UWASP to the Vaal System, which supports 45% of South Africa's economy.
- > **3 MAY 2021:** Gender Pay Gap Pilot 2021 study launched to contribute to the growing body of work on pay disparity. The study was conducted in partnership with the Southern Centre for Inequality Studies at Wits University. The pilot study used available employee data and tested methodologies to present a fact-based analysis of the pay gap in South Africa. Through this study, a rigorous and fact-based analysis of the pay gap was implemented, utilising relevant econometric models to explore the pay gap within five firms.
- > **27 MAY 2021:** Launch of the Transformation Blueprint for South African Companies in response to the need for accelerated transformation across the South African private sector. The Blueprint serves as a guide for organisations as they map their personal transformation journeys. The Blueprint is the result of the NBI's Inclusion Working Group, comprised of representatives from member companies, who set out to build innovative and collaborative approaches to transformation in the workplace.
- > **3 JUNE 2021:** Climate Finance Accelerator (CFA) launched in South Africa. The NBI, in partnership with GreenCape, were appointed as the local delivery partners. The CFA is a technical assistance programme funded by the UK Government, globally led by PwC, in collaboration with Ricardo Energy and Environment.
- > **18 JUNE 2021:** First Intergenerational Leadership Dialogue hosted by the NBI, to discuss Solidarity in the Workplace. Achieving solidarity in the workplace is a nuanced and complex journey. Intergenerational dialogues are one of the important vehicles to transport us there.

Against the challenging backdrop of the Covid-19 pandemic, as well as the ongoing socio-economic issues that South Africa continues to face, NBI has achieved some key outcomes over the past report year. Some of the key highlights from the past year that show how we are working to create a sustainable, equitable and thriving society are listed in this section.



- > **11 AUGUST 2021:** Launch of the Just Transition Pathways Project. (While this launch date goes into the following financial year, the bulk of the work took place in the reporting period.) This project addresses the double imperative of sustainable economic growth while ensuring a just and equitable transition to a low carbon economy for South Africa to 2050. Along with many countries, climate change directly threatens South Africa's prosperity. Impacts for the country include increased water scarcity, loss of arable land leading to food insecurity, increased coastal flooding, irreversible loss of ecosystems and biodiversity, as well as increased socio-economic inequality. To mitigate the worst effects of climate change, governments need to make significant investments to meet emissions reduction targets under the Paris Agreement.
- > **NBI CEO, JOANNE YAWITCH**, is appointed as a member of the Inaugural Presidential Climate Change Coordinating Commission (now the Presidential Climate Commission (PCC)).
- > **OVER THE PAST YEAR**, with funding and support from AECI, Astron Energy, the Grundfos Foundation, the Netherlands Embassy in South Africa and the PepsiCo Foundation, our COVID-19 emergency response efforts in the Eastern Cape, Western Cape and Gauteng have seen 11 000 of the 2- litre handwash units installed using the engineering skills of our Technical Assistance, Mentorship and Development (TAMDEV) programme.
- > **THE NBI MODERATED** a specialist panel of prominent experts, unpacking the inherent opportunities for a renewable energy dominant electricity system in South Africa, as part of the EU Day of conference side events. The NBI session was entitled: Envisioning and enabling a renewable energy dominant electricity system for South Africa, based on NBI-BUSA-IDDRl's 'Just Transition Pathway' project co-funded by EU and Germany's Ministry for Environment. This session was informed by insights from the NBI's Just Transition and Climate Pathways project, implemented in partnership with Business Unity South Africa (BUSA) and Boston Consulting Group (BCG).
- > **OUR CHAIR, CEO, PROGRAMME HEAD AND MANAGERS** were invited to speak at numerous prominent industry related events, participate in high profile panels, and contributed to various webinars throughout the reporting period.
- > **63 ONLINE EVENTS/WEBINARS** were hosted by NBI during the reporting period.
- > **2021 BROADCAST COVERAGE:** NBI was profiled in 260 articles (online and print media, locally and internationally) as confirmed by an independent media monitoring service. Our management team were interviewed for a range of top tier broadcast and publication media. This included NBI CEO (Joanne Yawitch), together with EU ambassador to SA, participating in a live panel discussion (removing obstacles SA's green economic recovery potential) on BusinessDay TV. Ms Yawitch was also interviewed twice on Cape Talk (Just Transition Finance Roadmap and Funding SA's Energy Transition). Ruth Troskie (TAMDEV) was interviewed on SAFM. Gugu McLaren-Ushewokunze (Social Transformation) appeared on Newzroom Afrika.
- > **52 QUICK BRIEFS/NBI NEWSFLASH UPDATES** and numerous press releases have been published through direct mailers and on the NBI website in the reporting period providing current information to member companies throughout the year.

04

>> National Business Initiative

VALUE CREATION FOR MEMBERS & SOCIETY

4.1 CAPITAL INPUTS¹

Capitals are defined as stocks of value on which all organisations depend for their success, as inputs to their business model, and which are increased, decreased, or transformed through the organisation's business activities and outputs. The capitals are categorised as financial, manufactured, intellectual, human, natural, and social and relationship.

4.1.1 FINANCIAL CAPITAL

The NBI's effort, activities and projects are financed by membership fees and project funding from donors.

4.1.2 INTELLECTUAL CAPITAL

The experience, knowledge, skills, and expertise of our team of staff, together with the learning and intellectual property available through our partnerships, enable capacity building and thought leadership. The brand, reputation, and character of the NBI enables us to engage stakeholders at the highest level and afford us access to necessary resources.

4.1.3 HUMAN CAPITAL

Our ability to deliver on our commitments is entirely due to the diligent efforts of our dedicated team of 33 staff, overseen by the Board of Directors.

4.1.4 SOCIAL AND RELATIONSHIP CAPITAL

The NBI's relevance is dependent on strong relationships with member companies, government, communities, civil society and other business organisations and stakeholders, locally and globally. The calibre, history, and depth of our relationships enable collective action projects, allow capacity building and foster trust.

¹ Environmental/Natural and Manufactured Capital are not relevant to the reporting of NBI due to the relatively small size of the organisation and the particular nature of our work activities. However, the NBI's environmental programme supports members and other stakeholders to anticipate and accommodate emerging environmental trends related to transition risk, climate change, energy efficiency and water to ensure that their environmental/natural capital is used in a sustainable way.

4.2 CAPITAL OUTCOMES

4.2.1 SOCIAL AND RELATIONSHIP CAPITAL

Productive, constructive, and supportive engagements, facilitated by the NBI with all tiers of government and civil society, strengthening relationships between business and stakeholders. Consistent project delivery ensures ongoing member confidence. Our social sustainability focus areas address certain of South Africa's most significant challenges including transformation, social cohesion, youth skills development and employment.

4.2.2 INTELLECTUAL CAPITAL

The NBI's project work, thought leadership and capacity building activities develop internal expertise and enhance the skills and capacity of our member companies and implementation partners. Our brand and reputation are strengthened by the consistent demonstration of our ability to deliver on commitments and projects, guide thought leadership and leverage our relationships with government and local and international business.

4.2.3 HUMAN CAPITAL

The NBI has a team of 33 skilled, qualified, and dedicated staff. These individuals are key knowledge experts across a range of subject matters and specialities. They enhance the thought leadership and knowledge generation potential of the organisation and our contribution to both our members and wider society.

4.2.4 FINANCIAL CAPITAL

Donor funding is allocated to specific projects and membership fees are invested for the purpose of remunerating staff and supporting other core activities which boosts our financial capital.

4.3 OUTPUTS

Collective action projects implemented by NBI in the reporting period include:

- > Thought Leadership reports released, and support events hosted include: The Transformation Blueprint and Maturity Curve, Gender Pay Gap Report and Pilot, Understanding the Experience of LBTQI+ Employees in the Workplace, Transparency in Corporate Reporting: South Africa 2020 (TRAC SA 2020).
- > The first Intergenerational Leadership Dialogue was hosted by the NBI, to discuss Solidarity in the Workplace.
- > The NBI, the British High Commission and a voluntary coalition of South African and multinational companies and GreenCape launched the Climate Finance Accelerator (CFA) programme in South Africa.
- > Capacity Building through one-on-one interactions with members, workshops, webinars, and the TAMDEV initiative (focus on ISA (Infrastructure South Africa) and certain municipalities).
- > 63 online events hosted with a variety of local and international partners and stakeholders.
- > 52 Quick Briefs/News Flashes and Thought Leadership mailers distributed.
- > CEO appointed as a member of the Inaugural Presidential Climate Change Coordinating Commission.

THE NBI HAS



SKILLED, QUALIFIED, AND
DEDICATED STAFF MEMBERS

4.4 CAPITAL TRADE-OFFS

Executing our programmes and conducting our activities requires that we access those capitals relevant to our business model as defined in the IIRC<IR>Framework (Intellectual, Human, Financial, Social and Relationship). We accordingly exercise choices regarding how, and where, the relevant capitals are utilised and allocated. Significant capital trade-offs during the reporting period include those summarised below:

- > As staff have largely transitioned to operate remotely given the COVID-19 operating context, upskilling of human resources and resources (in the form of equipment and software) were necessary. This ensured that the necessary skills and equipment were provided to guarantee the safety, efficiency, and professionalism aligned with our brand. (This situation will persist until a significant portion of the population has been vaccinated.)
- > COVID-19 has brought into sharp focus the importance of handwashing for improved hygiene, public health, and safety and to curb the spread of the coronavirus. However, safe access to handwashing is still considered a luxury for many people. To answer this call for improved hand hygiene the Environmental/Water and TAMDEV pathways developed a rapid and innovative response to the need for sanitation in high density and underserved areas. Although certain human capital resources were diverted away from our usual Water and Capacity Building activities, it strengthened relationships with local government and communities, addressed a pressing social need and enhanced the reputation and presence of the NBI.
- > The NBI further strengthened our communication strategy (a process begun in the previous financial year) to become increasingly dynamic, top of mind and relevant in the virtual and digital space. We focussed on bringing high quality, regular content to our members across a range of platforms. We have raised the presence and positioning of NBI as both a thought leader and an implementation partner, both in the public and private sectors and have amplified our brand and online presence.
- > We prioritised the recruitment of a membership growth and retention manager, with the intention of appointing this resource in the following reporting cycle. The intention is to enhance the capacity in the membership team to mitigate the membership risks presented by the volatile operating environment and to further capitalise on the opportunities for growth.



THE NBI STRENGTHENED OUR COMMUNICATION STRATEGY

becoming increasingly dynamic, top of mind and relevant in the *virtual and digital space*.

4.5 INCREASED VALUE TO OUR MEMBERS

The NBI's value lies in the ability to create platforms that bring members together with all spheres of government and key stakeholders. Building their capacity, identify areas of shared risk and opportunity, through thought leadership, and define issues for collective action implementation. The NBI's independence and objectivity, its track record and grounding in business, combined with our positive and cooperative relationships, ensure that we are a source of value to the business community:

NBI members are:

- > Recognised as a source of innovation and positive action, as well as a trusted implementation partner.
- > Have actively implemented collective action projects and influenced policy through business-led solutions.
- > Are sufficiently respected to speak out, through directed courageous conversations, against mismanagement, poor practice and corruption in both the public and private sector.

As a business collective, the NBI provides the progressive leadership and advocacy roles which South Africa needs to support and accelerate business action towards achieving a sustainable, equitable and thriving society.

The 2021 membership strategy has aimed to:

- 1 Demonstrate the NBI's value proposition, relevance, and differentiation, while also profiling its collaboration with other organisations and partners through high-profile events.
- 2 Demonstrate and communicate the NBI's value proposition in action by profiling key thought leadership in the media and showing how members can participate in delivering the value proposition, including how this can assist members with their own sustainability and growth.
- 3 Make use of the NBI's Thought Leadership as well as Capacity Building Sessions to profile both the NBI's own activities, as well as best practice and learning through sharing opportunities. (For example, a member company shared their experience of brand recovery in light of COVID-19 during a Brand South Africa webinar, which was considered to be very valuable for other member companies.)
- 4 Scale up our membership engagement and increase our understanding of the needs and priorities of each individual member, including being clear about the value they require from their NBI membership. We have always sought, to the greatest extent possible, to customise the value proposition to member needs. Going forward we intend to deepen this through our membership customer journey/change management programme. To deliver this we are developing a set of tools, that individually applied, will assist members to raise their ambition and that will also provide them with the individual and collective support to achieve their goals. This approach will provide members with greater clarity on the value of their membership, individually as a company and for the realisation of the NBI's collective action strategy and purpose.

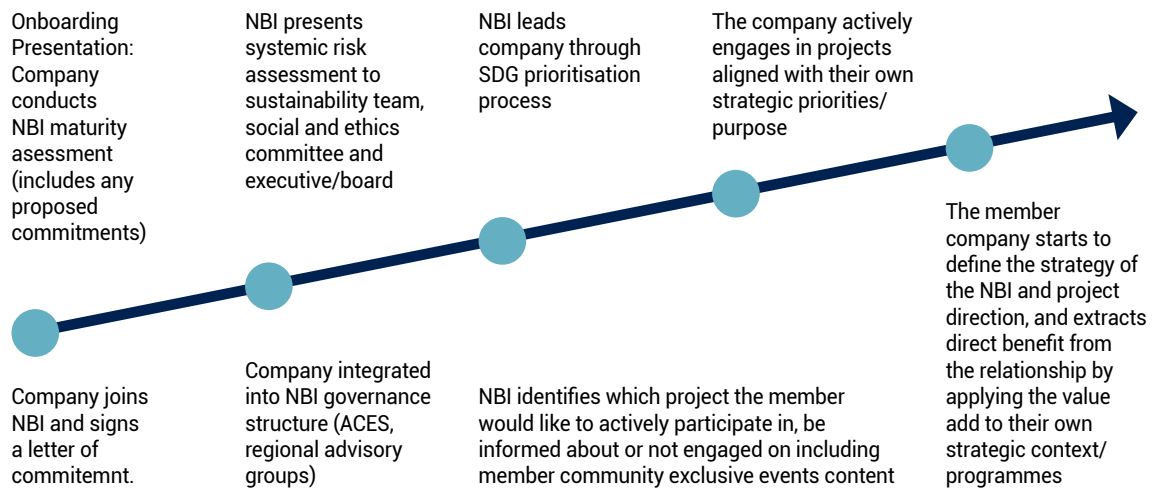
- 5 Enhance the support of the NBI Board and Board Committees in profiling and supporting NBI membership retention and growth. Specifically, this will include giving Board members a key role to perform in raising the NBI's profile.
- 6 Continue with seamless and efficient membership management and administration, including cash flow through timeous receipts of NBI Membership Investments.

We have, where relevant, supported members with flexible payment arrangements for companies in distress, while still retaining their commitment to the NBI and their membership.

Uppermost in our minds is the relevance of the NBI's value proposition to members and the work of retaining and increasing our membership. Our members, through their voluntary commitment, are the essence of the NBI, and the foundation of our gravitas; our key asset. Active member commitment allows the NBI to build trust in the role of the private sector, through collective action, to achieve significant economic and social transformation in South Africa.

To retain and grow our membership, within this operating context, the importance of communicating the outcomes and impact of our work cannot be over emphasised.

NBI CUSTOMER JOURNEY



CHANGE MANAGEMENT GOAL: Increasing progressive levels of commitment
 Company signs up to NBI principles: GBV, SBT, Net-Zero, Transformation, Ethical leadership and building trust in the role of business in South Africa through action.





Since our inception in 1995, the NBI has made a distinct impact in, amongst others, the spheres of housing delivery, crime prevention, local economic development, public sector capacity building, further education and training, schooling, public, private partnerships, energy efficiency and climate change.

NBI MEMBERS

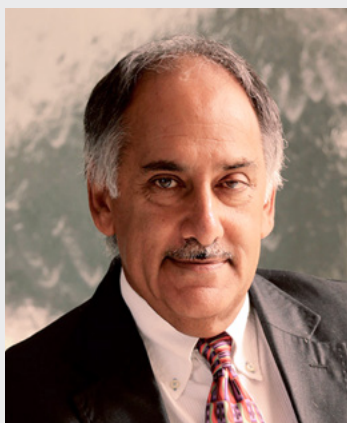
ABB	Famous Brands	PEPSICO
ABSA	Global Change	Pick n Pay
AECI	Grindrod	Promethum Carbon
African Bank	Growthpoint	PwC
Anglo American	Ginaker LTA	Renew
Aspen Pharmacare	Harmony	Rand Merchant Bank
Astron Energy	Hill-Knowlton Strategies	SAB
Aurex	Hollard	Sanlam
Barloworld	IBIS	Santam
Burton, Cohn & Wolf	ICC	SAPPI
BCG	Illovo	SAICA
BP Petroleum	Imperial	SASOL
Carbon Calculated	IMS	Sea Harvest
Concor Construction	Jonsson Workwear	South 32
Clicks Group Limited	JSE	Spar
Climate Neutral Group	KPMG	Shell
EY Cova Tax Consulting	Liberty	Standard Bank
De Beers Group	MAC Consulting	Sun International
Deloitte	Momentum	Tiger Brands
Discovery	Metropolitan	Tongaat Hulett
Distell	MABSA	Toyota
Dolphin Bay	Mondi	Thungela
Engen	Motus	Transnet
ERM	Nedbank	WITS University
Eskom	Ninety One	Stellenbosch Business Scholl
Exxaro	Norton Rose Fullbright	Vodacom
FNB	Oceana Group Old Mutual	Woolworths
Firststrand	Pareto	
FTI Consulting	Pangea	



05

>> Social & Economic Transformation

CHAIRPERSON'S REPORT



The 2021 financial year has presented South Africa with both risks and opportunities and has further amplified what was already a fragile outlook for our economy. It has become increasingly critical that we support economic recovery in the short term, while accelerating significant structural reform in the long term, in an effort to enable recovery and growth.

Cas Coovadia
Chairperson

South Africa's medium-term priorities include supporting and developing tourism, promoting renewable energy, advocating a collaborative effort for infrastructure investment, and driving transformation to achieve sustainability and inclusive growth.

Our members' operating environment remains challenging. It is crucial that we continue to clearly demonstrate value in a context in which companies are under severe financial stress. While COVID-19 and the social and political unrest in certain parts of the country during 2021 has increased the risk of reduced membership, it has simultaneously re-emphasised the vital and urgent nature of the NBI's work.

At a collective level, business organisations in South Africa are being challenged to find creative and concrete solutions that will support the post COVID-19 recovery and address our structural economic challenges. Accordingly, the NBI continues to robustly interrogate issues relating to the role of business in society:

- > How should companies best engage with their stakeholders?
- > To what extent does business have a responsibility to address social ills?
- > How can we achieve maximum impact through our collective action?

Our programmes are structured to address these issues through thought leadership and action.

In developing the NBI's refocused strategy, the challenge is how to appropriately locate a COVID-19 response, with an economic recovery focus at its centre, while simultaneously addressing the inequalities which pervade our society. Engaging our member companies in economic and social transformation is our strategic priority and a critical business imperative.

The current circumstances potentially offer the opportunity for a fundamental shift in the way that corporate South Africa operates. The unity of purpose shown by business in the past months has built a strong basis for working alongside government and other role-players to rebuild a sustainable and more equitable society. Now is the time for us to mindfully consider the future we want to create, and collectively draft the plans for how we will get there.

We have thus continued to review our efforts, in terms of relevance in the current operating context and for our abilities to show the way forward to our members. Our work has also been reviewed considering the outcomes of the Board strategy session. Going forward we will continue to focus on the need to further strengthen our relationship with government and other key stakeholders, exercise ethical leadership and simultaneously build both trust and bridges. Furthermore, we must strengthen institutional capacity and build resilience, while delivering on our strategic imperative of supporting socio-economic transformation.

Internally, as the consequences of the economic crisis for our membership and our revenues becomes clearer, we will continue to do the work to review our business model, restructure and find ways to build integration across work areas.

To do this, the NBI's proposed impact framework focuses on three key outcomes:

- > Working to ensure South Africa's economy is inclusive, equitable, competitive and sustainable;
- > Building institutional capacity to support social and economic transformation; and
- > Endeavouring to ensure that South Africa is a society characterized by a high degree of trust.

5.1 FOCUS AREA PROJECTS

Despite the ongoing challenges presented by the operating environment, our projects within the NBI focal areas have made significant progress.

Social Transformation is a key priority and an absolute business imperative. This necessity has been thrown into stark relief by the pandemic. Business must immediately address transformation as an urgent, critical business requirement in their most direct interest, both internally and in relation to their stakeholders. For this purpose, we have worked to supply practical tools (in the form of the Transformation Blueprint and Maturity Curve) to enable business to move beyond box ticking, honestly assess their progress and drive tangible change in this regard.

The work on the Gender Pay-Gap Pilot report (with its own tool kit) and further work on gender-based violence remains the entry point for the gender equality imperative. Our youth employability work has concentrated its effort on the township economy and supporting small enterprises to incorporate and up-skill young people.

Our Climate Change work has included the Just Transition Pathways Project, a sector-level pathway to net-zero by 2050 for the major economic-contributing and heavy emitting sectors of South Africa's economy. This work demonstrates what is needed in terms of local policy, local and international finance, and support (including trade). This technical evidence-base is critical in galvanising support for and action towards a net-zero future. A key aspect of this work is a transition framework to comprehend the social impacts and requirements to ensure that the transition is just. We believe that the work done by the NBI, Business Unity South Africa (BUSA) and Boston Consulting Group (BCG) on net-zero pathways, provide important inputs into the deliberations around South Africa's Nationally Determined Contribution (NDC) in the lead up to COP26 in November 2021.

Our Water work has continued to focus on both the need to prioritise strategic water areas as well as the requirement to improve water revenue streams. This is necessary to create investment opportunities in water through building the capability of local government to deliver services.

TAMDEV, as our newest programme (started in 2019), has gained significant traction in the past year. The TAMDEV team are working with a range of local government, private sector, and development institutions to address key governance capacity issues. Going forward we hope to foster even greater receptivity from government in respect of private sector support, to expand work in the municipal sector, to initiate more projects with companies and to move into supporting the rollout of the national infrastructure plan.

5.2 BOARD AND MANAGEMENT

The Board is in possession of all the necessary capacity and skills to lead the organisation with excellence and commitment. This is true from a strategy, policy, and accountability perspective. The NBI is most grateful for their dedication. Our Governance Framework and processes led by the four committees continue to maintain the NBI's ethical and principled culture through their vigilant oversight.

Despite extremely challenging circumstances, the NBI's CEO and Management have remained stable, maintained membership levels, and have enabled financial health and stability as a result of a steady fee income and significantly increased project funding. Accordingly, we have been able to up-skill existing staff and recruit additional resources. On behalf of the Board, we would like to express gratitude for the energy and commitment that Management continues to demonstrate. The NBI staff, led by their steadfast CEO, Joanne Yawitch, have continued to show resilience, resolve and courage as they drive the NBI vision forward and translate it into tangible action. A special word of appreciation to all of you.

MAIN BOARD FOCUS AREAS 2021

- > Business Model review
- > Overseeing delivery against 2021 focus areas and approving strategy and focus for 2022
- > Providing support to management in respect of membership challenges
- > Supporting the unlocking of infrastructure projects in an effort to create jobs and momentum

06

NBI >> Operations, Finances and Leadership STRATEGY



6.1 OPERATIONAL CONTEXT

COVID-19 has exacerbated and highlighted a myriad of societal and environmental challenges, which predated the pandemic, and the lockdowns have conclusively laid bare the country's historic fault lines. Solutions to our multiple and layered inequalities are complex and will require diligent, strategic, collective action engaging the tireless collective effort of the public and private sector. The existing issues, together with protracted pressure from the virus, have led to open political and social unrest, both locally and globally. The issues we face have escalated to the point where they can no longer be deferred. It is a business imperative to identify and implement solutions that support economic growth while working to urgently resolve the factors that have contributed (and continue to contribute) to South Africa's social, economic, and environmental challenges.

The pandemic highlighted and exacerbated the following issues:

- > Structural economic and fiscal problems, which are reflected in the national debt burden, and unacceptable unemployment levels (especially amongst the youth).
- > Unethical practices and corruption.
- > Environmental apathy and deterioration.
- > Inequality and poverty, as evidenced across a wide range of social ills including gender-based violence, racial inequality, and inequality in access to health care.

Our members have and continue to experience a significant impact from COVID-19, which continues to impact on the NBI in several ways:

6.1.1 INCREASED FINANCIAL PRESSURE

Value must be delivered and demonstrated to members more clearly than ever, so as to retain membership income. In addition, the NBI must review its business model and work to improve the income ratio of funding to membership fees.

6.1.2 DETERIORATED OPERATING ENVIRONMENT

Businesses have been severely impacted by the pandemic and ensuing economic crisis, leading to increased job losses and unemployment. This further highlights the fundamental need for the NBI's strategic inputs in terms of sustainable, long-term socio-economic development.

6.1.3 GREATER SOCIAL PRESSURE FOR CHANGE

Pressure from all stakeholders will lead to an increased understanding that social and environmental change is now an urgent, permanent business imperative. The combined impacts and resultant lived experiences of climate change and the pandemic have further exacerbated these realities.

6.1.4 TRUST AND LEADERSHIP

The ongoing response of business to COVID-19 through (Business for South Africa) B4SA (in which the NBI was directly involved) as well as the key contributions of the Solidarity Fund (which the NBI assists from an administrative and staffing perspective) have built trust in the business community and enhanced its credibility as a key agent for change. We are committed to helping maintain and enhance this positive momentum through the work of the NBI.

6.2 THE NBI'S STRATEGIC IMPERATIVE

The purpose of the NBI is to support and collaborate with the South African business community to play a meaningful, trust-based, and active role in the achievement of a sustainable, equitable and inclusive society. Since its inception, 26 years ago, the focus of the NBI has been to positively influence and catalyse the role of business in a sustainable society. We believe that those companies which embrace accountability for these broader issues are best positioned to survive, thrive, and lead into the future while growing responsibly and maintain their competitive edge. We therefore advocate that forward thinking companies are NBI members.

By driving difficult and courageous dialogues that increase understanding and awareness, building capacity in business and government, and leading to action in respect of economic and social transformation, we assist companies to develop long term strategies relevant to the evolving realities of business in South Africa. We also make a meaningful contribution to transforming our society. Our assistance includes fostering productive engagement between stakeholders, highlighting the obligation of business to play its part in addressing social ills, identifying concrete ways to increase impact through collective action and building trust in the role of business in society.

"A successful implementation of our strategy, monitored through the indicators laid out in the scorecard, within the NBI impact framework, will contribute to moving South Africa into the desired state which will accrue benefits to Society, including NBI members."

NBI Board Scorecard
June 2021

6.3 REFINING OUR STRATEGY IN RESPONSE TO TIMES OF CRISIS

The NBI strategy, which is constant and unwavering in its essence, was reviewed in 2020 to position economic recovery at its core in response to the COVID-19 pandemic, while continuing to address the structural fault lines and inequalities that permeate our society. We are deeply aware that in times of crisis an increased necessity for bold leadership emerges. The NBI is perfectly positioned to step into that role.

We have accordingly confirmed the relevance of our current programmes while implementing slight adjustments to provide increased, visible and direct outcomes in the following areas:

Investment opportunities

Our collective action programmes create investment opportunities for our members to transform their businesses, stimulate growth and employment and work towards the eradication of poverty and inequality in their societal contexts.

Company commitment to society made visible through bold leadership platforms

We have enhanced our content and communications strategy to focus on bold leadership, urging our members to implement significant and ambitious change as a part of their business imperative.

Customised support to members

This support will help members set and achieve increasingly ambitious goals across our work areas, provide them with platforms to lead, and provide the support they need for implementation.

In support of these outcomes, we have significantly strengthened our communications, content, and social media messaging. Our virtual and digital capacity has also been substantially improved, positioning us to host world-class online events. The shift to online engagement has also enabled us to tap into the wealth of resources available to us via our local and global partners. In this way, we are providing high quality content and global thinking to our members and providing an international audience for their achievements and contributions.

1. RECOVER/ADAPT	2. LEAD	3. LEARN	4. DELIVER IMPACT
Focus on economic recovery	Strategic thought leadership	Building capacity of stakeholders	Designing and implementing collective action projects
HELPING MEMBERS TO ACHIEVE THEIR GOALS BY:			
Collective action programmes to support members in crisis and create investment opportunities	Creating leadership platforms for members to be recognised and to influence socio-economic transitions	Building the capacity of members to identify build and communicate their transition pathways	Providing practical ways to make a difference and creating investment opportunities for our members

6.4 STRATEGY IMPLEMENTATION

At the beginning of each financial year a scorecard is drafted for the purpose of defining our strategic focus, against which delivery is monitored and measured by the NBI Board. The four high level indicators set at the start of the 2021 financial year were:

Engaging our member companies in economic and social transformation.

The NBI interventions, which are detailed in this report, speak to this in the following ways:

- 1 South Africa is an equitable place to work. Ongoing Social Transformation programmes.
- 2 The economy is inclusive. Ongoing Equity and Social Cohesion and Pathways to Employability.
- 3 The economy is competitive in a net carbon neutral global economy (2050). Ongoing Transitions Pathways and Just Transition Programme.
- 4 Key economic sectors are water secure. Ongoing Environmental Sustainability programmes.
- 5 The economy is resilient to shocks (including from climate change). Ongoing Environmental Sustainability programmes.
- 6 Government is effectively delivering services. Ongoing TAMDEV interventions.
- 7 Public and private entities are corruption free and demonstrating ethical leadership. Ongoing Ethical Leadership and Anti-Corruption.
- 8 Member companies are convinced of the role of business in leading economic development and are implementing innovative solutions. Ongoing Leadership platforms in Environmental Sustainability, Social Transformation, SDGs and NDP.
- 9 NBI member companies are participating in collective action. Ongoing across all programmes.

Maintaining corporate governance, risk and financial excellence

Ongoing

Ensuring the financial stability of the NBI

Ongoing

Providing effective leadership

Ongoing

Each focus area drafts detailed operational plans that align with the NBI's strategy and include specific outcomes linked to actions which drive delivery in that focus area. Progress is monitored by management and reported to the Board quarterly.

NBI's Impact Framework:



01

The SA economy is inclusive, equitable, competitive and sustainable.

- > South Africa is an equitable place to work
- > The economy is inclusive
- > The economy is competitive in a net carbon neutral global economy (2050)
- > Key economic sectors are water secure
- > The economy is resilient to shocks (including from climate change)



02

South Africa has the institutional capacity to support social and economic transformation.

- > Government is effectively delivering services
- > Functional institutional mechanisms enabling public and private sector collaboration are in place



03

South Africa is a society characterised by high degrees of trust.

- > Public and private entities are corruption free and demonstrating ethical leadership
- > NBI member companies are convinced of the role for business in leading economic development and are implementing innovative solutions
- > NBI member companies are participating in collective action



07

>> Social & Economic Transformation

CEO'S REPORT



2021 brought no respite to South Africans and our stakeholders and the NBI continued to operate in a challenging environment. With health and safety remaining a top priority, our staff continued to work largely from home, with a hybrid strategy going forward. We have developed a range of new skills, resilience, and coping mechanisms for online working options to be an efficient alternative.

Joanne Yawitch
CEO

Networking and relationship building with members and stakeholders remains challenging and we are constantly finding innovative ways to engage, while honing and upgrading our online skills and tools to ensure that we are at the cutting edge of virtual event management. Despite the agility of the NBI in adapting to the new ways of working, there have been inevitable challenges and delays with certain of our projects. We anticipate that these issues will be ironed out as all stakeholders stabilise and adjust to the changed working environment. We have significantly grown our staff complement in 2021 and the onboarding and integration of new team members in a work-from-home environment has presented additional challenges.

Our core strengths remain our ability to build bridges, our robust relationships with all three tiers of government and our capacity to drive coordinated, collective action. More than ever these strengths are needed to drive the communal effort needed for the country's recovery from the crises presented and highlighted by COVID-19.

7.1 HIGHLIGHTS FROM THE BUSINESS UNITS

The NBI's three Units: Social Transformation, Technical Assistance Mentorship and Development (TAMDEV) and Environmental Sustainability, continue to produce work of the highest standards.

The social transformation, inclusion, and anti-corruption work in 2021 has continued to focus on matters of inequality and to support corporates in addressing these issues, both internally and in relation to their stakeholders. The work of the Inclusion Working Group culminated in the launch of the Transformation Blueprint and Maturity Curve. This work provides practical guidance in the journey towards becoming a transformed workplace. Furthermore, it supplies tools to enable analysis of where transformation progress has been made and precisely where gaps persist. The work on the Gender

Pay Gap and gender-based violence (GBV) remains the focus of this conversation. Our youth employability work focused on the township economy and supporting small enterprises to incorporate and up-skill young people. To this end, several artisanal cohorts have progressed through our partner TVET (Technical Vocation Education and Training) colleges and the implementation of IRM (Installation, Repair & Maintenance) Hubs in three locations is proceeding as planned. In the area of anti-corruption, good progress has been achieved in respect of the online capacity building curriculum development, with only cosmetic changes still required. The imperative now is to raise funds to build the platform which will enable delivery of the curriculum.

The 2021 Climate Change work focused primarily on Transition Risk/Just Transition, which resulted in the development of 2050 climate pathways for zero carbon emissions for key sectors of our economy. This research includes significant work in respect of both financing options and project management. It provides a coherent business view of transition pathways across sectors and feeds into the Government's processes in the run up to COP26 (November 2021). It is also intended to provide the necessary level of detail that will enable investable projects to be identified which can feed into a green stimulus. This includes our work with the financial services sector in South Africa on product innovation and pricing. Our Energy work remains focused on delivering on energy efficiency outputs with municipalities and on creating an energy efficiency fund, while at the same time undertaking thought leadership on the energy transition.

Our Water focus continues to identify investment opportunities in water while building the capability of local government to deliver services. The regional partnerships (uMhlathuze, Western Cape and Gauteng) are focusing this work on key economic hubs that are water scarce areas of the country. In the medium term, as part of B4SA, we will continue to provide sanitation stations and boreholes in areas where communities require them (currently focused on Ekurhuleni and Cape Town).

As part of creating investible opportunities, we will continue to build the capacity of member companies and innovative water projects and investment (for example through implementing water PPPs (Public Private Partnerships) and pilots). We are proud of the milestone of the 5th anniversary of the uMhlathuze Water Stewardship Partnership (UWASP). UWASP is a recognised example of global best practice in public and private sector water collaboration and this anniversary is a significant highlight.

The NBI has tested a methodology to support companies and sectors in integrating the Sustainable Development Goals (SDGs) into strategy and operations. We have worked with companies, including those in the banking sector and the agro-processing sector, to test this approach. The individual company projects add tremendous value to member companies. We are looking forward to institutionalising this work across the organisation. This will ensure that it forms part of all our content areas, as we also develop a guide and toolkit that will enable companies to implement the methodology developed.

TAMDEV has made significant strides in the past year. We hope to expand its work in the municipal sector, initiate more projects with companies and move into supporting the rollout of the national infrastructure plan. Focus areas from the reporting period include supporting Infrastructure South Africa (ISA) in their mandate to provide a credible infrastructure pipeline through the support of ten technical experts. Other focus areas included the Eastern Cape Project Management Office (6 technical mentors support capacity in four municipalities), the Waterberg District Municipality (10 technical mentors provided to strengthen municipal capacity) and the ongoing COVID-19 sanitation intervention. A highlight of the reporting period was the signing of a MOU (Memorandum of Understanding) with the Department of Cooperative Governance and Traditional Affairs (CoGTA).

7.2 COMMUNICATIONS

We have invested in strengthening our communications work in the last financial year, which included the appointment of a Content Manager. We have increased our social media presence, updated our branding and positioning, and increased the quality and quantity of our content outputs. These changes are beginning to generate dividends and in 2022 we will continue to focus on this work and sustain the gains we have made.

A core set of skills has been built to enable the NBI to stay relevant and competitive in an on-line environment. Attendance has increased at virtual events compared to physical events, although the networking and interaction element remains compromised in a virtual operating environment. We will continue to find innovative ways to overcome these challenges and hope to have more face-to-face interaction following the rollout of the vaccine.

7.3 MEMBERSHIP

Despite the ongoing disruption, loss of membership has been minimal and has stabilised. This is clear evidence of support and buy-in to our work and strategies. We are, however, not

complacent, and are committed to ensuring that we continue to demonstrate significant value by delivering on the three pillars of our impact framework, both to our members and our partners, into what is likely to be an increasingly difficult and volatile operating environment. By centring our work on the three phases of COVID-19 recovery (immediate crisis, rebuilding and long-term sustainable growth), we ensure that our value offering is strategically aligned to what companies need most during each phase. Recognising the difficulties that our members find themselves in, we intend to increase the delivery of membership value. With this in mind, we have introduced the Membership/ Customer Journey as an additional value-add, which also serves to deepen the relationship with our members.

The above value-adds, and our existing value creation, will continue to be delivered through our thought leadership, capacity building and collective action activities, enabling our members to lead, learn and deliver impact. We will also incorporate a greater focus on industry-wide initiatives, such as our Transition Risk/Just Transition and IRM (Installation, Repair and Maintenance) work.

A further innovation through which we have supported our members has been the flexible payment arrangements which we were able to offer companies in distress.

7.4 FINANCES

Despite the complexity of the operating environment in which our members and funders find themselves, the NBI remains financially stable. Although there has been a decrease in membership income (4% year on year), project income has increased by 60% and is above budget. Project income is now significantly greater than membership income, prompting the need for a Business Model Review in 2022. Unit expenditure costs remained within budget due to the absorption of unbudgeted consulting costs from savings in events and travel. Total costs increased by 20%, partly due to increased personnel costs which are attributable to new appointments, linked to programme implementation and secured funding, and a cost-of-living increases. At this point, I want to acknowledge the commitment of management, who voluntarily forfeited increases and bonuses in 2020. The NBI ended the year with a surplus of R2.8 million.

7.5 FORECAST

With approximately 20% of the population being fully vaccinated at time of writing, the 3rd wave and the 4th wave, it is likely that the disruption and volatility we have grown accustomed to in our operating environment will remain unchanged. The general unrest of 2021 and the municipal elections exacerbate volatility in November 2021 continue to emphasise the critical role that the NBI plays in addressing the fault lines, structural weaknesses and inequalities that pervade our society. The strategic, transformative value that the NBI adds has never been more necessary. The NBI has shown its capacity for flexibility and agility and has continued to operate efficiently. This has strengthened our resolve and confidence and we aim to further our goals via larger and longer-term projects with the support of our partners and members.

08 OUR MATERIAL MATTERS

The NBI's material matters are those issues that have the most important impact on the organisation's capacity to create value and long-term sustainability. We detect and prioritise our material matters through our risk process, Board and management deliberations, membership interactions, engagement with all stakeholders, strategic planning sessions and the reporting process. These matters impact our strategy, focus areas, decisions on capital trade-offs, activities and the information disclosed in this report. In recognition of the fact that environmental, social and governance risks and opportunities have financial outcomes, our material matters include financial aspects.

COVID-19

COVID-19 impacted the way we work. At the outset of the pandemic we immediately implemented protocols in line with the national regulations to ensure the safety of our staff and stakeholders. We closed our offices and switched to remote working during lockdown and elected to continue working in a largely remote/hybrid fashion for the reporting period.

Our ways of working, delivery on our various programme areas and planned activities as well as our strategic focus had to remain agile and adapt to the new and changing 'normal'. The impact of the pandemic has heightened awareness of the need to address the myriad societal issues South Africa faces and the need to enhance the relevance of the NBI's programmes in these areas. At the same time the pandemic made stakeholder engagement challenging and placed business in general and many of our members in particular, under pressure which impacted funding potential.

STRATEGIC POSITIONING

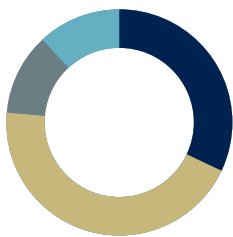
South African Businesses are being challenged to identify solutions that will support a post COVID-19 recovery and address our structural economic challenges. We have adapted the NBI strategy to ensure that we remain relevant and aligned with member priorities within the post COVID-19 context. The NBI communication strategy and additional content resources aim to ensure that our value proposition is clearly and consistently communicated.

HUMAN CAPITAL

Our employees, including management and work stream heads, comprise the human capital available to the organisation to implement our programmes and support our activities. WE rely on our capacity to attract, develop and retain motivated staff with the necessary skills to deliver on our strategy and programmes.

At the end of June 2021, there were 33 diverse staff members employed by the organisation, all of whom have continued to experience skills and relationship development and training despite the many challenges of remote and hybrid working environment.

The NBI's performance management and review process includes biannual meetings to track progress against agreed deliverables. These meetings further support staff by identifying performance barriers and training requirements to support ongoing delivery. Various new appointments have been made in an effort to improve our capacity, plan for succession and provide support and content for our enhanced communication strategy.



White 33.3%
Black 42.4%
Indian 12.1%
Coloured 12.1%



Male 24.2%
Female 75.8%

ETHICS AND GOVERNANCE

The principles of good governance support the long-term sustainability of any organisation. It is of particular importance that the NBI operates ethically and with irreproachable integrity. We must both do so and be clearly seen to do so. Doing so sustains the high levels of trust of our members, partners and other groups that make our activities possible and that are essential to our role as bridge builders between stakeholders. Our focus on business leadership also requires that we consistently demonstrate ethical practices and good governance. The NBI's governance structure and practices align with the principles of King IV and support compliance with the Companies Act.

PROJECT EXECUTION

The NBI's track record of effective project implementation is one of the strengths that causes it to stand out from other business organisations and has cemented us as a respected implementation partner of both the private and public sector. The NBI's strong implementation experience and support builds trust with stakeholders and ensures that financial capital is responsibly managed and efficiently and effectively allocated. Our strategy and approach prioritise the allocation of adequate financial and human capital to projects to ensure that they are properly resourced and implementation is continuously monitored and supervised.

FINANCIAL SUSTAINABILITY

The NBI must ensure that we raise sufficient financial capital annually to support activities, deliver on project commitments and grow reserves to create an adequate buffer for periods of erratic cash flow. We rely on membership donations (which has slightly decreased) and project income (significantly increased and above budget) and prompting the need for a business model review in 2022. This is a positive, intended and strategic shift partly based on the fact that a weak economy and uncertainty from a policy perspective has resulted in the reality that business in South Africa has experienced unrelenting pressure for a number of years. The COVID-19 crisis has intensified the pressures businesses face. As a result, the risk of membership donations being affected by cost cutting pressure and closures is a reality. NBI has anticipated and planned for reductions in membership, late payment and non-payment. Despite the intended focus on project income, we nevertheless continue to engage with members to ensure that our focus areas remain relevant and continue to deliver tangible value. A funding strategy is in place, supported by the Board's Membership and Fundraising Committee, where we continue to explore fresh strategies to further diversify funding sources. Cost management remains a priority carefully balanced against the need to ensure resources are available to guarantee project delivery.

Primary capitals available to NBI are our human capital, the trust relationships created with stakeholders and the intellectual capital created through our ways of working. Employee costs consequently comprise more than 75% of the value distribution with the balance of costs allocated to member-related activities and infrastructure costs.

STAKEHOLDER ENGAGEMENT

The deep and lasting relationships that NBI has fostered with its stakeholders are one of our most important strengths and key to our ability to enable collective action by building bridges between government, business, society and other key stakeholders. Stakeholder engagement is an ongoing focus and is central to both our purpose and strategic intent. Positive engagement with our stakeholders builds social and relationship capital, ensures that we have a good grasp of the unique interests and concerns of stakeholders and informs our strategy and programmes. Given the relatively small size of the organisation, we are obliged to balance the time and human capital resources required for individual engagement with members to support their sustainable development priorities with delivery on wider projects and building future programmes.

The NBI's communications are an active and critical engagement channel that provides exposure to and contact with key stakeholders as well as the broader public who may have an interest in the work of the NBI. These communications include: On a clear Day, Quick Briefs, thematic and project reports, news updates and releases, LinkedIn, Twitter our YouTube channel and website.

Our key stakeholder groups, their concerns and how we address these are shown in the table below:

STAKEHOLDER AND KEY CONCERNS	HOW WE ENGAGE WITH THEM	HOW WE ADDRESS THEIR CONCERNS
MEMBERS		
A clear, unique value proposition	Ongoing one-on-one interactions Membership Council (national and regional) Board representation, programme advisory structures, various publications, dialogues and events	Ongoing engagement to ensure that we understand their changing priorities and interests
Value for money an return on investment		Regular communications to raise awareness around key issues and demonstrate value that NBI adds
Access to government at the appropriate level and trust building		Delivery on our core projects and collective action programmes
Opportunities for capacity building and collective action		Direct one-on-one support
Exposure to peer learning		Providing bold leadership platforms and networking opportunities
New Investment opportunities able to transform business, stimulate growth, create jobs, reduce inequality and poverty		Thought leadership in support of sustainable development Secretariat role in supporting broader business/government partnerships
GOVERNMENT (NATIONAL AND REGIONAL)		
Advancing sustainable development and social transformation in RSA	Ongoing project-level interaction	Regular interactions to ensure that we understand their changing priorities and interests
Business participation in collective action projects	High-level interaction	Delivery on our core projects and initiatives to meet immediate needs
Access to business thought leaders	Interaction with other business organisations	Developing thought leadership
Opportunities for capacity building and collective action	Participation in working groups	Leveraging strong relationships with government to play a bridging role between government and business
	One-on-one support of key officials	
PROJECT BENEFICIARIES		
Effective sustainable development	Interaction during project setup, delivery and closure/exit	Delivery on our core projects

"Stakeholder engagement is an ongoing priority and central to the NBI's purpose and strategic intent. Our ability to build bridges between stakeholders is a significant strength of the NBI and critical to our ability to catalyse collective action at scale."

STAKEHOLDER AND KEY CONCERNS	HOW WE ENGAGE WITH THEM	HOW WE ADDRESS THEIR CONCERNS
PROJECT SPONSORS		
Efficient and effective delivery on projects	Interaction during project setup, delivery and closure/exit	Delivery on our core projects
Transparent and accountable allocation of project funds		Thought leadership in support of sustainable development Regular reporting of project progress, spending and outcomes
OTHER BUSINESS ORGANISATIONS AND COLLABORATIONS (B4SA, BUSA, BLSA, BBC)		
Coordinated and collaborative sustainable development in support of business and society	Interaction through partnerships and other business forums	Delivery on our core projects and initiatives to meet immediate needs
Opportunities for economies of scale in collective action		Regular interactions to drive strategic alignment
EMPLOYEES		
	Ongoing interaction	Responsible HR practices and fair play
Fair play	Performance reviews	Performance management reviews
Business sustainability		Ongoing communication
Good working conditions		Development through our team-based approach, on-the-job training and internal skills development
Opportunities for personal development		Effective health and safety protocols and remote working if necessary
Health and safety (during COVID-19 and generally)		ICAS Employee Wellness Service
ACADEMIC INSTITUTIONS		
Partnering to provide thought leadership	Ongoing interaction	Delivery on our core projects
	Participating on advisory boards	Developing thought leadership
	Lecturing	
STRATEGIC PARTNERS		
Advancing sustainable development and social transformation in South Africa	Ongoing project level interaction	Delivery on our core projects
Demonstrating the contextual relevance for South Africa	High-level interaction	Developing thought leadership in support of sustainable development
Opportunities for shared thought leadership and economies of scale in collective action		
DELIVERY PARTNERS (CDP, SPECIALIST CONSULTANTS)		
Advancing sustainable development and social transformation in South Africa	Ongoing project-level interaction	Delivery on our core projects
	High-level interaction	Developing thought leadership in support of sustainable development

09

PROGRAMME AREAS

NBI'S PROGRAMME AREAS

- 9.1 SOCIAL TRANSFORMATION
- 9.2 TAMDEV PROGRAMME
- 9.3 ENVIRONMENTAL SUSTAINABILITY



**GUGU MCLAREN-
USHEWOKUNZE**
Head: Social
Transformation

9.1 SOCIAL TRANSFORMATION

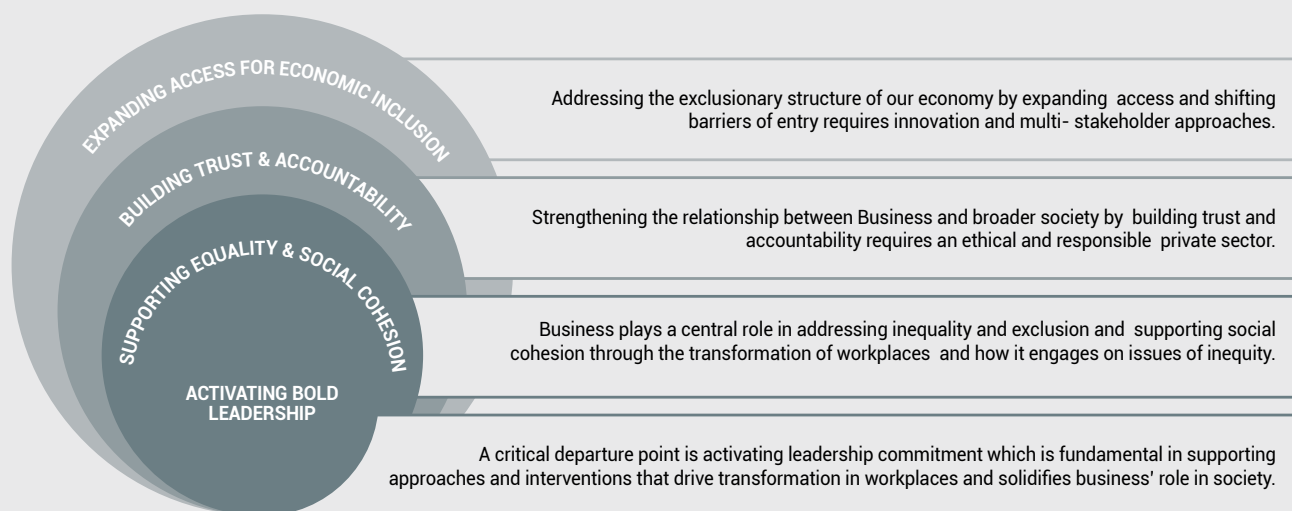
The NBI's Social Transformation Unit continues to focus on issues of inequality and inclusion, equity, gender, ethical leadership, and anti-corruption. The economic inclusion focus remains on youth employability, with a stronger focus on the township economy and supporting small enterprises.

The Social Transformation Unit's work is grounded in our conviction that addressing South Africa's increasingly challenging economic and social issues, including inequity and exclusion, require urgent collaborative action. Our member companies and key partners, across all sectors are essential, as we simultaneously address immediate needs and deeper systemic issues.

The Unit is moving into an exciting phase of depth, growth, and scaling. Our aim is to continue to address structural barriers through key partnerships within the private sector, government, and civil society. The economic and social impact of COVID-19 has further galvanised our energies and intention to implement tangible change with greater urgency.

The defined work pathways are detailed below:

- > Activating Bold and Transformative Leadership
- > Achieving Equality and Social Cohesion
- > Building Trust through Ethical Leadership and Anti-Corruption
- > Expanding Access for Economic Inclusion



Bold and Transformative Leadership

The strategic objectives for this pathway are to:

- > Activate leadership commitment, which is fundamental for supporting approaches and interventions that drive transformation within workplaces and strengthen business' role in society.
- > Enable access to, and vital engagement with, senior leadership.
- > Drive leadership support and commitment to champion and drive transformation objectives.

The NBI aims to galvanise CEO's and thought leaders to champion collective action through implementable and innovative approaches to transformation. This requires taking action to prioritise workplace inclusion to drive business commitment and advance transformation as a normative culture, both in the workplace and more broadly in society.

The NBI has addressed several topics through this platform: Gender-Based Violence and How Leadership Can Make a Difference, Inclusive and High Performing Cultures, Gender Diversity and Women Empowerment, Nation Building in a Time of a Crisis and now Inclusive Justice and Courageous Leadership. These affirm and support our strategic objectives.

The CEO Dialogues are a fundamental lever for the development and shaping of thought leadership in respect of all the Social Transformation pathways. This initiative has been further amplified through the June 2021 launch of the Intergenerational Dialogues, which discussed solidarity in the workplace. These conversations are an important platform for developing an understanding of cohesion in relation to transformation issues and now with the additional benefit of providing an opportunity for youth empowerment.

The NBI launched the Intergenerational Leadership Dialogue series in acknowledgement that young people in South Africa have a central role to play in shaping the equal and inclusive society we are striving towards. The NBI is developing this pathway to support and facilitate transformation on rethinking and reimagining leadership with generational differences in

mind. The social context is ever evolving, and it is imperative that companies are prepared and continuously create spaces for the inclusion and leadership of young people in the workplace.

Towards Equality and Social Cohesion

The strategic goals for this pathway are to:

- > Increase advocacy and drive commitment in addressing transformation.
- > Develop practical guidance and tools to enable and support change.
- > Establish vital government and civil society relationships.

Transformation Blueprint

The Transformation Blueprint, which is intended as a thinking-guide and significant contribution to the body of knowledge addressing internal workplace transformation, is a culmination of the efforts of the Inclusion Working Group (comprised of NBI members). Despite workplace transformation being an imperative for the very survival of business, it remains a challenge for most organisations and accordingly hinders the private sector's ability to grasp and address its vital role as a champion of this process. The objective is for companies to engage with the Blueprint, test its approach and provide feedback to establish a living and evolving source of guidance.

To support the implementation of the Transformation Blueprint we are in the process of introducing the Transformation Maturity Curve, which is a comprehensive assessment tool, pitched at both an organisational and employee level, to determine precisely where companies are positioned on the transformation journey. This is a critical analytic tool to provide insight into a company's genuine transformation status and to clearly establish progress and gaps. It is our ongoing intention to position transformation as a business imperative.

GENDER EQUITY

The Gender Pay Gap and Gender Based Violence

Gender Pay Gap:

Building on our previous gender pay gap work we are now in the process of developing a tool which enables organisations to upload required employee data and receive a comprehensive feedback report on pay disparity. This tool will assist with our broader objective and provide a call to action for member companies to commit to addressing and closing the pay gap by 2030.

To further support this objective, and drive collaboration and awareness of the pay gap challenge, we are engaging key government departments, particularly the Department of Women, Youth and Persons with Disabilities as well as the Department of Labour.

Gender-Based Violence (GBV) Private Sector Support:

In March 2021 we established a GBV Working Group, in order to deepen our understanding of current private sector responses to GBV. The Working Group is comprised of member companies and includes representation from civil society and government. The aim of the Working Group is to identify systemic enablers of GBV and to co-create a collective action approach to addressing them. While this work is supported by the Ford Foundation, we have also embarked on a fundraising drive to enable us to deepen and grow this critical area of work.

LGBTQI+ research report

BUILDING TRUST THROUGH ETHICAL LEADERSHIP AND ANTI-CORRUPTION

Our strategic objectives for this pathway are:

- > Building the will and capacity of organisations to address corruption beyond compliance.
- > Facilitating critical dialogue and engagement within the private sector.

Corruption and unethical behaviour continue to hinder effective economic and social transformation. Our focus on the private sector is central to building trust and cohesion by strengthening and supporting ethical cultures. Current activities underway include:

Participation in the National Anti-Corruption Strategy 2020-2030 (The National Anti-Corruption Strategy Reference Group (NACS Reference Group):

The NBI participated in this reference group as part of two subgroups: private sector governance and civil society participation. Business shared insights and experiences and worked together with other group members from across different disciplines to deliver an implementing document, which could be actioned by an implementing agency.

Addressing Corporate Corruption in South Africa Study:

The partnership between the Corruption Watch, Overseas Development Institute (ODI) and NBI is very valuable. Through this partnership, we have received funding from the Anti-Corruption Evidence Research Consortium at the School of Oriental and

African Studies (SOAS-ACE) for the ODI Project: "Addressing Corporate Corruption in South Africa". This seeks to examine corruption in and by corporations, focussing on a distinct group of businesses in South Africa.

Online Capacity Building Training:

The NBI is developing training content for the online capacity building project. The content aims to provide a broad understanding of issues of corruption and unethical practices and provide insight and support to management. The content builds on extensive research, including the Transparency in Corporate Reporting (TRAC) study, launched in December 2020. A critical focus is raising funding for the development and on-going management of the e-learning platform. Significant progress has been made with only cosmetic inputs still required.

ECONOMIC INCLUSION | PATHWAYS TO EMPLOYABILITY

Installation, Repair and Maintenance:

The Installation, Repair and Maintenance (IRM) Initiative is a multi-sector partnership aimed at expanding and growing pathways for youth into artisanal roles, with a particular focus on the green economy. The IRM initiative operates across the formal and township economy and has prioritised the following industries: plumbing, electrical, electronics, solar PV, automotive, and infrastructure development and maintenance.

Our key strategic goals are to continue to:

- > Build the capacity of our partner TVET colleges
- > Scale the IRM demand-led approach through the Township Hubs model

Over the last period we have achieved the following:

- > The second Plumbing Assistant Cohort and General Repairers Cohort are being rolled out through the Ekurhuleni East TVET College (EEC) and Ekurhuleni West College (EWC) respectively, with work placement demand secured for candidates. This is funded by the UK Foreign, Commonwealth and Development Office (FCDO) under the 'Skills for Prosperity' Fund.
- > A further cohort of Plumbing and General Repairer trainees are being trained in Pretoria with Tshwane South TVET College, funded by House of Encouragement and the Gauteng Department of Economic Development.
- > The first cohort of Solar PV Mounters in Cape Town, in partnership with the South African Renewable Energy Technology Centre (SARETEC), the South African Photovoltaic Industry Association (SAPVIA) and West Coast College is being rolled out with the West Coast TVET College. This was funded through the Beyond Advocacy Fund (BAF), managed by Business Leadership South Africa (BLSA).

Installation Repair and Maintenance (IRM) Hubs:

In support of the Presidential Youth Employment Initiative (Pillar 3), the IRM initiative strengthened its work in the township economy. To reach large numbers of IRM enterprises in townships, we have conceptualised the implementation of IRM Hubs at SEDA-funded Centres for Entrepreneurship and Rapid Incubation (CfERI). We are progressing with our IRM Township Hubs through funding from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the State Secretariat for Economic Affairs (SECO). IRM Hubs have been established in Ekurhuleni, Gauteng and another in iLembe (launched in October 2021), KwaZulu-Natal.

The purpose of the IRM Township Hubs is to identify entrepreneurial IRM enterprises in townships, put in place a package of support to strengthen these businesses and enhance their market access. Through this initiative, the opportunity will be created for IRM candidates to be trained and employed in these enterprises. The Hub also provides entrepreneurial IRM candidates with the opportunity to incubate new business ideas.

An additional key role of the Hubs is to link township IRM enterprises to formal supply chains once they have achieved sufficient levels of compliance and readiness. To this end, the NBI is mobilising its members, and the business and government community more broadly, to participate in Enterprise and Supplier Development investments in the township enterprises, which will be supported through the IRM hubs.

Going forward, the township economy work will be increasingly proactive and will involve deeper thought leadership (through communications and events) and a focus on Small and Medium Enterprises (SMEs) development in the township context. A significant amount of research and analysis has identified that these jobs and opportunities do not exist within large corporates (other than in their procurement/supply chain). The scope for job creation is within SMEs. The focus is therefore firmly on SMEs, excluded from the formal economy for a variety of reasons within the South African context, and the interventions that must occur to support these SMEs to enable them to absorb the skills emerging from the programme's training. In future work, more quantitative data, such as number of SMEs, communities, and artisans, will be included to provide an understanding of the scale of the work.

Repair and Maintenance of Health Care Facilities:

As a response to the pandemic, the IRM Initiative launched a programme to work with township enterprises to provide repair and maintenance of public health care facilities in the City of Johannesburg, as well as Chris Hani Baragwanath Hospital. This project is jointly funded by GIZ and SECO.

- > **City of Johannesburg:** Fourteen township contractors will be appointed and supported to deliver repair and maintenance services in two primary health care clinics in Soweto. Supporting these enterprises to undertake the work will ensure they are able to strengthen their business operations and increase their market opportunities. This will simultaneously create an opportunity for the on-the-job training of 40 unemployed youth.
- > **Chris Hani Baragwanath Hospital:** Repair and maintenance work will focus on the repair of medical equipment (beds, wheelchair, stretchers, cots) and furniture (chairs and desks). Township enterprises will be contracted to oversee this work and provide on the job training to 60 unemployed youth.

Both township enterprises will be supported and positioned to access further market opportunities once the programme is complete.

Social Transformation Programme: Summary of Highlights and Challenges

2020/21 Highlights	2020/21 Challenges
The deepening and strengthening of the NBI's footprint in the anti-corruption space and recognising our meaningful contribution to this body of work (including invitations to speak at conferences and various media opportunities and numerous key publications).	Resourcing challenges continue to exist.
Effective use of on-line platforms for wider reach and support.	Pace of transformation in the workplace has slowed with onset of COVID-19 and corresponding reduction in recruitment.
Fostering stronger existing relationships, building new relationships and increased accountability between public and private sector	COVID-19 remained a challenge in the IRM space, impacting learners in TVET colleges and projects on the ground.
The NBI's participation in national anti-corruption working groups	
Witnessing the impact of our work in member companies.	
The broadening and deepening of the scope of the anti-corruption work from its initial focus.	Progress in the anti-corruption pathway work was challenged by delays: in the implementation of anti-corruption training course development
Rapid scaling of economic inclusion work and links to government processes and priorities	
2022 Priorities	2022 Risks
Implementation of the IRM strategy and expansion plans	Funding is often not committed over the longer-term.
There is difficulty in accessing adequate funding, and therefore an over-reliance on a small pool of funders.	
The practical roll out of the Transformation Maturity Curve and Gender Pay Gap tool.	Delivery risks exist in the IRM work because of the complexity of the model and the necessary interplay between partners, suppliers, beneficiaries, and communities.
Encouraging member companies to support youth employability work with regard to their enterprise development and supply chain.	IRM programme: tension between the need to increase numbers and the need to lay strong foundations, which impacts the momentum of projects.



RUTH TROSKIE

Head: TAMDEV

- > Facilitating active collaboration,
- > Fostering trust and
- > Coordinating collective effort.

9.2 TECHNICAL ASSISTANCE MENTORSHIP & DEVELOPMENT (TAMDEV)

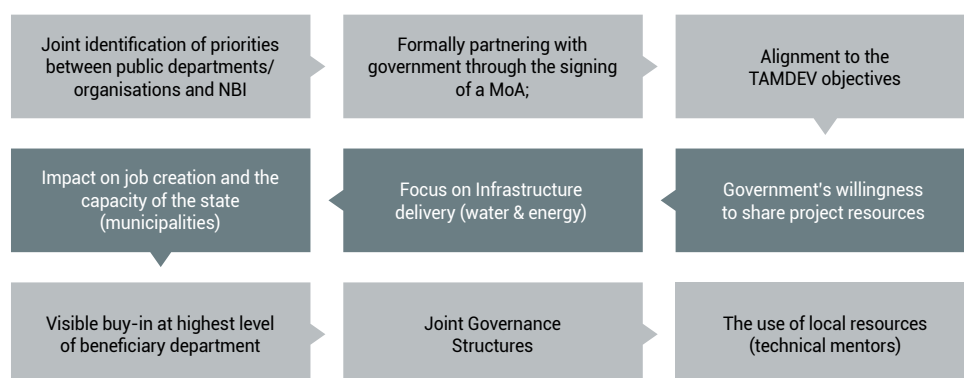
The TAMDEV Unit (Technical Assistance, Mentorship and Development) focuses on: Building the capacity of local government and cultivating trust between business and government, with a view towards supporting service delivery and infrastructure investment.

TAMDEV has steadily managed to establish a working relationship with government as it continues to bridge the gap between private and public sectors. This is enabled by a consistent focus on building trust and relationships which can overcome reluctance by the public sector to accept private sector support.

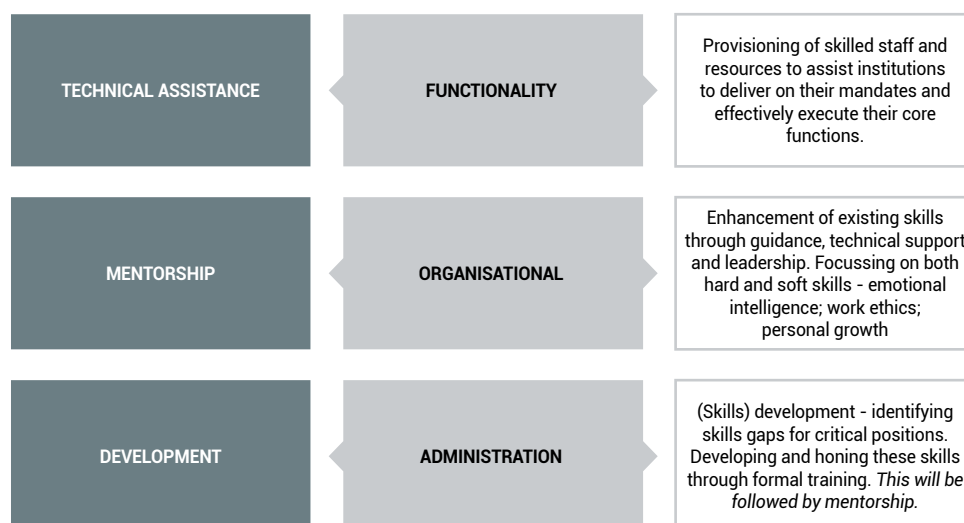
The mandate of TAMDEV is to ensure effective skills transfer to government in the areas of infrastructure and planning as well as revenue management and leadership. This is made possible through the deployment of highly skilled retirees within the capacity building programmes. Our goal is to contribute to the service delivery mandate of government in support of creating an environment conducive to the efficient operation of business and society.

TAMDEV's intention is to raise core funding to expand work in the municipal sector and initiate more projects dealing with service delivery challenges.

KEY CONSIDERATIONS



TAMDEV PILLARS DEFINED



ACTIVE PROJECTS

Technical Support to Infrastructure South Africa (ISA):

TAMDEV supports ISA to provide a credible infrastructure pipeline in which catalytic infrastructure projects are appropriately appraised, packaged and prepared. ISA requires support within the areas of due diligence processes, financial modelling and the design and structuring of infrastructure projects. Four thousand infrastructure projects have been identified countrywide. In the current reporting period, 166 public sector projects and 19 private sector projects were assessed. Four projects are currently undergoing final business case appraisal and 15 are in the implementation phase. It is an urgent priority to enable projects to 'pass begin' to create momentum and employment opportunities.

Fourteen technical resources have been appointed to this initiative by the NBI. We are grateful that the funder, ASISA (Association for Savings and Investment South Africa), approved a six-month extension of these contracts at the end of the first term, until June 2022.

Project Management Office in the Eastern Cape:

TAMDEV was instrumental in establishing the Project Management Unit (PMU), within Eastern Cape CoGTA (Cooperative Governance and Traditional Affairs). This Unit reports to the Project Management Office, comprising all sector departments, including Provincial Treasury, Office of the Premier, Public Works, Human Settlements, and relevant municipalities.

Initial mentoring focused on the design of the PMU mandate, the drafting of an organogram and budget for approval, as well as a system and tools for project management. Since its inception, TAMDEV has increased its mentors from 3 to 9, whose function it is to strengthen the capacity of the PMU and four municipalities in selected projects. Their focus is on water, energy, revenue management and spatial planning.

Currently two municipalities, Walter Sisulu and Amahlathi Local Municipality are supported in the areas of engineering, finance and strategic management.

The Eastern Cape Province has also requested training support for finance staff in nine additional municipalities. For this purpose, TAMDEV has obtained assistance and funding from BLSA (Business Leadership South Africa), which has enabled virtual training, group coaching, action learning and the establishment of a help desk.

Engagements have been facilitated with the Nelson Mandela Metropolitan Municipality and the NBI to create a joint approach to the water crisis and drought mitigation in the Metro. To date a joint structure has been established, funding has been secured, through the Beyond Advocacy Fund (BAF) and the process of raising water conservation awareness and publicity has begun. It has been established that 35% of water loss originates from schools in the Metro. With the support of the Nelson Mandela Bay Business Chamber, corporates have been mobilised to "adopt-a-school" for the purpose of improving maintenance to prevent water waste. In addition, retired water engineers are being brought on board to offer technical support in selected water infrastructure projects.

Technical Mentorship Programme:

Waterberg District Municipality:

The project, funded by Exxaro, officially started on 1 December 2020. The primary focus is to strengthen the capacity of the Waterberg District Municipality and its associated local municipalities in the areas of infrastructure, financial management, local economic development, and strategic planning. Overall, 10 mentors have been appointed and matched to 16 mentees.

The District priorities have been jointly identified for the mentoring process. The outcomes are carefully assessed by an independent monitoring and evaluation service provider. With strong and ongoing support from COGTA, district buy-in remains positive. Primary focus areas have included identifying root causes for poor service delivery and quick wins that can be immediately actioned to show progress and impact. TAMDEV has participated in the District Municipality's strategic planning conference as well as the recent COGTA-UN partnership launch. The UN launched its partnership with the Department of Corporate Governance (DCOG) in support of the District Development model.

COVID-19 Water Interventions:

The project, funded by various businesses, officially started on 18 April 2020. The primary focus was to combat the spread of the virus in high-density areas. The project was rolled out by TAMDEV, primarily in the Eastern Cape.

A foot-operated standpipe and handwash facility were designed by a retired TAMDEV water engineer. Patent rights were obtained in October 2020 for the units. Within the financial year under review, over 250 foot-operated taps and handwash facilities units were delivered to the 5 selected municipalities and installed. Community Works Programme (CWP) youth were trained to assist in the installation of the units. 13 CWP youth were involved in the installation process.

Technical Assistance to the Tsantsabane Municipality:

TAMDEV, in partnership with the Council for Scientific and Industrial Research (CSIR), will be assisting Anglo American in its Municipal Capacity Building Programme by offering technical mentorship to the finance staff of Tsantsabane Local Municipality. The project is envisaged to start in January 2022.

GOVERNANCE STRUCTURE

TAMDEV is represented at the National Steering Committee with CoGTA and has been appointed as co-chair of their monthly meetings. The mandate of this Steering Committee is to co-ordinate both the private and public sector interventions in the support to municipalities.

DATABASE OF MENTORS AND TECHNICAL EXPERTS (RETIREES)

Our web-based application process enables the continuous expansion of the TAMDEV database and access to highly skilled retirees.

THE SUSTAINABILITY OF TAMDEV (BUSINESS DEVELOPMENT)

The TAMDEV office has successfully secured funding for all its projects for the current year and is pursuing extensions with the current sponsors.

GOING FORWARD

Our partnerships with government and funders create opportunities for the NBI to mobilise member companies in active economic and social transformation commitments. The growing trust between the social partners in the TAMDEV projects demonstrates the willingness of government to embrace the support of the private sector. A structured approach in the identification of relevant stakeholders to promote and support TAMDEV is key in our efforts to build a capable State.

TAMDEV's positioning as the social partner for the District Development Model (DDM), requires a more focused approach to ensure heightened awareness of the mandate and relevance of the programme, and to provide the NBI with a clear way forward.

TAMDEV: Summary of Highlights and Challenges:

2020/21 Highlights	2020/21 Challenges
MOU and co-chairing opportunity with COGTA. The fact that a very real partnership has developed.	Trust deficit between public and private sector.
Active joint reporting structures, government honours its commitments.	Tentative decision-making in government leads to inevitable delays.
ISA project: Several projects have been evaluated and the impact of ISA will create thousands of jobs and momentum.	Once trust has been established, there is an overwhelming flood of requests for support. Then capacity becomes a challenge.
Funding/support is required.	
Platforms have been created for government and private sector collaboration.	Impact of TAMDEV work can only become visible over a substantial time frame. (This is an infinite game.) Difficult to measure impact in the short term and pressure to do so by funders places long term projects at risk.
Calibre and commitment of mentors.	Thought leadership has lagged in the TAMDEV work and will be prioritised in the coming year.
2022 Priorities	2022 Risks
Take ISA projects to market for job creation (unblock projects via platform that can raise problems and offer support).	Local elections: In mitigation of this risk, relationships have been built at all levels and projects have been anchored in permanent staff. We have established relationships in all three tiers of government.
To help bring financial stability to municipalities.	Ongoing capacity and funding risks.





STEVE NICHOLLS
Head: Environment
and Society

9.3 ENVIRONMENTAL SUSTAINABILITY

The goals of the Environment and Society Unit remain threefold:

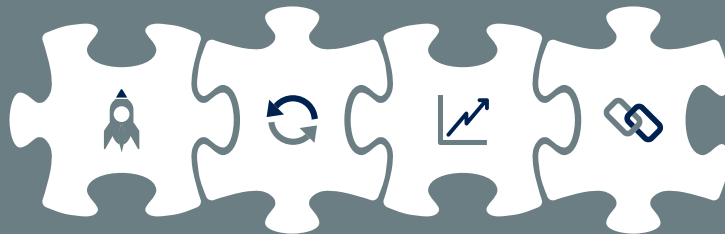
- > To help corporates to grasp the full impact of environmental concerns in respect of their businesses;
- > To support them in developing the ability to respond to environmental risks, opportunities, and trends; and
- > To provide a collaborative platform for business to take decisive collective action against environmental risks and to realise opportunities.

These goals are achieved by identifying opportunities for investment, enhancing access to funding, and enabling stakeholder partnerships and relationships (without which complex projects would not materialise).

In the latter part of the reporting period, the capacity of the team increased through the addition of new staff. This expansion has been supported by increased climate change projects, most of which are short-term contracts. The focus on business development continues to be a key priority in an effort to secure larger and longer-term projects and to maintain staff capacity.

Key projects, during and beyond the reporting period, due to a multi-year rollout in certain cases, can be grouped into four categories: Leadership Platforms, Defining Investment Need, Finance and the Enabling Environment, and Implementation Projects. The process is designed to mature company engagement towards greater ambition, attract investment and implement projects.

THE NBI PROJECT FRAMEWORK



01

LEADERSHIP PLATFORMS

Providing space for NBI companies to enhance ambition through leadership

02

DEFINING THE INVESTMENT NEED

Developing the fact base (at various national, provincial and regional scales) on where investment needs to be channelled, identifying specific projects

03

FINANCE AND THE ENABLING ENVIRONMENT

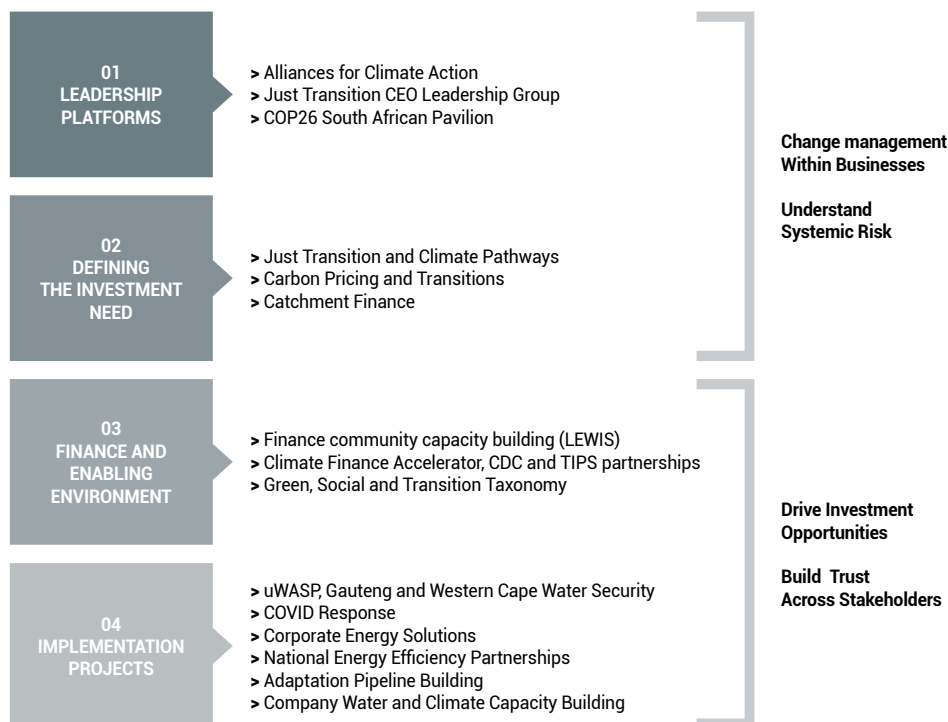
Solving for the enabling environment (social, regulatory, consumer, business model and financial barriers) around investment opportunities enables investment at scale and replication

04

IMPLEMENTATION PROJECTS

Providing technical assistance and partnership convening support to specific projects enables case studies that have impact and build trust

HOW THE VARIOUS NBI PROJECTS FIT TOGETHER (LEADING TO FOUR OUTCOMES)



9.3.1 LEADERSHIP PLATFORMS

We have significantly increased engagement with members, including through increased and enhanced presentations to several member company boards, executives and strategy teams on subjects ranging from transition pathways to SDGs (Sustainable Development Goals). We have included many of our members in working groups across all our projects and supplemented these interactions with one-on-one engagements. Adding specific, tailored value to our member companies remains a key priority for the team. With increased resources we are now able to engage more meaningfully with our members.

Through the Alliances for Climate Action (ACA), the NBI, WWF South Africa and C40 Cities have created a net-zero by 2050 commitment statement. The ACA comprises the NBI, WWF South Africa and C40. Its focus is on advocating for and working towards a resilient net-zero economy by 2050. The recently updated Nationally Determined Contribution (NDC) has been an opportunity to advocate for a greater climate ambition for South Africa, galvanising business, civil society, and other actors to call for legislation for a low carbon economy. The ACA will continue to advocate for an ambitious NDC in subsequent updates, that drive the economy towards net zero by 2050 and to provide the mechanisms to collaborate on and implement action in support of increased climate ambition.

The Transitions Pathways and Just Transition Programme is a co-funded project comprising: We Mean Business (WMB), United Kingdom Partnering for Accelerated Climate Transition (UK PACT), European Union Strategic Partnerships for Implementation of the Paris Agreement (EU SPIPA) and African Climate Foundation (ACF). This affords the NBI a network of CEO champions that support the enhanced ambition of the NDC. The resulting engagement with BUSA, the Presidential Climate Commission (PCC) and others on enhancing the ambition of the NDC is an important contributor to increased national ambition and access to international support. This is a critical signal to international capital markets and is an important link between our transition pathways work and COP26.

The COP26 South African Pavilion in Glasgow in November 2021 will position South Africa as an investment destination, highlighting our enhanced long-term transition plan, business commitment and competitive financial services sector. It is our intention to use this opportunity to connect funders and projects.

Our regional water partnerships offer our member companies the opportunity to work with a range of catchment critical stakeholders to understand water supply and demand challenges and craft collective solutions. These are significant leadership platforms in critical economic hubs of the country: KwaZulu-Natal Western Cape and Gauteng Provinces.

9.3.2 INVESTMENT REQUIRED

The flagship project for the 2021 financial year is the Just Transition and Climate Pathways Study for South Africa. With this project, we will establish sector level pathways to net-zero by 2050 for the major economic contributing and heavy emitting sectors of South Africa. This will demonstrate what will be needed for a Just Transition in terms of technology, local policy, local and international finance, and international support, including through trade. This technical evidence base is a critical step in galvanising support for net-zero futures. Furthermore, we will use a just transitions framework to understand the social impacts and imperatives for these transitions.

The work therefore aims to understand the cost of inaction for South Africa, what it would take for South Africa to get to net-zero emissions and the social and economic implications for South Africa to reach net-zero emissions by 2050. An important part of the process has been a series of stakeholder engagements. The first Phase of work (electricity, mining, petrochemicals sectors) has been completed and focus has now shifted to the agricultural, forestry and land use (AFOLU) as well as transport sectors.

The key conclusion stemming from the Just Transition work is that decarbonising the economy is possible across nearly all sectors, and in the case of energy it is cheaper than incumbent technologies. Independent studies show that a renewable energy archetype is the cheapest energy option. Work is underway with a government working group comprised of the Department of Environment, Forestry and Fisheries (DFFE), the Department of Trade Industry and Competition (DTIC), the Department of Public Enterprises (DPE), and the Department of Science and Innovation (DSI) to identify investment opportunities. The working group is commonly referred to as DFFE-DTIC-DPE-DSI-Eskom. The NBI is focused on understanding systemic risk and investment needs, creating an enabling environment for investment, and then supporting member companies to act and invest. The support of CEO Champions as well as the excellence and detail of the research undertaken by the NBI, and our partners has enabled this work to influence government strategy and decision-making.

"The imperative is clear: South Africa must decarbonise its economy in the next three decades and transform it into a low-carbon, climate-resilient, and innovative economy. This transition also needs to take place in a manner that is just and simultaneously addresses inequality, poverty and unemployment to ensure that no-one is left behind and that our future economy is also socially resilient and inclusive."

An extract from page 13 of 'Decarbonising South Africa's Power System' a report by the NBI in partnership with Business Unity South Africa (BUSA) and Boston Consulting Group (BCG).



OVERVIEW OF CEO CHAMPIONS



Joanne Yawich
NBI
CEO



Cas Coovadia
BUSA
CEO



Portia Derby
Transnet
CEO



Shirley Machaba
PwC
CEO



Mark Dytter
AECI
CEO



Nolitha Fakude
Anglo American
SA Chairperson



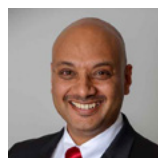
Taelo Mojapelo
BP Southern Africa
CEO



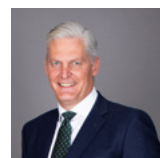
Deidre Penfold
CAIA
Executive Director



Theo Boschhoff
AgBiz
CEO



Saalan Naidoo
Engen
CEO



Andre de Ruyter
ESKOM
CEO



Stuart Mckensie
Ethos
CEO



Mxolisi Mgojo
Exxaro
CEO



Alan Pullinger
First Rand
CEO



Nyimpini Mabunda
GE SA
CEO



Tshokolo Nchocho
ICS
CEO



Mohammed Akoojee
Imperial Logistics
CEO



Leila Fourie
JSE Group
CEO



Vivienne
McManamin
Mondi SA
CEO



Andrew Robinson
Norton Rose
Fullbright
CEO



Roland van Wijnan
PPC Africa
CEO



Njombo Lekula
PPC SA Cement &
Materials MD



Ishmael Poolo
Dentral Energy
Fund CEO



Alex Thiel
SAPPI
CEO



Fleetwood Grobler
Sasol
CEO



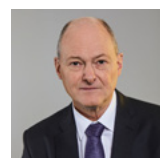
Hloniphizwe Mtolo
Shell SA
CEO



Lungisa Fuzile
Standard Bank SA
CEO



Gavin Hudson
Tongaht Hulett
CEO



Paul Hanratty
Sanlam
CEO



Stuart Kent
Aurex Constructors
CEO

9.3.3 THE ROLE OF CARBON PRICING IN A JUST TRANSITIONS

During the reporting period, the NBI with support from the Carbon Pricing Leadership Coalition of the World Bank, has developed a consultative methodology for establishing the key data needed to establish a carbon price at a sectoral level. The aggregate of sector level understanding informs national level pricing strategies and in turn, company internal pricing action. This is predicated on using net-zero pathways to establish a switching price (the price at which new technology is deployed) and a substitution price (the price at which the commodity is substituted with an alternative). This process builds trust, enhances transparency, and establishes the basic information needed to understand pricing level impacts and requisite complimentary policy.

The work on carbon pricing has been delivered to the World Bank Carbon Pricing Leadership Coalition, with positive feedback.

"A green finance taxonomy is an official classification or catalogue that defines a minimum set of assets, projects, and sectors that are eligible to be defined as "green" in line with international best practice and national priorities. It can be used by investors, issuers, and other financial sector participants to track, monitor, and demonstrate the credentials of their green activities in a more confident and efficient way."

The draft Green Finance Taxonomy was published in June 2021.

9.3.4 ENABLING ENVIRONMENT

Catchment Finance:

The NBI is working with a range of partners to understand the options for funding natural capital assets (especially in relation to water catchments). In particular we are exploring the role of the private sector in this regard.

Financial Climate Risk Literacy Support:

The NBI, working with WWF South Africa and Just Share, are writing sector-based climate risk reports that will influence equity and debt allocation, as well as building the capacity of the financial services sector to incorporate climate considerations. The Task Force on Climate Related Financial Disclosures (TCFD) and The Carbon Disclosure Project (CDP) are significant contributors. A communications hub has been established, the partnership has been branded and an excellent expert working group has been convened.

Green, Transition and Social Taxonomy:

Working with National Treasury and the financial services sector, the NBI and the Carbon Trust have completed the first draft of a Green Finance Taxonomy for South Africa. This is a living document and will, as it continues to evolve, enhance green financial products, and enable a refinance industry through bond issuance. This is an important project in the national conversation around directing investment to the just transitions. We are investigating working with project stakeholders to expand this taxonomy to include transition and social issues.

Adaptation Pipeline Building:

Working with the South African National Biodiversity Institute (SANBI), the NBI ran a capacity building programme and community of practice to identify and implement large collaborative projects for funding by the Green Climate Fund (GCF) and the private sector.

CDP Reporting:

The NBI are the official local partner to CDP and have helped run the reporting platform for the past decade. This builds company level best practice while providing key information to equity investors, enhancing NBI member company access to capital for low-carbon transitions. There have been some challenges with this work in respect of resources and a decision has been made that a soft release of data will be made through social media only. The NBI will continue to work as the local partner to CDP but many of the functions, data analytics, response support, will be centralised through CDP London. The NBI will therefore no longer be releasing South Africa specific reports but will continue to technically support our member companies and advocate for this critical disclosure platform.



9.3.5 PROJECT IMPLEMENTATION

Capacity Building of Companies:

Building the capacity of companies to understand the need for bold climate and water action, how to access finance and how to structure projects is a critical first step in project implementation.

RAiSE HUB:

To help unlock opportunities for corporate procurement of renewable electricity, NBI, Climate Group, CDP and the World Business Council for Sustainable Development (WBCSD), supported by the We Mean Business coalition, have partnered to establish the RAiSE Hub. RAiSE (Renewables Ambition in South African Electricity) was formed to enable increased access to renewable electricity for corporate buyers and to respond to key developments in the renewable electricity landscape in South Africa.

The overall goal of RAiSE is to build a local movement that will stimulate demand and supply of corporate procurement of renewable electricity in South Africa, with the following key objectives:

- > Raise awareness and build ambition around corporate procurement of renewable electricity in South Africa
- > Develop capacity of corporate buyers to facilitate/enable them to procure renewable electricity
- > Inform and facilitate policy change that enables a favourable market that allows companies to source renewable electricity at a fair price

To this end, RAiSE has engaged with, and is continuing to engage with, key stakeholders across the renewable electricity value chain in South Africa. We are continuing to build a community of companies who have enhanced ambition and wish to work together to enable a renewable electricity and energy efficiency rollout, especially in partnership with cities.

National Energy Efficiency Partnerships:

Working with multiple government departments, led by the Department of Minerals and Energy, the NBI and the Carbon Trust have helped develop a nation-wide energy efficiency programme targeted at the public. This is funded by a national CAPEX grant, Nationally Appropriate Mitigation Actions (NAMA) facility support and private sector sponsors, and hopefully to be funded by Green Climate Fund (GCF). These programmes will result in over a hundred million Rand of investment in municipal energy efficiency. There have been certain timing challenges with this project. However, feedback from the GCF in this regard is expected in early 2023.

Regional Water Security Groups:

Working in the important economic hubs of uMhlathuze, Gauteng and the Western Cape, we have convened groups of business, government, and civil society to identify and implement projects that impact long-term water security. This year marks the 5th anniversary of the uMhlathuze Water Stewardship Partnership (UWASP), which the NBI helped establish and currently co-convenes.

Priorities for the next year include increasing efforts in supporting SANBI and the Water Research Commission (WRC) in mobilising finance and private sector expertise to rehabilitate South Africa's high value mountain catchments, the development and implementation of a water data monitoring tool (for laptops and mobile phones) in the context of uMhlathuze and focus on work in respect of the Gauteng Water Alliance and the creation of a collective leadership platform for this purpose.

COVID-19 emergency response:

The NBI provided support to local government in installing foot-operated and low-cost sanitation facilities in low income, high density public points to reduce the transmission of COVID-19. A total of 11 000 of the 2-litre handwash units were installed. Importantly, 5,000 of these were installed in early childhood development centres, which enabled them to remain open despite COVID-19 challenges.

The water focus continues to identify investment opportunities in water while building the capability of local government to deliver services. Work is underway to support the Eastern Cape in its water crisis. The COVID-19 water response work will be scaled down going forward. Expanding the water work is a focused priority in the coming year as the project and stakeholder infrastructure is now in place.



9.3.6 ENVIRONMENTAL SUSTAINABILITY HIGHLIGHT AND RISKS

2020/21 Highlights	2020/21 Challenges
The uMhlathuze Water Stewardship Partnership (UWASP) celebrating its 5th anniversary.	The COVID-19 response has utilised a large amount of capacity.
11,000 of the 2-litre hand washing units installed.	Climate change work is growing at such a pace that focus has temporarily been forced to shift away from water. As a result, capacity building work with regards to water has lagged.
Numerous public speaking opportunities, including opportunities to speak to Boards.	Capacity challenges in the beginning of the reporting period followed by on-boarding challenges associated with managing a new team remotely.
Draft Green Finance Taxonomy created.	Delivery in respect of CDP (we have agreed to do a soft release of data through social media).
Launch of Just Transition Pathways project.	
Numerous media collateral/videos on different adaptation and resilience issues and on the implementation of climate action. The collateral is a key part of building the capacity of business to fully appreciate the adaptation imperative for South Africa and economic competitiveness and the need to urgent large-scale action in which business is a key actor.	
The three shortlisted project pre-concepts for Phase 3 consideration are listed below: a. Partnership for Risk and Resilience spearheaded by Santam b. The Climate Resilient Agriculture Fund and Technical Support Hub c. The Gauteng Water Fund	
The establishment of a working group (the RAiSE Hub) of businesses and cities focusing on renewable energy.	
2022 Priorities	2022 Risks
Ecological infrastructure for water security: Focus on getting private sector investment into natural catchment areas with the added benefit of achieving financial sustainability.	There is always the risk of COP26 failing in which case the sustainability funding may become a challenge.
The development and implementation of a water data-monitoring tool in the context of uMhlathuze.	Staff permanence because of the temporary/project-based nature of the work.
Building and scoping work in respect of the Gauteng Water Alliance and creating a collective leadership platform.	
Scaling up work on adaptation.	
Working more closely with cities in regard to the renewable energy projects.	
The secure investment for Just Transition work.	
The partnership between GIZ-GreenCape-NBI-WWF was the successful bidder for the large Internationale Klimaschutz Initiative (IKI) project to begin in 2022. This project will be focused on enhancing investment in a Just Transition in Mpumalanga.	
Our ambition for the Transition Pathways project has increased and we are attempting to raise US\$500,000 to work with BCG to complete this project.	
Extending our water work with municipalities in partnership with TAMDEV.	

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>> National Business Initiative

SUSTAINABLE DEVELOPMENT GOALS



The NBI has a tested methodology to support companies and sectors in integrating the SDGs into strategy and operations. We view the programme as a cornerstone of support for members, with the potential to build collective action programmes. Improving awareness and assisting companies to prioritise and align their core business strategies to the SDGs, will encourage corporate behaviour to move towards a more just, equitable and sustainable future for South Africa.

It is important for the NBI to make a direct link for members between the NBI's work and the relevant SDGs to enforce the synergies and linkages.

To some extent, our attention on SDGs has been postponed as we transfer management of this area into the membership pathway, aligned with the value we wish to add to member companies' customer journey. We hope that the SDG work will be in a position to be taken forward when this transition is complete and focused capacity is in place.



MOVING TOWARDS
a more just, equitable and
sustainable future for South Africa.

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SUMMARISED FINANCIAL STATEMENTS

>> for the year ended 30 June 2021

National Business Initiative for Growth Development and Democracy (NPO)

BALANCE SHEET

FIGURES IN RANDS	2021	2020
ASSETS		
Non-Current Assets		
Property, plant and equipment	848 929	1 013 322
Intangible assets	15 940	11 463
	864 869	1 024 785
Current Assets		
Trade and other receivables	10 093 078	6 324 586
Cash and cash equivalents	38 176 146	21 146 729
	48 269 224	27 471 315
Total Assets	49 134 093	28 496 100
EQUITY AND LIABILITIES		
Equity		
Accumulated Surplus	18 049 097	14 260 624
Liabilities		
Non-Current Liabilities		
Project funds administered		
Current Liabilities		
Operating Lease Liability	226 159	265 152
Trade and other payables	27 468 122	2 955 709
Project funds administered	3 390 715	11 014 615
Bank overdraft	0	0
	31 084 996	14 235 476
Total Liabilities	31 084 996	14 235 476
Total Equities and Liabilities	49 134 093	28 496 100

STATEMENT OF SURPLUS AND DEFICIT

For the year ended June 2021

FIGURES IN RANDS	2021	2020
Revenue	33 479 692	25 611 060
Other Income	0	1 360 167
Operating costs	(30 441 540)	(25 436 862)
Operating surplus (deficit)	3 038 152	1 534 365
Investment revenue	750 795	687 633
Finance costs	(474)	(3 906)
Operating surplus (deficit)	3 788 473	2 218 092
Other comprehensive income	0	0
Total comprehensive income (loss) for the year	3 788 473	2 218 092

STATEMENT OF CHANGES IN EQUITY

For the year ended June 2021

	General Development Fund
Balance at 01 July 2019	12 042 532
Surplus for the year	2 218 092
Balance at 01 July 2020	14 260 624
Surplus for the year	3 788 473
Balance at 01 July 2021	18 049 097

STATEMENT OF CASH FLOWS

For the year ended June 2021

FIGURES IN RAN\$	2021	2020
Cash generated from operating activities		
Cash generated from operations	199 413	6 363 563
Interest income	750 795	687 633
Finance costs	(474)	(3 906)
Net cash from operating activities	949 734	7 047 290
Cash flow from investing activities		
Purchase of property, plant and equipment	(298 991)	(276 131)
Sale of property, plant and equipment	0	0
Purchase of other intangible assets	(74 833)	(43 652)
Sale of other intangible assets	0	0
Net cash from investing activities	(373 824)	(319 783)
Cash flow from financing activities		
Project funding received	71 775 578	30 743 436
Project disbursements paid	(33 564 354)	(11 169 034)
Project recoveries withdrawn	(19 968 225)	(12 150 915)
Change in project receivables	(1 789 492)	(2 604 278)
Movement in project funds administered	16 453 507	4 819 209
Total cash movement for the year	17 029 417	11 546 716
Cash at the beginning of the year	21 146 729	9 600 013
Total cash at end of the year	38 176 146	21 146 729

INDEPENDENT AUDITOR'S REPORT

To the members of National Business Initiative for Growth Development and Democracy

Opinion

We have audited the annual financial statements of National Business Initiative for Growth Development and Democracy set out on pages 11 to 26 which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Business Initiative for Growth Development and Democracy as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa [N6]. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "National Business Initiative for Growth Development and Democracy (Non-Profit Company) (Registration Number 1995/003141 /08) Financial Statements for the year ended 30 June 2021 ", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Jeanine Nellmapius-Clarke
Director
Registered Auditor
SizweNtsalubaGobodo Grant Thornton Inc

13 January 2022
Summit Place Office Park, Building 4
221 Garstfontein Road
Menlyn, Pretoria



>> National Business Initiative

RISK REPORT

THE APPROACH TAKEN FOR THE ASSESMENT OF NBI'S RISK(S) THIS YEAR WAS A BOTTOM UP PROCESS TO REVIEW AND REFINE OUR KEY AREAS OF RISK AND IDENTIFY ASSOCIATED MITIGATION ACTIONS AND TO BUILD THEM INTO THE NBI PLAN FOR THE YEAR.

RISK 1

Funding Risks

RISK 2

Business Model Risks

RISK 3

Staffing Risks

RISK 4

Project Implementation Risks

RISK 5

NBI Profiling



	Description	Management
Funding Risk	Reduced membership funding due to the country's economic situation and company distress; and/or due to the NBI's value proposition not seen as relevant. Reduced project funding due to the global economic situation and diversion of funds.	<ul style="list-style-type: none"> > Member roadshow to articulate value and importance of NBI's work > Engagement with Top 20 funders to raise NBI profile and secure funding > Increase project funding and cost in support functions > Reduce costs and increase efficiencies where possible > Continue to Implement communication strategy > Diversify funding pool and sources > Implementing customer journey and direct support for members > Member brochure to be produced > Work with Board members to access C-suite in companies > Update prospect list and develop programme to access potential new members
Business Model Risks	Reduced membership versus project funding reduces flexibility and ability to take on and develop new work and programmes. Short term and single year funding limits recruitment of appropriate capacity and creates delivery pressures. Over dependence on project income risks funding rather than strategy driving programmes and projects.	<ul style="list-style-type: none"> > Implement business model and OD process > OD process to consider agile and effective capacity and resourcing models, including a panel of pre-procured consulting support to mitigate against peaks in work effort > Diligently implement project and proposal qualification process > Increase efforts to retain and recruit member companies, including hiring full-time support for the membership team > Ensuring cost reflective charge out rates taking into account reasonable utilization targets
Staffing Risks	Stressed staff, at risk of mental and emotional strain and working inefficiently due to the impact of COVID-19 and remote working. Staff are disengaged due to organizational inefficiencies and clarity. Staff lack organisational cohesion and common purpose resulting in inefficiencies and inconsistencies. Succession planning not adequately implemented in ways that keep junior staff engaged and learning. Projects rely on specific individuals to deliver.	<ul style="list-style-type: none"> > Implement NBI Wellness Strategy > Managers to do regular one-on-one check-ins with team > OD process to address efficiencies in organizational support structures > Align recruitment processes to succession and transformation targets > Implement OD processes to address issues of transformation and cohesion with the NBI > Implement succession plans and include KPI in performance contracts > Ensure equitable performance assessment and recognition of top performers > Ensure professional development plans are in place and implemented
Project Implementation Risk	Delays between signing of agreements, funding approvals, staff recruitment and project implementation. Availability of appropriate project staff and mentors compromise delivery. Inability to build common working approach with project partners and owners puts strain on back-office systems and pricing models.	<ul style="list-style-type: none"> > Implement OD process to design organization that is flexible and agile > Pre-procure a range of consultants that can from time to time assist with peak work-loads; allocate a budget for this purpose > Adequate internal training of staff to enhance efficiencies > Utilise project manager to put common systems in place across teams > Consider an organisational project manager with oversight over all programme timelines, deadlines, budgets and deliverables
NBI Profiling Risks	Inability to access member C-suites. Inability to clearly differentiate NBI from other business organisations. Inability to distill NBI intellectual property into timely and accessible products for dissemination.	<ul style="list-style-type: none"> > Develop an engagement strategy that builds on current successes (i.e. Transformation CEO dialogue, Just Transition CEO Champions) > Effectively activate board members as NBI champions > Increased focus on opinion led communications > Increased focus on networking as COVID-19 threat recedes > Access high-level and international speakers for NBI events > Develop programme of publications/opinion pieces on annual and quarterly basis and include in performance contracts > Continue with implementation of the NBI Communications Strategy



13

>> Sustainable Resilience

GOVERNANCE REPORT

The NBI recognises that good governance is a non-negotiable requirement to ensure effective functioning, sustainable resilience, trust, and institutional capacity. We remain deeply committed to the principles of good governance described in the King IV. Furthermore, the governance structure is aligned to the requirements of the Companies Act and King IV. Our structure supports value creation for beneficiaries and members by ensuring that we remain member-led and efficiently and ethically governed.

We are confident that our governance framework and practises clearly demonstrate this ongoing commitment. It is an integral part of our mission to support our members in good governance and to encourage the wider business community to adopt and entrench good governance practises in their own organisations.

The Membership Council meets bi-annually but has been impacted upon by the COVID-19 operating environment and therefore did not take place in person during the reporting period. It is tasked with appointing NBI Board members, overseeing the organisation and endorsing the NBI strategy. All NBI members are allocated a seat on the Membership Council.

The NBI Board and CEO report to the Council on critical issues and the strategic direction of the organisation.

The Regional Advisory Councils in the Western Cape and KwaZulu-Natal meet three times a year and provide input to the NBI Board.

Members can also provide strategic input, through the Membership Council, the Social Transformation Advisory Committee and the Advisory Committee on Environment and Society (ACES), which meet quarterly.

With the move to virtual meeting platforms, regional ACES meetings have been consolidated, adding increased diversity and attendance, and creating greater value to the NBI and participating companies.

13.1 THE BOARD

The NBI Board is responsible for monitoring the execution of the organisation's strategy, and for meeting all fiduciary requirements as defined by the relevant legislation and guidelines (including though not limited to the Companies Act and King IV). The Board is accountable to the Membership Council, while the CEO is accountable to the Board and the Membership Council. The CEO is responsible and accountable for the implementation of the NBI's work.

The Memorandum of Incorporation (MOI) allows for 13 Directors (appointed by the Membership Council) together with the NBI CEO, who is the only executive Director.

The Chairs of the Regional Advisory Council attend Board meetings as ex officio members. In terms of the MOI, Directors can serve two three-year terms, with a third term permissible if approved by the Membership Council, by special resolution. NBI Board members are volunteers and, apart from the CEO, receive no remuneration.

The NBI prioritises a strong ethical culture by placing a high value on ethical behaviour. A formalised Code of Conduct is being developed and an updated Anti-Corruption Policy, signed by every staff member, is in place.

The Board meets quarterly (though more frequently if required).



THE NBI SUPPORTS MEMBERS IN GOOD GOVERNANCE

and encourages the wider business community to adopt and entrench good governance practises

The Board composition and attendance on 30 June 2021:

	Appointed	16 September 2020	4 December 2021	17 March 2021	30 June 2021
Professor Anita Bosch	April 2019	P	P	P	A
Bheki Khumalo	April 2019	A	P	P	P
Bridgette Backman*	Ex-Officio	P	P	Resigned as the Western Cape Advisory Council Chairperson	
Brigitte Burnett	March 2016	P	P	P	P
Candy Tothill+	May 2017	P	P	Resignation dated 25 January 2021, accepted by the Board	
Cas Coovadia					
(Chairperson)	March 2013	P	A	P	P
Cathie Lewis*	Ex-Officio	A	P	P	P
Charlotte Mokoena	December 2020			P	A
Cindy Mogotsi+	April 2019	P	Resignation, dated 1 December 2020 accepted by the Board		
Fumani Mthembi	April 2019	P	P	P	P
Funeka Madikizela	September 2020	P	P	P	P
Joanne Yawitch (NBI CEO)	March 2013	P	P	P	P
Karmal Harilal+	April 2019	P	P	A	Resignation date 30 June 2021 accepted by the Board
Khanyi Chaba	April 2019	A	P (acting- Chair-person)	P	A
Mandy Rambharos	March 2016	A	A	P	P
Shireen Naidoo	May 2017	P	A	P	P
Zingisa Mavuso+	April 2019	Resignation, dated 1 July 2020 accepted by the Board			
Zinhle Mariani	April 2019	P	P	A	P

* Ex Officio (Chair of the Provincial Advisory Committee)

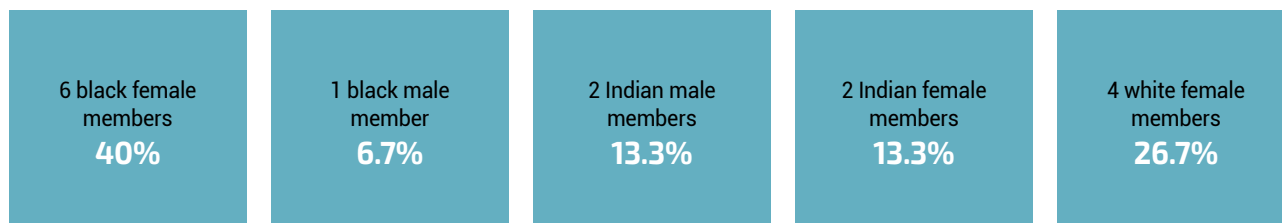
+ Resigned

P Present

A Apologies received

Blank (No further data as resigned)

There are 15 Board members:



During the reporting period, the Board's primary areas of focus included:

- > Overseeing the NBI's ongoing response to COVID-19
- > Reviewing delivery of the NBI strategy and programme development against the 2021 scorecard
- > Reviewing the project and funding pipeline, capacity constraints and cost management
- > Reviewing the major risks facing the NBI and ensuring adoption of appropriate mitigating actions
- > Reviewing feedback regarding the audits
- > Reviewing and approving 2020 financial statements
- > Reviewing and approving the 2020 Integrated Annual Report
- > Reviewing reports of Board Sub-Committee and Membership Council meeting deliberations
- > Reviewing and approving new and updated policies as recommended by relevant Sub-Committees
- > Reviewing the 2022 strategy and scorecard
- > Reviewing and approving the 2022 budget
- > Engaging with the detail of the various NBI programmes to gain knowledge and provide input and strategic direction
- > Reviewing the business model of the NBI and Organisational Development which was still underway at the end of the period under review
- > Supporting the NBI management in respect of membership attraction and retention

13.2 FINANCE AND RISK COMMITTEE

The Finance and Risk Committee performs those duties assigned to Audit and Risk Committees in terms of the Companies Act, 71 of 2008, as well as the other duties mandated by the Board.

13.2.1 COMMITTEE TERMS OF REFERENCE

The Committee's formal terms of reference are set out in the Finance and Risk Committee Charter which has been approved by the Board and sets out the role of the Committee. These terms of reference are reviewed every three years in line with the Board cycle and /or as and when there is a need due to legislative, regulatory or other changes. The last review was on the 30th of October 2019 and approved by the NBI Board in November 2019. During the past year, the Committee has executed its duties in accordance with these terms of reference.

The duties and focus areas of the Committee included:

- > Ensuring that the NBI operates as a going concern and that sound financial management processes and controls are in place.
- > Overseeing cash flow against budget, progress against audits and statutory requirements.
- > Reviewing the risk register.
- > Resourcing the capacity of the finance function.
- > VAT matters.
- > Financial planning against current and future projects.
- > Review of the NBI business model and Organisational Development, which was still underway at the end of the period under review.
- > Reconsideration of the "Use of the NBI Reserves" policy to support operational requirements.
- > Review of the current Delegation of Authority.

13.2.2 CONSTITUTION OF THE COMMITTEE

The Committee is made up of two Board members, three member-company representatives and one independent member. As the committee includes members who are not directors of the NBI, it does not meet the requirements to be an Audit Committee and the name was accordingly altered from the "Audit and Risk Committee" to the "Finance and Risk Committee" during 2019. The Terms of Reference of the Committee were updated and approved by the Board in November 2019.

13.2.3 COMMITTEE MEMBERS

Names and Qualifications of Committee Members

KAMAL HARILAL (CHAIR): Degree in Electronic Engineering and has completed the Chartered Financial Analyst programme. (Resigned March 2021)

JANNETTE HORN: BSc (Hons) Environmental Management Science, Postgraduate Diploma in Integrated Reporting (Resigned June 2021).

SAZINI MOJAPELO: (Acting chair for the period under review and appointed as the Chairperson by the NBI Board in September 2021).
Master's Degree in Development Studies and double Major Degree in Sociology and Industrial Psychology

HJ SWANEPOEL: Diploma in Auditing, B.Compt (Hons) (Accountancy) and B Com (Accountancy).

NGWANAMAGO SHILLYBOY MOTHIBA: Bachelor of Commerce and Higher Diploma in Accounting, (Financial Accounting, Auditing, Finance, Taxation).

ZINHLE MARIANI: B.Proc, LLB, Postgraduate Higher Diploma in Labour Law and Management Development Programme (Women in Insurance).

It is to be noted that Mr Kamal Harilal had resigned formally from the NBI and as Chairperson of this Committee in the period under review.

Ms Sazini Mojapelo agreed to act as interim Chairperson for the period under review and was appointed as the Chairperson by the NBI Board in September 2021.

Ms Janette Horn resigned from her employer (NBI member company) and therefor from the Committee. A replacement will be appointed as soon as possible.

13.2.4 MEETINGS OF THE COMMITTEE

Four meetings were held during the year. Details regarding meeting attendance are provided below:

Committee Members	2 September 2020	11 November 2020	3 March 2021	23 June 2021
Kamal Harilal ⁺ (Chairperson)	P	P	Resigned	
HJ Swanepoel	P	P	P	P
Sazini Mojapelo (Acting Chairperson)	P	P	P	P
Shillyboy Mothiba	P	P	P	P
Zinhle Mariani	P	P	P	A
Jannette Horn	A	P	P	A

⁺ Resigned

P Present

A Apologies received

13.3 SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Social, Ethics and Transformation Committee oversees relevant statutory requirements, issues relating to human resources, the overall health of the NBI, stakeholder engagement and compliance with and promotion of the principles of the United Nations Global Compact (UNGC), given that the NBI is a signatory to the UNGC.

13.3.1 AREAS OF FOCUS

Focus areas and discussion points during the reporting period included:

- > The updating of Terms of Reference and King IV alignment.
- > The agreement to include a standing agenda item on the disclosure of interests of Committee members.
- > Discussing and making recommendations regarding the overall organisational health of the NBI.
- > The Composition of the Committee and the appointment of additional members.
- > The Programme work of the NBI's Social Transformation work stream.
- > The implementation of the agreed work programme for the year under review and agreeing the proposed work plan of the committee for the next financial year.
- > The review of various relevant policies.

13.3.2 MEMBERS AND MEETINGS OF THE COMMITTEE

The Committee at the time of this report comprised three Board members, one member-company representative and two independent members.

Three meetings were held during the period under review:

Committee member	29 July 2020	22 October 2020	17 June 2021
Zinhle Mariani (Chairperson)	P	A	P (Appointed as the Chairperson)
Cindy Mogotsi (Chairperson) +	P	P	Resigned
Mandy Rambharos +	P	Resigned	
Masechaba Tekana	P	P	P
Xolani Mogojo	P	A	P
Bridgette Backman +	A	P	Resigned

+ Resigned

P Present

A Apologies received

13.4 MEMBERSHIP AND FUNDRAISING COMMITTEE

The Membership and Fundraising Committee is responsible for overall funding and membership issues with a particular emphasis on membership retention, growth and financial sustainability.

13.4.1 FOCUS AREAS OF THE COMMITTEE

- > Feedback on the proposals to strengthen the NBI brand.
- > Positioning the value add to members in a more relevant, bespoke, and nuanced way.
- > The need for an investor roadshow when appropriate given the COVID-19 operating context.
- > Noting progress against the Membership Retention and Growth Strategy.
- > The appointment of a Membership Growth and Retention Manager to enhance the capacity in the Team and for succession planning.
- > Terms of membership have been documented and distributed to new members in an effort to improve the NBI's capacity to plan.
- > Consideration of the manner in which Board members could support the NBI with regard to attracting new members and retention of high-risk members.

13.4.2 MEMBERS AND MEETINGS OF THE COMMITTEE

The Committee consists of two Board members, two independent members and two member-company representatives. Two committee meetings were held during the period under review:

	3 September 2020	25 March 2021	17 June 2021
Cas Coovadia (Chairperson)	A	P	P (Appointed as Chairperson)
Fumani Mthembi +	P (acting Chairperson for this meeting given the apology of the Chairperson)	P	Resigned
Douglas Ramaphosa	P	P	
Noluvo Ngcwabe	P	P	P
Shillyboy Mothiba	P	P	P
Robyn de Villiers +	P	P	Resigned

+ Resigned

P Present

A Apologies received

13.5 REMUNERATION COMMITTEE

The Remuneration Committee governs and oversees the NBI policies and practices for recognition and reward. The Committee is also responsible for the evaluation of the performance of the CEO.

13.5.1 FOCUS AREAS OF THE COMMITTEE

- > Consideration of inflation related cost of living increases and performance bonuses taking affordability into account.
- > The financial status of the organisation in conjunction with the Finance and Risk Committee.
- > Monitoring the implementation of the succession Plan and Policy

13.5.2 MEMBERS AND MEETINGS OF THE COMMITTEE

The Committee comprises three Board members. Two meetings were held during the period under review:

	12 November 2020	26 May 2021
Cas Coovadia (Chairperson)	P	P
Bheki Khumalo	P	P
Shireen Naidoo	P	P

P Present



SAZINI MOJAPELO
Finance & Risk
Committee
Chairperson

13.6 FINANCE AND RISK COMMITTEE REPORT

The Finance and Risk Committee performs the duties assigned to Audit and Risk Committees in terms of section 94(7) of the Companies Act 71 of 2008 (as amended) (the Act) as well as the other duties mandated by the Board. The Committee comprises two Board members, one member company representative and one independent member. All members of the Committee are suitably skilled and experienced. The Chairman of the Board is not eligible to be the Chairman or a member of the Finance and Risk Committee.

TERMS OF REFERENCE

The Committee's formal terms of reference are set out in the Finance and Risk Committee Charter which has been approved by the Board and sets out the role of the Committee. These terms of reference are reviewed every three years in line with the Board cycle and /or as and when there is a need due to legislative, regulatory or other changes. The last review was on the 30th of October 2019 and approved by the NBI Board in November 2019. During the past year, the Committee has executed its duties in accordance with these terms of reference.

MEETINGS

Four meetings were held during the year and details regarding meeting attendance are available on page 58.

DUTIES SPECIFIED IN THE COMPANIES ACT

The following duties were executed by the Committee:

- > Nominated and re-appointed SNG Grant Thornton as external auditors for the organisation, and Jeanine Nellmapius-Clarke, Partner, as the individual auditor, after confirmation of their independence;
- > Approved the external auditor fees and terms of engagement;
- > Reviewed and approved any non-audit services provided by SNG Grant Thornton;
- > Held meetings with SNG Grant Thornton after the Finance and Risk Committee meetings, without the executive management present, and no matters of concern were raised;
- > Confirmed that no reportable irregularities were noted by SNG Grant Thornton;
- > Reviewed the integrated annual report before recommending it to the Board for approval; and
- > Reviewed the annual financial statements as well as the interim report during the year with the external auditors present before recommending them to the Board for approval.

Other areas of focus during the year included:

- > Reviewed the issues reported on during the 2020 audit and mitigating actions and or corrections taken during the course of the audit;
- > Reviewed the management letter provided by the external auditors and actions taken in response;
- > Ongoing review of the organisation's financial performance against budget;
- > Reviewed and gave input on 2022 budgets;
- > Reviewed the updated risk register;
- > Reviewed membership and business development initiatives, including members at risk;
- > Reviewed and provided input to proposed amendment to the Policy for the Use of the NBI's Reserve Funds, NBI Financial Management Policies and Procedures, and the updated Delegation of Authority;
- > A watching brief on the NBI's OD and Business Model Review process;
- > Recommended to the Board the closure of the NBI Foundation USA Inc. due to the fact that no funds are going through the Foundation and that should any funds be raised from the USA there are other mechanisms that could be utilised to bring the funds into South Africa at a much lower cost.

RISK MANAGEMENT

The Board has delegated oversight of the risk management function to the Finance and Risk Committee, while management is responsible for managing the applicable risks. The Committee is satisfied that the process and procedures followed in terms of identifying, managing and reporting on risk are adequate and that the following areas were appropriately addressed during the year:

- > Financial reporting risks;
- > Internal financial controls;
- > Fraud risk relating to financial reporting; and
- > IT risk as it relates to financial reporting.

Management was however requested to incorporate data security and IT risks into the risk register and do further work to review the sufficiency of the IT protections currently in place.

The Committee's mandate and risk management policy and plan are in place.

INTERNAL FINANCIAL CONTROLS

The Committee reviewed the internal and external audit scope, plans and the resultant findings to determine the effectiveness of management systems and internal controls during the year. Assurance was received from management, internal and external audit and, based on this combined assurance, the Committee is satisfied that the internal controls of the group are adequate and that there was no material breakdown in internal controls.

REGULATORY COMPLIANCE

Compliance forms an integral part of the organisation's risk management process. The NBI complied with all relevant laws and regulations and considers adherence to non-binding rules, codes and standards.

INTERNAL AUDIT

The Committee is of the view that the size of the NBI does not, at this point, warrant a separate internal audit function. Internal controls should therefore be monitored by management and the external auditors can express an opinion on whether these controls are adequate and effective as part of the financial audit.

EXTERNAL AUDIT

The Committee has no concerns regarding the external auditor's independence and SNG Grant Thornton South Africa was recommended to the Board to be re-appointed for 2021.

FINANCIAL MANAGER REVIEW

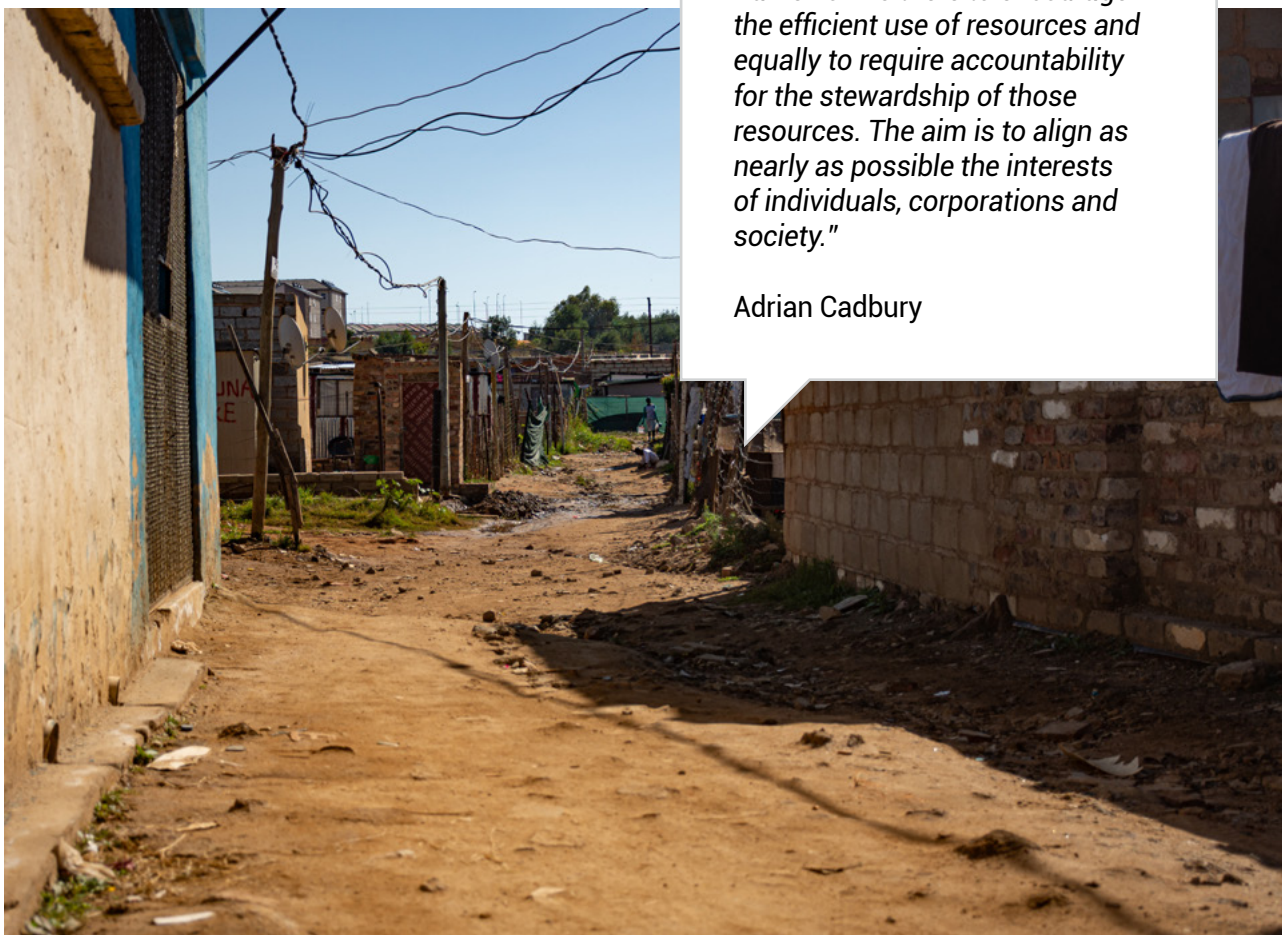
The Committee has reviewed the performance, experience, resources and expertise of the financial function, headed by Mr Neil Kohler, and confirms the suitability of the financial function to fulfil its role.

INTEGRATED ANNUAL REPORT

The Committee has evaluated the annual financial statements of the NBI for the year ended 30 June 2021 and based on the information provided to it, considers that the organisation complies in all material respects with the requirements of the Companies Act and International Financial Reporting Standards. The Committee has reviewed the integrated annual report and it recommended the report to the Board for approval.

Corporate governance is concerned with holding the balance between economic and social goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society."

Adrian Cadbury



>> National Business Initiative

GLOSSARY

ACA	Alliances for Climate Action	IRM	Installation repair and maintenance
ACES	Advisory Committee on Environment and society	<IR>	Integrated Reporting
ACF	African Climate Foundation	ISA	Infrastructure South Africa
AFOLU	Agriculture, Forestry and Land Use	LGBTQI+	Lesbian Gay Bisexual Transgender Queer Intersex + (meaning not limited to)
ASISA	Association for Savings and Investment South Africa	NAMA	Nationally Appropriate Mitigation Actions
BAF	Beyond Advocacy Fund	NACS	National Anti-Corruption Strategy
B4SA	Business for South Africa	NBI	National Business Initiative for Growth, Development and Democracy
B-BBEE	Broad-Based Black Economic Empowerment	NDC	Nationally Determined Contribution (under Paris Agreement)
BCG	Boston Consulting Group	NDP	National Development Plan
BLSA	Business Leadership South Africa	MOI	Memorandum of Incorporation
BUSA	Business Unity South Africa	MOU	Memorandum of Understanding
C40	C40 Cities: A network of mayors of nearly 100 world-leading cities collaborating to deliver the urgent action needed right now to confront the climate crisis..	ODI	Overseas Development Institute
CEO	Chief Executive Officer	PCC	Presidential Climate Commission
CFA	Climate Finance Accelerator	PMO	Project Management Office
CDP	Carbon Disclosure Project	PMU	Project Management Unit
CfERI	Centres for Entrepreneurship and Rapid Incubation	PPPs	Public-Private Partnerships
COGTA	Dept of Cooperative Governance and Traditional Affairs	PV	Photovoltaic
COP	Conference of the Parties	SANBI	South African National Biodiversity Institute
CSIR	Centre for Scientific and Industrial Research	SAPVIA	South African Photovoltaic Industry Association
CWP	Community Works Programme	SARETEC	South African Renewable Energy Technology Centre



DDM	District Development Model	UN SDGs	United Nations Sustainable Development Goals
DFFE	Dept of Environment Forestry and Fisheries	SECO	Swiss State Secretariat for Economic Affairs
DPE	Department of Public Enterprises	SEDA	Small Enterprise Development Agency
DSI	Department of Science and Innovation	SME	Small and Medium Enterprises
The dtic	The Department of Trade, Industry and Competition	SPIPA	Strategic Partnership for the Implementation of the Paris Agreement
EEC	Ekurhuleni East TVET College	SWPN	Strategic Water Partners Network
EWC	Ekurhuleni West TVET College	TAMDEV	Technical Assistance Mentorship and Development
EU SPIPA	European Union Strategic Partnership for the Implementation of the Paris Agreement	TCFD	Task Force on Climate-Related Financial Disclosures
FCDOO	Foreign Commonwealth & Development Office	TRAC	Transparency Reporting on Anti-Corruption
GRI	Global Reporting Initiative Sustainability Reporting Standards	TVET	Technical and Vocational Education and Training
GBV	Gender Based Violence	UN	United Nations
GEF	Global Environmental Facility	UNGC	United Nations Global Compact
GIBS	Gordon Institute of Business	UWASP	uMhlathuze Water Stewardship Programme
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	VAT	Value-Added Tax
GRI	Global Reporting Initiative	WBCSD	World Business Council for Sustainable Development
HR	Human Resources	WMB	We Mean Business
IDDRI	Institute for Sustainable Development and International Relations	WWF	World Wide Fund for Nature
IIRC	International Integrated Reporting Council	UK PACT	(United Kingdom) Partnering for Accelerated Climate Transitions for
IKI	Internationale Klimaschutz Initiative		





NBI members give substance to the role of business in shaping a sustainable future, not only through their support of the NBI but through active involvement, based on this mutual drive towards a sustainable and thriving society.



Gillian Hutchings
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