



report
to
society

2015

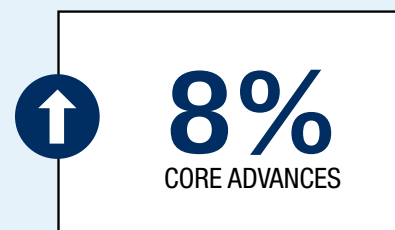
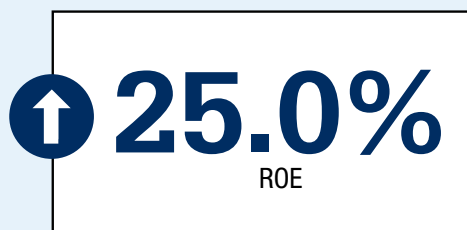
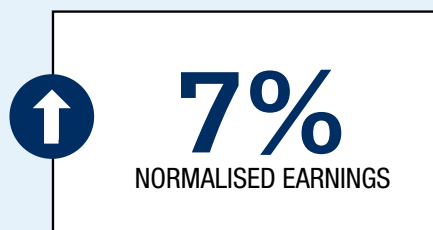


RMB

Rand Merchant Bank is recognised among the **top investment banks across Africa.**

This means we are uniquely placed to play a leading role in the future development of our country and the continent. The following report highlights just some of the ways in which we continue to invest our experience, expertise and resources into empowering our people, our customers and their communities in South Africa and beyond.

Key financial statistics



Operational highlights

RMB's primary strategy is to **generate more income** from **client-driven activities**, anchored around a risk appetite designed to effectively manage the trade-offs between **earnings volatility, profit growth** and **returns**

A blurred photograph of a modern office interior. In the foreground, the lower legs and feet of several people in business attire are visible as they walk across a polished floor. The background shows glass railings and architectural lines of a multi-story building, creating a sense of movement and activity.

Invested in our people



Transformation

TRANSFORMING SOUTH AFRICA MEANS
TRANSFORMING OURSELVES

RMB's approach to transformation aims to take our business beyond pure compliance towards internalising the principles of Broad-Based Black Economic Empowerment (B-BBEE) into the way our people conduct their business.

Skills development

BUILDING A LEARNING CULTURE WHERE PEOPLE THRIVE



- ▶ We continue to invest extensively in our people, empowering them with the skills and learning to continuously grow and master their chosen areas
- ▶ In the current year, we spent **R2.3 million** on bursaries and learnerships to support employees to achieve further qualifications
- ▶ We spent **R22.8 million** on skills development across RMB
- ▶ Of this total, we invested **51%** on training programmes for our ACI employees and **48%** on developing women



Leadership development

DEVELOPING LEADERS WITH THE POWER TO TRANSFORM

Transformational leadership and **innovation** are common themes explored in all RMB leadership programmes



Nurturing leaders who inspire success

- RMB maintains a **strong focus on equipping our leaders to navigate their careers** and **unlock their full potential**
- We have developed a leadership growth and development framework comprising programmes **providing targeted training for leaders at all levels**
- These programmes include **The Evolving Art of Management (TEAM) programme for managers leading teams** and **growing talent and the XL programme**, which unleashes potential through accelerated learning opportunities in both leadership and technical/specialist skills for operational and technology teams



316 employees

have participated in our **various leadership development programmes** over the past year, with an additional **179** of **RMB's top leadership** attending the **Lead RMB programme** to connect with and gain insight into **RMB's leadership brand and values**

Building on the highly successful RMB manbo mentorship programme

This year saw **42 new mentees** from **RMB's talent succession pool** partnering with senior managers to participate in a **journey of personal growth and development** that **supports leadership** transformation in the organisation





**Invested in our
clients**

Ultimately, we aim to **support our clients** and **shareholders** by **equipping them** with the **financial resources** to **create sustainable value**



This involves **placing our clients at the centre of everything we do** while using the power of innovation to **unlock new opportunities for them to grow**



It also means **challenging the status quo** with **new financing models** and **ground-breaking products** combined with a **prudent approach** to managing financial risk

Case study



“Innovation is in our DNA. New thinking is the **key to creating sustainable value** for everyone with a stake in our business, above all – our clients.”

SUPPORTING OUR CUSTOMERS THROUGH INNOVATION

- In 2011, we **launched the Nova awards programme** to drive the spirit of innovation across our business
- There are two Nova award categories:
 - **Stellar, for innovations** with a net present value (NPV) of less than R1 million over three years; and
 - **Avant-Garde, for innovations** with an NPV of more than R1 million over three years
- Between 2012 and 2014, **943 entries were logged** with a total NPV of **R743 million**
- In 2015, we made **R400 000** available to Stellar winners and **R1.6 million** to Avant-Garde winners



R55 billion +

is the combined value of the **20 renewable energy projects** we have participated in – to date **400MW** of capacity has been added to the national grid by the **12 RMB-funded renewable projects** to come online since round one of the REIPPP, which ended in December 2012

MAJOR RENEWABLE ENERGY PROJECTS

- Sole lead arranger on the first wind farm to reach completion under the REIPPP (67MW Umoya wind farm)
- Sole coordination bank and joint lead arranger on the largest project financing to date in the South African market (100MW Xina CSP plant)
- Sole lead arranger on the largest PV plant to achieve completion in sub-Saharan Africa (96MW Jasper PV plant)
- Sole lead arranger on the largest tracking PV plant to achieve completion in sub-Saharan Africa (81MW Kathu PV plant)
- Sole lead arranger on the first biomass plant to be awarded under the REIPPP (17MW Mkuze biomass plant)



**Invested in our
communities**

RMB Fund

STREAMLINING OUR COMMUNITY INVESTMENT FOR MAXIMUM IMPACT

In 2015, the RMB Fund invested

over R45.5 million into a range of good causes covering the arts, education and the environment

The fund, our corporate social investment (CSI) vehicle, also had to take some difficult decisions

To ensure our CSI spend continues to **deliver maximum benefit**, we streamlined our focus areas, a tough decision that demanded lengthy deliberation

Specifically, it meant exiting our **maths leadership and development programme**, although we **remain committed to supporting education** in South Africa



Creative arts programme

R12.6 MILLION

WENT TOWARDS THE **RMB FUND'S CREATIVE ARTS PROGRAMME**, WHICH SUPPORTS **24 ORGANISATIONS**

Focus areas

MUSIC, DANCE, DRAMA, VISUAL ARTS, HERITAGE



Highlights included

a **capacity-building workshop** in May 2015 **focused on monitoring and evaluation**, and involved 46 participants from 24 partner organisations

Current partners

Apollo Music Trust, **Artist Proof Studio** Assemblage,
VANSA, ASSITEJ South Africa,
Business and Arts South Africa,
Cape Philharmonic Orchestra, Cape Town Opera,
Clowns Without Borders SA,
Drakensberg Boys' Choir School, **Drama for Life**,
Durban Music School,
Forgotten Angle Theatre Company, **Joburg Ballet**,
Johannesburg Youth Orchestra Company,
Keiskamma Trust, Lefika Art Therapy Centre,
Lutheran CO Foundation, Magnet Theatre,
Moving into Dance, National School of the Arts,
PAST, **Play Africa Children's Museum**,
Sibikwa, **Thanda Arts**

Environment programme

R8.6 million

went towards the RMB Fund's environment programme, which supports 16 partner organisations.

Aim

To facilitate the **rehabilitation**, **restoration**, and **conservation** of ecosystems through shared **partnerships**, for the wellbeing of people and their environment

Highlights

included a **capacity-building workshop** in March 2015 that **focused on monitoring** and **evaluation**. The RMB Fund paid travel and accommodation costs for 22 participants from 12 partner organisations.

Current partners

BirdLife South Africa, Cape Leopard Trust,
Delta Environmental Centre, **EWT**, Imbovane,
JNF Walter Sisulu Environmental Centre,
SANCCOB, South African Wildlife College, VulPro,
WESSA, Wildlands Conservation Trust,
WWF Marine Protected Areas



Maths leadership and development programme

We also approved an award of R1 million to the Play Africa Children's Museum project and invested **R1 million** in helping 40 organisations across the programme build their capacity

RMB people involved in the RMB Volunteer Programme **donated R1.1 million** in time and money to worthwhile causes in the current year

RMB Volunteer Programme

THE SPIRIT OF GIVING

Eight registered charities received support from RMB volunteers over the same period

Case study



Joining the group-wide reading drive

- Employees across FirstRand's four franchises registered to receive **R5 000** to support a pre-school, primary or secondary school of their choice
- Their learners **received libraries, library books, educational toys, stationary, toilets, school uniforms and school shoes**
- RMB **delivered four teacher libraries** to schools in North West **valued at R118 000**



**Invested in our
environment**



As a member of the **FirstRand group**, we are guided by **stringent policies** on how we manage our **environmental impact** and **natural resources**.

Significantly, we also **integrate environmental and social risk management principles** into our decision-making processes.



Building on the principles of sustainable development

Rising **139 metres** and covering **68 946m²**, Portside incorporates numerous sustainable building features. For example:

- ◉ **42** electric vehicle charging points
- ◉ **99.3%** of the entire façade is designed for disassembly, reuse and recycling
- ◉ **90%** of occupied spaces are designed with HVAC diffusers that turn off when the space is unoccupied
- ◉ **99.98%** of all light fittings are LED

- ◉ For tangible evidence of FirstRand's commitment to sustainable development, look no further than the landmark **R1,6 billion Portside building** in Cape Town's CBD
- ◉ Officially opened in August 2014, **Portside Africa's first 5 star green star SA rated skyscraper**
- ◉ It houses **1 100 employees** from all FirstRand's divisions, including RMB

Managing our carbon footprint

RMB contributes
6%
of the FirstRand group's total carbon footprint



In 2015, **our carbon footprint rose by 22%** on the previous reporting year. Factors behind this increase included:

An increase in diesel purchases due to the current electricity crisis; diesel purchases for generators increased by 242% compared to the previous year

A **20% increase** in electricity consumption compared to the previous year, partly attributable to the electricity consumed in new buildings

A **75% increase** in business road travel versus the previous year

Adding a new scope 3 category to account for electricity transmission and distribution (T&D) losses, in line with best practice

Supporting the Carbon Disclosure Project



- The UK-based Carbon Disclosure Project (CDP) works with **3 000 of the world's largest corporations** to make carbon emission reduction integral to their business
- As part of FirstRand group, **RMB has participated in the CDP since 2008**
- **As one of only 37 global financial businesses** to achieve a CDP A rating, the group won a Platinum Award for inclusion in the Global Climate Performance Leadership Index 2014
- FirstRand has been on the Climate Performance Leadership Index for **three years** and **has consistently performed within the top 10 JSE-listed companies** in this area
- Having beaten its carbon footprint reduction targets several times in recent years, **FirstRand continues to set itself even more ambitious targets**
- It achieved its **12% by 2015 reduction target** early then achieved its **20% by 2020 reduction target** ahead of deadline
- The awards the group keeps winning indicates that it may also have to adjust its current reduction target – 34% by 2020

Banking for a more sustainable future

- In 2009, FirstRand adopted the Equator Principles (EP), an internationally recognised framework covering the management of environmental risks
- EP applies when total project capital costs exceed USD10 million, which means they are primarily applied by RMB as the group's investment banking arm
- FirstRand also implemented its own environmental and social risk assessment process (ESRA) to cover all business-related transactions across all its franchises
- Together, ESRA and EP aim to give franchises maximum influence over business customers when it comes to minimising their environmental and social risks

During the year:

11

EP project finance loans reached financial close

1

EP project-related corporate loan reached financial close

3

EP project finance advisory transactions reached financial close

EP project finance loans

Eleven project finance transactions reached financial close during the financial year. The breakdown is as follows:

Transaction category	2015			2014	
	A	B	C	A	B
Detailed breakdown by category					
By sector					
Mining	1			2	
Infrastructure					
Oil					
Gas					
Power		1			1
Renewable energy		1			2
Retail			8		
By region					
Africa		2	8	2	3
Americas					
Europe					
Middle East					
Asia and Oceania	1				
By country designation					
Designated	1				
Non-designated		2	8	2	3
Independent review*					
Yes	1	2		2	3
No			8		
By EP category					
Total number of EP transactions	1	2	8	2	3

* An independent review may not be required for all projects e.g. an independent review is not required for category C projects. Please refer to the EP for details on what is required for each category and product type.

EP project-related corporate loans

One project-related corporate loan reached financial close during the financial year. The breakdown is as follows:

Transaction category	2015			2014	
	A	B	C	A	B
Detailed breakdown by category					
By sector					
Mining					
Infrastructure		1			
Oil					
Gas					
Power					
Renewable energy					
Retail					
By region					
Africa		1			
Americas					
Europe					
Middle East					
Asia and Oceania					
By country designation					
Designated					
Non-designated		1			
Independent review*					
Yes		1			
No					
By EP category					
Total number of EP transactions		1			

* An independent review may not be required for all projects e.g. an independent review is not required for category C projects. Please refer to the EP for details on what is required for each category and product type.

EP project finance advisory transactions

Three project finance advisory service transactions were undertaken during the financial year. The breakdown is as follows:

Transaction category	A	B	C
Detailed breakdown by category			
By sector			
Mining	1		
Infrastructure		1	
Oil			
Gas			
Power			
Renewable energy		1	
Retail			
By region			
Africa	1	2	
Americas			
Europe			
Middle East			
Asia and Oceania			

* An independent review may not be required for all projects e.g. an independent review is not required for category C projects. Please refer to the EP for details on what is required for each category and product type.

Independent assurance report on **selected non-financial information** in the rmb report to society 2015



To the directors, FirstRand Limited

KPMG Services (Pty) Ltd has provided reasonable assurance on the Equator Principle transaction performance information. It conducted the assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

In its opinion, the Equator Principle transaction performance information for the year ended 30 June 2015 is prepared, in all material respects, in accordance with the Equator Principles.

For a better understanding of the scope of their assurance process, the full assurance report can be read here: **www.firstrand.co.za**

Renewables: the time is now

“As a leading finance provider, RMB is set to play an instrumental role in improving the nation’s energy security.”

