

# INVESTING IN HUMAN CAPITAL

Our people are our single most important resource. The NEF recruits and develops self-starters who have a passion for what they do. We ensure that our people are competent, placed in the right roles, at the right time, are committed to what they do by being engaged in the work that they do and are remunerated accordingly. We deal with people issues in terms of the **core values** of the NEF. We value diversity in our people. The NEF has a performance driven culture with consequences for performance and non-performance. Our HR Strategy ensures that the NEF competes favourably for scarce critical skills, by offering an employee value proposition that is appealing to prospective employees.



### NEF Values

Outlined below are the NEF core values that all the NEF employees are expected to live by whilst in the employ of the NEF.

E M P O W E R	
ETHICS MOTIVATION PERFORMANCE OWNERSHIP WORTHY EXCELLENCE RESPECT	
Ethics	Choosing to do what's right over what's wrong
Motivation	Being self-driven and passionate in what we do
Performance	Achieve results timeously, accurately and performing to create an impact
Ownership	Own the mandate of the organisation
Worthy	Recognising the value of others' contribution
Excellence	Exceeding our clients' expectations
Respect	Treat everyone with dignity and meaning

These values are a covenant between the NEF and its employees, which culminated in employees signing a pledge declaring that:

"As a member of the NEF family, I solemnly pledge to remain faithful to the values and ethos of the NEF, because as an instrument in the quest for inclusive growth, I recognise that the economic dreams and aspirations of black people depend on my willingness to serve with truth in my heart. In taking the hopes

of black economic freedom to greater heights, I undertake that as a patriot I will perform my call to duty with integrity and honour, with empathy and dedication to excellence, inspired by the vision of a growing and inclusive economy. This is my oath, my vocation, my contract with the nation."

### Our People

The NEF prides itself with a Human Capital resource that is diverse and possesses an array of qualifications. These individuals with their qualifications, skills and expertise enable the NEF to carry out its mandate of transforming the South African economy by bringing black people to the forefront of the economic mainstream participation.

The NEF employees are in a class of their own in that they provide service beyond our client's expectations by staying true to our mandate and values. They go above and beyond the call of duty in the day-to-day activities. They provide a service that is second to none and these skills are jealously guarded by the NEF. The table below illustrates the qualifications held by various employees at the NEF.

Qualifications	Number
Master's degrees	14
Chartered Accountants and Admitted Attorneys	24
Engineers	6
Honours degrees	16
Bachelors	48
Diplomas	16
Certificates	34
Adult Basic Education and Training (Abet)	3
	<b>161</b>

### Headcount

The NEF's head count as at 31 March was 161 employees. The employees are split (59%) women and (41%) men. During the financial year under review the vacancy rate was 12% with a staff turnover of 16%.

“After 20 years of democracy, significant challenges remain in creating an enabling environment for entrepreneurship and the creation of successful and sustainable black-owned small businesses. Levels of entrepreneurship have consistently been around only 50% of where they should be given South Africa's per capita GDP, and around 75% of emerging businesses continue to fail in the first two and a half years of their existence.”

*The Hon. Deputy President Cyril Ramaphosa at the Shanduka Black Umbrellas National Development Awards, Sandton Johannesburg on 24 June 2016*

## Current employee split by occupation level

Employee level	Headcount as at 31 March 2014	Headcount % per band as at 31 March 2014	Headcount as at 31 March 2015	Headcount % per band as at 31 March 2015	Headcount as at 31 March 2016	Headcount % per band as at 31 March 2016
Executive Management	5	3	5	3	5	3
Senior Management	21	14	24	16	24	15
Middle Management	20	14	23	15	29	18
Professional Staff	49	34	52	34	56	35
Skilled	47	32	44	29	38	24
Semi-skilled/Unskilled	4	3	4	3	9	5

## Racial Analysis

Below is the employment equity statistics of the NEF. The figures demonstrate that the NEF complies with the Employment Equity legislation.

TOTAL NO OF EMPLOYEES (Permanent)	Number	Percentage
African	148	91.9%
White	1	0.6%
Indian	6	3.7%
Coloured	6	3.7%
<b>GRAND TOTAL</b>	<b>161</b>	<b>100%</b>

## Gender and age distribution

The table below shows the distribution of NEF employees by age and gender. The average age of the NEF employee is 39 years, which demonstrates that the NEF is a maturing organisation.

GENDER	AGE			
	20-29	30-39	40-49	50-59
Male	9	32	20	5
Female	11	64	17	3
<b>TOTAL</b>	<b>20</b>	<b>96</b>	<b>37</b>	<b>8</b>

## Investment in People vs Returns

## Engagement &amp; attraction

During the year under review the NEF recruited 35 new employees. Their skills range from Legal Advisor, Chartered Accountants and Engineers. Of these new employees 14 (40%) were female and 21 (60%) male.

## Training and development

As part of the HR strategy which is to deliver business results through an integrated people, the NEF supports its employees by providing training and development opportunities. This investment in human capital ensures that the NEF is able to grow its timber thereby fostering a culture of dependability between the NEF and its employees.

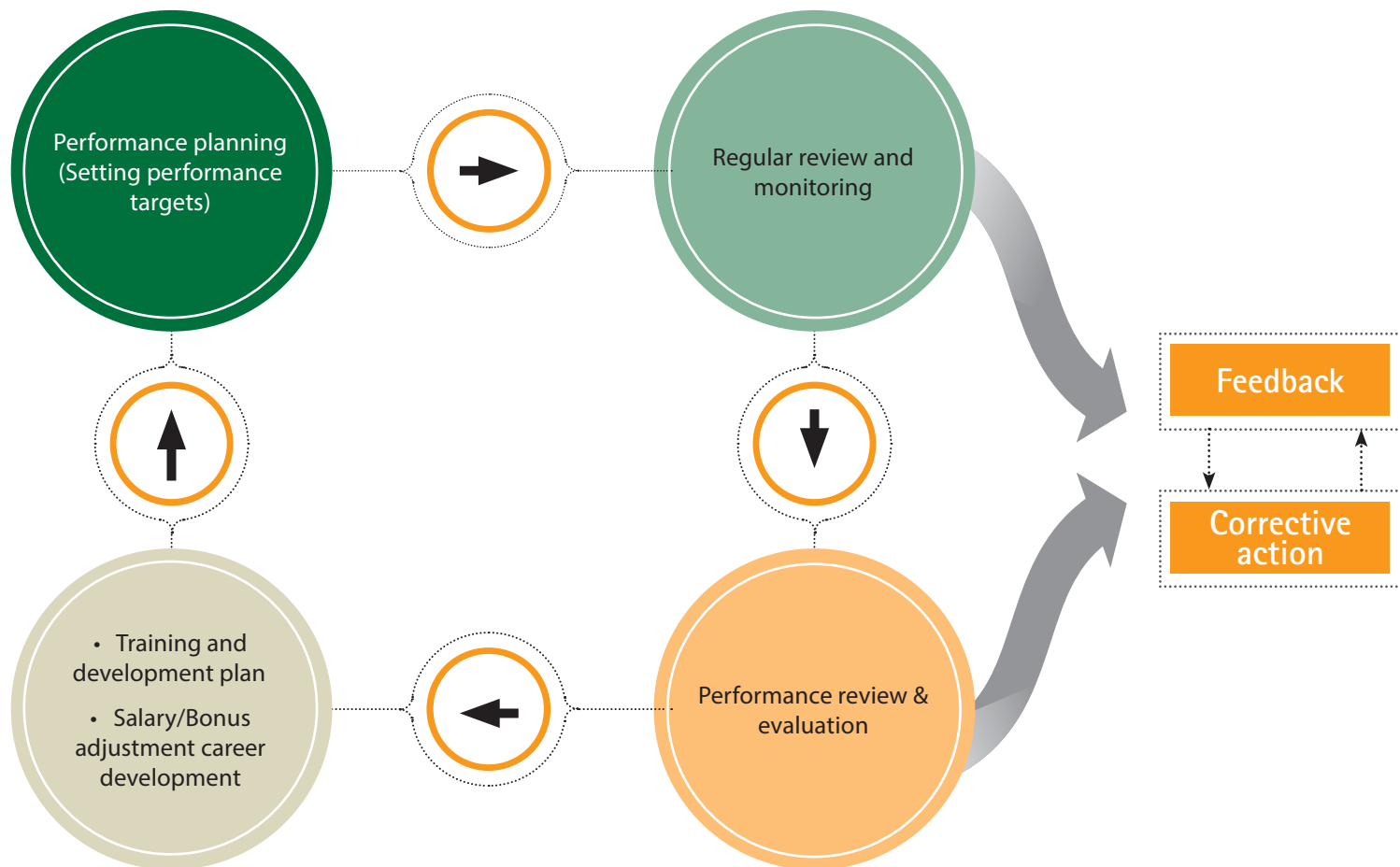
During the financial year, the NEF invested R1.3 million on training interventions for its employees, as follows:

	Training Expense R	% of Training Cost	Number of training interventions
Female	835 340	63%	89
Male	492 067	37%	61
<b>Total</b>	<b>1 327 407</b>	<b>100%</b>	<b>150</b>

## Performance Management

The NEF is committed to administering a performance management system that will improve strategic focus and organizational effectiveness through continuous improvement in the performance of individuals and teams. It is the philosophy of the NEF to have an effective performance management system that offers a means of providing continuous feedback to employees. The performance management system is intended as a positive means of promoting career development and job satisfaction, as well as a management tool that supports people management decisions.

# Performance Management Cycle



In order to achieve and sustain the vision of the NEF, a performance management system is adopted to provide alignment of individual objectives with the NEF Strategic and Business Plan. This is done by formulating employee objectives and expectations for the following year; linking performance with pay (i.e. salary review and bonus award); ensuring that employees focus and contribute to the NEF's mandate by monitoring performance throughout the year.

The promotion and constant demonstration of the culture of accountability and good performance through transparent and trustworthy relationships between staff and management, development of constructive and open relationships between managers and employees, enables employees to develop their abilities, increase their job satisfaction and achieve their full potential so that both the employee and the NEF benefit.

### Employee Wellness

The NEF wellness program continues to yield positive results, in that employees are encouraged to develop suitable coping mechanisms and accept personal responsibility. Some of the positive spin-offs of the Wellness Program include but are not limited to decreased absenteeism, increased employee engagement, increased staff morale, greater employee retention and fewer labour disputes.

Furthermore, there were 324 interactions between the NEF employees and the Wellness provider which amounted to the utilisation of the wellness program of 202.5% of employees out of a total of 161 employees. These interactions ranged from financial advice, legal advice, telephonic counselling and offsite face to face counselling.

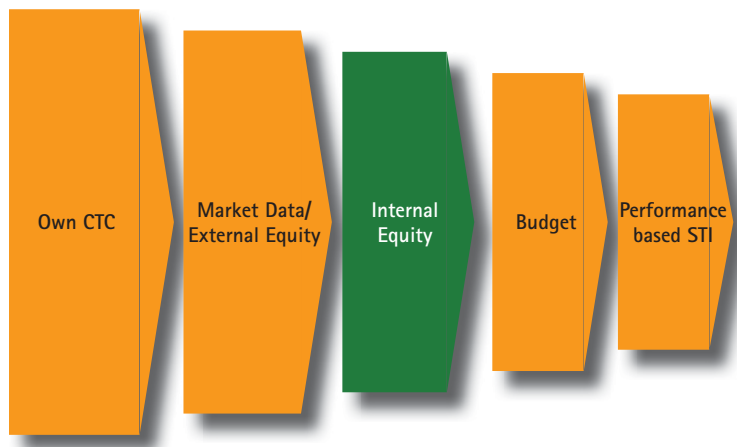
### Internal Control Environment

The NEF HR Department has put in place relevant policies and procedures to facilitate compliance throughout the organisation. Consequently, with this high level of being vigilant and cautious, HR continues to have zero audit findings in its internal audit tracking register.

### Reward, Recognition and Retention

#### Remuneration Adjustments

In order to match current market trends and practices in the financial services sector, SOE's, and other DFI's and present a good chance of being able to retain core staff, the NEF generally maintains employees' guaranteed packages at least at the median level of remuneration scales and with respect to core, critical and selected key senior staff, at between the Median and 75<sup>th</sup> percentile.



The diagram above illustrates on a high level the remuneration process that is undertaken by the NEF when appointing new employees and the subsequent short term incentive when performance targets are met and exceeded.

The above process ensures that the NEF competes favourably with other DFI's and financial institutions with regards to offering market related salary packages. This also serves as a staff retention mechanism for the core and critical skills that are highly sought-after.

### Staff turnover

During the year under review the NEF experienced a staff turnover of 26 employees which amounted to 16% staff turnover rate. Our staff turnover analysis demonstrates that individuals who left the organisation have been with the NEF for an average of 5 years. Globally, the norm is that employees on average spend 4.4 years in their roles. Thus the employees who exited the NEF could be attributed to natural attrition which is supported by global trends.

### Succession Planning and Talent Management

The NEF is cognisant of the war on talent and as such has put in place measures to ensure that it minimises the loss of critical skills. Part of the succession plan and talent strategy involves deliberate efforts to ensure that employees and management alike are aware of employees' personal development plans and that these well-sought-after skills are continuously nurtured and recognised. Exceptional performance remains a major yardstick with which performance and ultimately succession planning and talent management is measured, albeit there are other key factors that assist in determining the suitability of the targeted employees.

The NEF has a talent pool of exceptionally good employees who can be readily available for leadership roles, and the below matrix is utilised to measure readiness.

PERFORMANCE	+	Exceptional Performer	Exceptional Performance/ Mastery Potential (Super Keeper)	Exceptional Performance/ Growth Potential (Moving star)	Exceptional Performance/ Turn Potential (Radiant star)
		Full Performer	Full Performance/ Mastery Potential (Core Contributor)	Full Performance/ Growth Potential (Solid Contributor)	Full Performance/ Turn Potential (Rising Star)
	-	Below Performer	Below Performance/ Mastery Potential (Potential Contributor)	Below Performance/ Growth Potential (Developing Contributor)	Below Performance/ Turn Potential (Potential Star)
	↕		MASTERY	GROWTH	TURN
			POTENTIAL		
			Learning Capacity		Learning Agility

### External bursaries

In keeping up with its slogan, that of being a **Funder with a Soul**, the NEF has established an external bursary scheme to fund deserving learners. This was a culmination of having been engaged in various human capital development and capacity building initiatives to address the skilling of young people in various disciplines and qualifications. With the realisation that education is a critical intervention in creating a sustainable future and improving employment prospects for the South African youth, the NEF sought to implement this initiative. This initiative will mostly benefit young people that are from previously disadvantaged backgrounds.

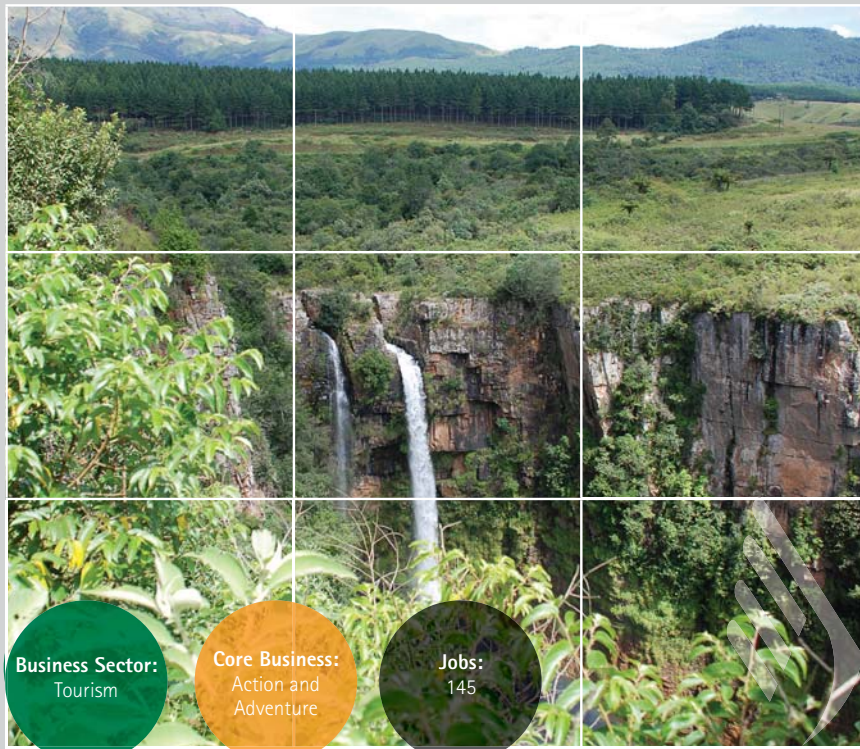
Many young South Africans still experience challenges in accessing higher education. Despite the excellent results which are achieved by learners who complete their Grade 12 studies, funding remains an impediment on achievement of their dreams.

The NEF's external bursary scheme is aimed at focusing on the recruitment and financing of qualifying young people to further their studies and obtaining

qualifications identified as critical in the development of South Africa. The development of the NEF's external bursary scheme is motivated by its core mandate of empowerment of Black People and its values of **EMPOWER** underpinning the purpose, vision and mission of the NEF.

By implementing this initiative, the NEF will be contributing towards closing the gap on equity programs (inequalities); contribute towards the National Development Plan and Skills Development Plan; assisting the learners in the Accounting, Science, Technology, Engineering, Law faculties, Entrepreneurial studies but not limited to Humanities, Green Economy, Infrastructure, Agriculture, Manufacturing and other studies; and empowered communities wherein professionals funded by the bursary scheme can go invest back in their communities by offering mentorship, tutoring, etc.

In its year of inception, the NEF external bursary advanced R1.6 million to fund 31 worthy learners who come from previously disadvantaged backgrounds across South Africa. Sixty one (61%) of these learners are female.



### Investee Profile:

## Strategic Projects Fund Graskop Gorge Lift Company

The project objective is to develop the Graskop Gorge area into a major tourism node on the Panorama Tourist Route in Mpumalanga through the new Lift & Retail Centre. The main feature of the project is the construction of an outdoor lift system that will be able to ferry people up and down off the cliff face into the forest environment below, where various elevated walkways and ground walkways will allow visitors to explore this unique environment. This experience will be enhanced with various information boards and other value added activities such as guided tours. Supporting this outdoor lift system will be a newly constructed tourism centre that will provide a multitude of tourism products and services including a restaurant, bar, retail outlets, kids play area and centre management offices that will support the entire development. In the medium term the project will be constructing a 36 beds hotel in the Gorge, which will support the project through the provision of additional support infrastructure such as the hotel guest parking, laundry, offices. The NEF has approved the investment of R33.4 million towards the construction and operation of the project, which will be opened in September 2016.