

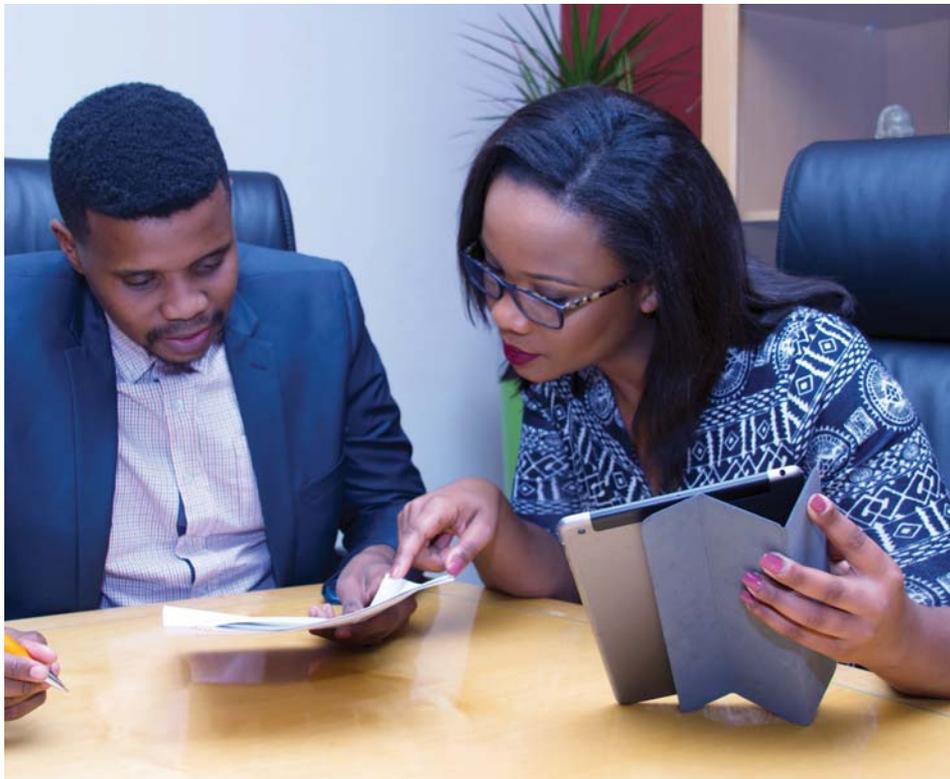
# STAKEHOLDER ENGAGEMENT

At the NEF we believe that our growth and continued existence depend on the strength of our relationship with all our stakeholders, which informs our ability to achieve our strategic objectives and to create value for both the organisation and our stakeholders. As such, our stakeholder management approach involves gaining a thorough understanding of our key stakeholder groups, assessing the issues that are material to them and the level of their impact on the NEF's ability to achieve its mandate. This has over the years informed the development and implementation of products and initiatives in response to identified stakeholder needs.

The main objective is to ensure the following:

- a. strategy is aligned and underpinned by the organisational values and code of ethics;
- b. strategies are aligned to Stakeholder objectives and expectations;
- c. ensure there is an embedded stakeholder relation and engagement strategy;
- d. encourage and motivate access to entrepreneurship and investment opportunities;
- e. ensure target is reached and deliver on set objectives; and
- f. capitalise on strategic partnerships.

Stakeholder engagement is a critical element to our value proposition and it informs our values and strategic objectives. The NEF continues through proactive engagement, to maintain strategic relationships with a broad range of stakeholder engagement through the management of stakeholder expectation and perception. On the next page is an overview of our key stakeholders, their expectations of the NEF, how we have engaged them, our assessment of their influence on the stability and sustainability of the NEF as well as some linkage to some of the results we have delivered or are working on as a result of our engagements:



“This principle of state-led radical transformation is particularly relevant for state owned economic institutions. These are institutions that have capacity to redirect investment towards a path that promotes black ownership and management of strategic industrial assets. It is for this reason that as government we have undertaken the task of facilitating the emergence of Black Industrialists in strategic industrial assets.”

Address by the Deputy Minister of Trade and Industry, Hon. Mr Mzwandile Masina at Metsimaholo Municipality Sasol Business Incubator Launch, 09 May 2016

Stakeholder	Expectations/ Reason for engagement	Key engagement events	Materiality	Outputs
Government (the dti, Parliament, National Treasury etc)	The South African government is the ultimate statutory principal of the NEF. The NEF has a statutory requirement, as captured in the National Empowerment Act of 1998, to report to <b>the dti</b> which is a custodian of other NEF critical policies and regulations like the B-BBEE Act, the Industrial Policy Action Plan and the Black Industrial Policy.	<ul style="list-style-type: none"> <li>• The government's interaction with the NEF occurs mainly through <b>the dti</b>.</li> <li>• GP Economic Plan Summit,</li> <li>• <b>the dti</b> COTTII Stakeholder Engagement</li> <li>• The Portfolio Committee on Small Business Development workshop</li> <li>• Project Kopano with Minister Patel and Minister Davies</li> <li>• SMME Business Network</li> <li>• SONA Dinner with Business Leaders and Politicians,</li> <li>• Post SONA breakfast with President J.G Zuma</li> <li>• My Business Expo with <b>the dti</b></li> <li>• Quarterly engagements with the Portfolio Committee</li> </ul>	Different government departments at national, provincial and local provides a critical network for the NEF to interact with the South African public.	Refer Performance Highlights and Performance Review sections for KPIs and other outputs from broader governmental alignment initiatives undertaken.
Employees	Employees are the most valuable asset in the business of the NEF, through which it fulfils the mandate.  The NEF is expected to present a compelling and relevant employee value proposition that drives talent attraction, engagement and retention.	<ul style="list-style-type: none"> <li>• Brand audit surveys</li> <li>• CEO's staff addresses</li> <li>• Divisional &amp; group strategy sessions</li> <li>• Social activity forums</li> <li>• Performance management platforms</li> <li>• Newsletters and emails.</li> </ul>	Employees are a material stakeholder as the NEF will not be able to meet its mandate without healthy employee relations.	Refer Human Capital section for the NEF's value proposition to its employees.

“Our aim is to promote and enable the participation of black people in the manufacturing sectors of the economy to become giants through support from government and other related institutions. With the support of big business, this transformative programme will succeed.”

*His Excellency President Jacob Zuma during the convention of the South African Chamber of Commerce and Industry (Sacci) in Midrand on 26 May 2016*

Stakeholder	Expectations/ Reason for engagement	Key engagement events	Materiality	Outputs
<p>Beneficiaries</p> <ul style="list-style-type: none"> <li>Business</li> <li>Communities</li> </ul>	<p>Like any other service based operation, the NEF finds life through its clients. The NEF has two forms of beneficiaries as informed by the dual mandate. There are black enterprises that are provided with financial and non-financial support. There is also financial literacy where the NEF stands to promote the culture of saving and investment amongst black communities mainly rural and semi urban localities.</p> <p>The NEF engages its beneficiaries to maintain an educated understanding of their needs.</p>	<ul style="list-style-type: none"> <li>Annual Africa Enterprise Development</li> <li>Business Activation Summit</li> <li>Tshwane SMME Roadshow</li> <li>Small Business Development Institution Colloquium</li> <li>Day to day walk-ins into all 9 offices across the country</li> <li>Investor education and social facilitations</li> <li>Brand audit surveys</li> <li>Cell C Take a Girl Child</li> </ul>	<p>Clients are material to the NEF as we exist to serve them. Satisfied clients give credence to the organisation's ability to effectively discharge its mandate.</p>	<p>Refer to "Responding to the 2015 Brand Audit Survey" on page 16</p> <p>Disbursed over R5.1 billion to black businesses since inception, in support of over 86 000 job opportunities</p> <p>Launched the bursary scheme during the year in support of 31 learners across the country</p>
Influencers	<p>This stakeholder group includes lobby groups, media and various market players.</p> <p>Their general expectation is to understand what the NEF does with the aim of forming synergistic partnerships.</p>	<ul style="list-style-type: none"> <li>Manufacturing Indaba</li> <li>Young Entrepreneurs Expo</li> <li>the dti My Business Expo</li> <li>Launch of the Black Industrialist Policy from the dti</li> </ul>	<p>They are significant group of stakeholders as they can influence the NEF's work and perception in the market.</p>	<p>These engagements provide an opportunity to showcase investees and their wares thus giving our investees potential access to markets and our stakeholders a deeper understanding of the work we do.</p>
Opinion Formers	<p>This stakeholder group includes analysts, business forums, commentators, other DFIs, financial institutions and the general public.</p> <p>They generally require accurate and regular communication.</p> <p>Collaboration and co-funding with other DFIs is a natural feature of the development facilitation mandate.</p>	<ul style="list-style-type: none"> <li>Tourism Indaba</li> <li>Small Business Network</li> <li>NEF Parliament Exhibition</li> </ul>	<p>They are an important group through which positive developmental initiatives can be facilitated.</p>	<p>These engagements provide an opportunity to showcase investees and their wares thus giving our investees potential access to markets and our stakeholders a deeper understanding of the work we do</p>

### Responding to the 2015 Brand Audit Survey

The Brand Audit Survey conducted in 2015, indicated the following perceived key weaknesses:

- **Operational inefficiencies:** Especially around the funding application process where respondents lamented the NEF about excessive paperwork and perceived bureaucracy.
- **Lack of brand empathy:** This relates to a perception among stakeholders that as an institution the NEF and its representatives need to display respect, humane understanding, sensitivity and care in its dealings with customers.
- **Limited brand trust:** While seen to be serving a noble cause, the NEF has not convinced stakeholders to fully trust it on objectivity and transparency. There is a perception that only high profile individuals benefit from the work of the NEF.

The NEF appreciates and takes stakeholder feedback and has thus embarked on a few measures and projects to respond to these three key findings. Our responses to these key weaknesses are outlined below:

#### Operational inefficiencies:

- We are busy reevaluating our processes through a Business Process Reengineering (BPR) project. BPR is the elemental rethinking, analysing and radical redesigning of the organisation's core business processes in order

to achieve improvements in critical performance measures such as cost, service, quality, and speed. We believe that through this project, which is targeted to be finalised by the second half of this financial year, we will gain insights of how best to improve our processes to unlock any bottlenecks in the systems, while ensuring that the quality of our screening and deal evaluation is not compromised.

- Through Pre-Investment the NEF will establish structured customer centricity by providing training that is aimed at ensuring a positive NEF customer experience at the point of first contact with the organisation.

#### Lack of brand empathy:

- We are refining our protocol of communicating declined applications to clients and looking at enhancing reasons given for declines as well as providing referrals where applicable.

#### Limited brand trust:

- Proactive media coverage and profiling of our investees.
- Proactive stakeholder sessions to explain our processes and criteria.



#### Investee Profile:

## Rural and Community Development Fund

### Super Grand Agric

Super Grand Agric is an animal feed producer specialising in chicken feed as well as pig feed on special order. The company which is located in Bronkhorspruit, Gauteng, and has received funding of R15 million from the NEF as well as R 17.5 million from the Department of Rural Development and Land Reform. The company is managed by a cooperative that has experience of running a smaller animal feed operation for the past five years. The NEF has warehoused a 20% stake on behalf of a workers Trust. The main product buyer is Kroon Gourmet chicken.