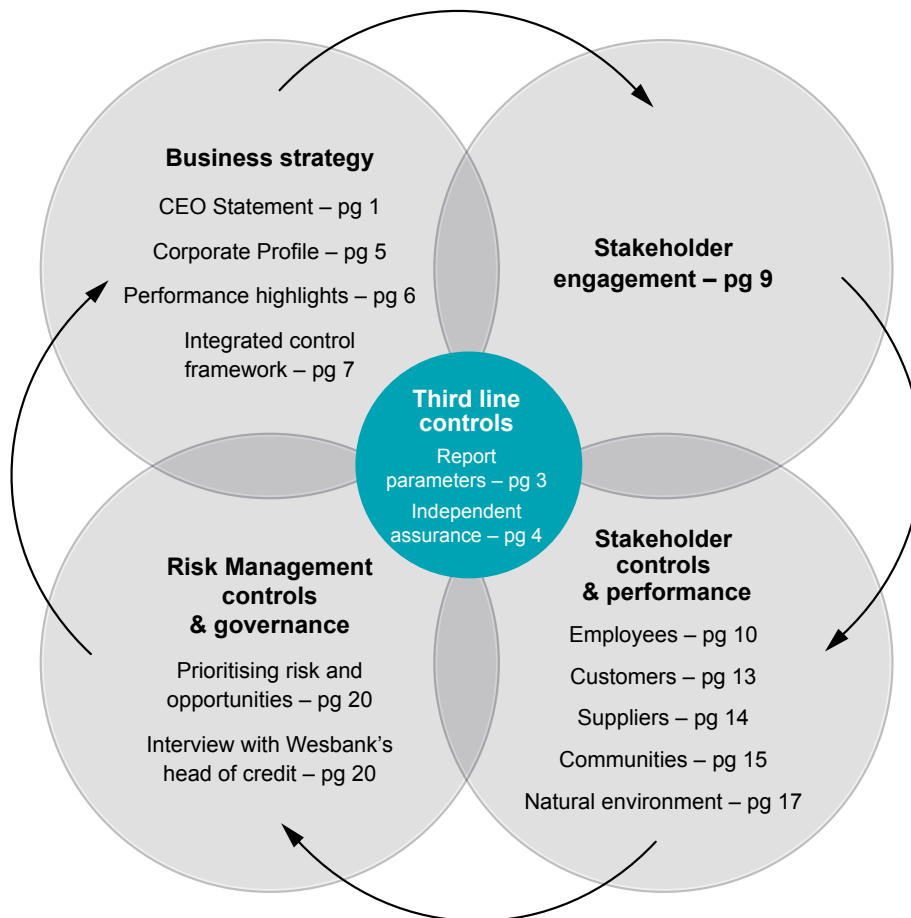


Report to society 2010

Enter our sustainability model

Click a link or turn to a page listed below



CEO's statement

**FROM THE
DESK OF**



Brian Riley
CEO, WesBank

2009 was a demanding year, not just for WesBank, but for all of our industry partners. We did not lose sight of our commitment to profitable growth, however, or to our goals of being the employer of first choice, remaining relevant and accessible to our customers and making a meaningful contribution to the environment and local communities.

The challenges of 2009 called for tough decision-making, particularly when it came to cost-cutting initiatives and a staff employment freeze. Despite numerous changes within the organisation we maintained our customer focus. I am pleased to say that our Expertise Indicator (WesBank's measure of our service-standard and, more importantly, of customer loyalty) remained steady throughout the year. This is affirmation that the delivery of excellent service has remained part of WesBank's DNA. The Expertise Indicator result also confirms that the decisions we took during the past year and the implementation of new processes have been welcomed by our customers; and that customers are more likely to return to us as a result.

We recognise that remaining relevant and accessible to our customers in economically volatile times is always challenging.

We are proud that we have nevertheless succeeded in providing a sustainable value proposition to our customers through our successful partnership strategy with leading original equipment manufacturers in the automotive and other industries (agriculture, aviation, mining and construction, and motor manufacturing). During the period on which we are reporting we launched several new joint ventures across our Motor and Corporate Divisions.

These types of joint ventures would not be possible without the skill of our high-calibre staff. Our people are the heart of our business and our success depends heavily on the strength of our leadership and the ongoing improvement of our people-management standards. To demonstrate our commitment to people management and leadership, we have introduced a learner-leader programme for employees across all broadband salary levels.

Just as we recognise the value of enhancing our people's skill and happiness, we are cognoscente of our need to constantly improve our environment.

Energy-efficient developments at The Home of WesBank in Fairland illustrate the importance we attach to being a good corporate citizen, particularly in the area of environmental impact. In March this year we joined the global call to take a stand against climate change and switched off the lights of our Fairland building during Earth Hour.

Similarly, making a sustainable difference in underprivileged communities remains a key focus for WesBank, regardless of the economic climate. I am pleased to say that despite last year's challenges, the WesBank Fund met all programme imperatives and will be honouring all forward commitments.

Creating and ensuring sustainable food security at the micro-community level is a fundamental goal of the WesBank Fund. The Agricultural Knowledge-sharing Workshops pioneered by the WesBank Fund Committee in 2007 have evolved into a flagship programme for the Fund. The inaugural A re Lemeng Let's get Planting Experiential Learning Workshop took place earlier this year with the aim of empowering members of underprivileged communities with the skills and knowledge to create and maintain their own home food gardens.

Our employees continually look beyond their own needs and make a sustainable difference in less fortunate communities. Our WesBank Volunteers activities have evolved from simple participation in house painting and food parcel distribution to activities that bring skill- and knowledge-empowerment to communities and help them become self-sufficient.

Closer to home, in 2006 we introduced our employees to Kaizen, a Japanese philosophy and strategy for continual improvement. Our commitment to Kaizen initially took the form of an annual staff challenge, "Obsession for Continuous Improvement" and has since become successfully embedded in the WesBank culture. During the 2009 Kaizen Challenge WesBank completed 271 projects, effectively saving the Bank R100 million.

I am pleased to announce that WesBank's Ethics Committee was formed in accordance with the FirstRand Ethics Management Framework. The Committee is constituted as a sub-committee to the WesBank Advisory Board and it has the authority to make decisions around ethical issues on behalf of management and will engage with WesBank Advisory Board where issues of an ethical nature need to be escalated for consideration and resolution.

A new FirstRand Group Code of Ethics has been adopted and will be launched within WesBank along with the anonymous hot- line during November 2010.

Last but by no means least, our procurement practices play a vital role in our contribution to the country's economic development. We will continue to promote sustainable efficiency within our supplier value chain to follow a set of sound sustainability management principles – a discipline which we maintain regardless of the nature of a business cycle.

In the same way, we remain committed to employing a sound, sustainable business model with all of our stakeholders, even during economically challenging times. Our Sustainability Report provides details of initiatives across our business illustrating our ongoing commitment to sustainability.

I hope this report will provide you with insight into what WesBank is doing to not only maintain its position as the leader in vehicle and asset finance, but to increase its contribution towards a better South Africa.



Brian Riley
CEO WesBank

Report parameters

The information reflected in this report pertains to the financial year ending 30 June 2010 which is to be read in conjunction with FirstRand's integrated report for the year ending 30 June 2010. A detailed review of the accounting policies employed by the FirstRand Group is available in the integrated report which can be accessed on the company website: www.firststrand.co.za.

Use of guidelines

WesBank's non financial accounting policies are aligned to the Global Reporting Initiative's ("GRI") G3 guidelines and financial sector supplement, incorporating recommendations set out in the King Committee on Governance's Code of Governance Principles for South Africa (2009) (King III Code), the JSE Socially Responsible Investment ("SRI") index, and the BEE transformation requirements set out by the Financial Sector Charter and the Department of Trade and Industry's ("dti") Codes of Good Practice.

Materiality

Material topics are defined as those reflecting significant economic, environmental and social impacts or those that would influence the decisions of the company's stakeholders. The material topics disclosed in this report have been informed by regulatory obligations, internal financial and non financial management reports and voluntary disclosure standards.

Stakeholder inclusiveness

The principle of stakeholder inclusiveness has been employed to ensure that disclosures are material and relevant to the legitimate interests and expectations of FirstRand's stakeholders. The primary vehicles informing stakeholder disclosures are the Group's integrated financial and non financial risk management reports and significant regulatory events.

Data measurement

Data measurement techniques are replicable and information is not reported if the margin for error is believed to substantially influence the ability of stakeholders to make informed decisions about the company's performance. Measurement techniques, estimates and underlying assumptions are described when it is materially necessary to do so. Carbon footprint calculations are made according to the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard.

Combined assurance

FirstRand has commissioned the following independent sources to provide assurance and commentary on its 2010 report to society:

- BEE transformation performance has been externally audited by SizweNtsaluba Vsp
- FirstRand's carbon footprint data has been externally prepared by Merchantec Carbon and independently assessed by FirstRand Internal Audit
- Corporate Social Investment information has been prepared by Tshikululu Social Investment and externally audited by Deloitte and Touche
- FirstRand Group Internal Audit performed a limited review of the statements and quantitative data contained in the divisional reports to society.

Internal Audit Assurance statement

Internal Audit performed an agreed-upon procedures review on the WesBank Report to society. The scope and focus of the engagement was as follows:

Report:

- Identify material qualitative and quantitative statements in the content of the report; and
- Verify the accuracy and validity of the selected material statements to supporting evidence.

Control Environment:

- Assess the adequacy of the procedures in place for collecting and processing Sustainability information;
- Assess the adequacy and effectiveness of the controls that have specifically been put in place to generate information for inclusion in the Sustainability report;
- Assess the adequacy and effectiveness of the controls that ensure alignment with FirstRand's reporting; and
- Confirm that the report is approved and signed off in accordance with agreed approval and sign off processes.

The following was excluded from the scope of the review.

- Adequacy and effectiveness of the controls in place over:
 - Alignment of the report with the Global Reporting Initiative's G3 guidelines, the JSE Socially Responsible Investment index, BEE transformation reporting requirements and the King III code;
 - Stakeholder inclusiveness; and
 - Boundary setting and completeness.

Based on the results of the work performed on WesBank's 2010 Sustainability Report, Internal Audit confirms that:

- Statements included in the report that required improvement were identified and all suggested changes and identified anomalies and misstatements were corrected prior to the finalisation of the report. Additional improvements were recommended to management to reduce potential for anomalies and misstatements in future reports.
- Even though the data collection processes were not formally documented in all instances, guidance was provided by FirstRand. WesBank shows continued improvement and refinement on its method of collecting data for the Report to society.



J John
Chief audit executive
13 September 2010

APPROVED

Corporate Profile

The WesBank brand is well established in South African society. Long known as the 'Wheels Bank', it has grown to become the country's foremost vehicle and asset finance company. Although WesBank boasts having more than 40 years of experience in providing asset finance solutions to individuals and all sizes of companies, its history dates back to the late 1800s when Robinson South African Banking Company was established in London. By the early 1900s the company was known as the Colonial Banking and Trust Company Limited. In 1968 Colonial Bank and Trust Company merged with Western Credit Africa Limited, a company which focused on finance for the motor dealer.

Today, WesBank is a division of FirstRand Bank Ltd and its structure is designed to align operational units as closely as possible with the operations of its major partners in those markets. This allows each business unit to take ownership of its operations, while leveraging off of Group strength. Its revenue generating business units include motor division, corporate division, fleet division, loans division and international division, as well as its investments in a number of subsidiaries and associates.

WesBank employs almost 3000 people and provides asset finance to over 630 000 customers. Its head office is in Fairland, Johannesburg – an environmentally friendly building which is home to its call centre operations, support divisions and the executive management team. Trained finance and insurance consultants are located in the showrooms of most major motor dealers across South Africa, while a sales force of asset finance specialists service the corporate and business market. Through WesBank's diverse business model, they provide asset finance and related services to customers across the motor, corporate and fleet sector.



'The home of WesBank' - Fairland, Johannesburg

Performance highlights

A more detailed financial report can be seen in FirstRand's integrated annual report which is available on the company website (www.firstrand.co.za).

Financial highlights

R million	2010	2009	% change
Income before indirect tax	1 426	438	>100
Loss on sale of MotorOne Advances book	–	(203)	(100)
Income before indirect tax	1 426	235	>100
Indirect tax	(126)	(105)	20
Income before tax	1 300	130	>100
Advances	92 724	92 274	–
Cost to income ratio (%)	51.9	53.8	–
NPLs (%)	5.5	5.0	(12)

Non-financial highlights

	2010	2009	% Change
ACI staff	1 676	1 730	(3)
Female staff	1 756	1 926	(9)
Skills dev investment per employee (R000)	32	31	3
Customer satisfaction (%)	57	53	–
Customers per ombudsman complaint	453	263	72
BBBEE procurement spend as a % of total spend (%)	77	73	–
Total CO ₂ e per employee (TCO ₂ e)	9.08	13.56	(33)

Integrated control framework

“The development and implementation of WesBank’s business strategy is supported by an integrated internal control framework which aligns business strategy with financial value drivers, key non financial performance areas and risk metrics.”

The measurement of WesBank’s performance against non financial objectives relies on a range of non financial indicators. Among these are priority indicators relating to Key Performance Areas (KPA’s)

Non financial KPAs have been identified in accordance with their relevance to the management of Environmental, Social and Governance (ESG) risk and the long term non financial value drivers supporting Group strategy. The indicators are identified and prioritised through regular non financial risk assessments which define and rate the most significant non financial risks and opportunities affecting the bank.

Workforce profile

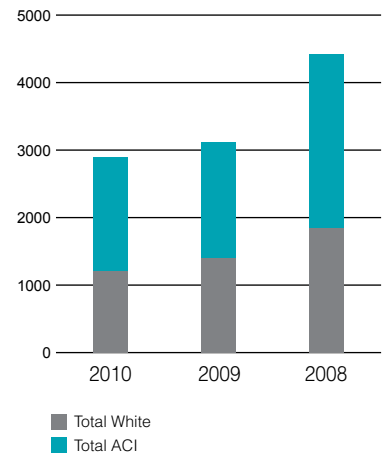
The workforce profile shows the absolute number and % representation of ACI employees according to the DTI Codes of Good Practice. This is an indicator of WesBank’s progress towards its workforce transformation objectives.

Analysis

Economic conditions have necessitated that further efficiencies be realised in all aspects of WesBank’s business. This has included a reduction in staff numbers.

Workforce profile by race

(number of employees)



Skills development investment

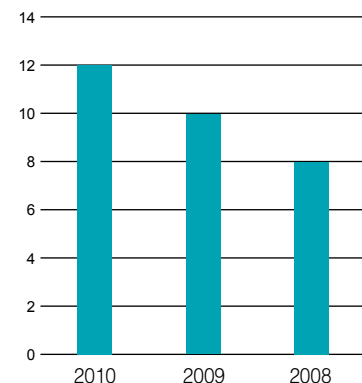
Skills development investment is measured as the rand amount spent on skills development per WesBank employee. This indicator is related to processes for continually improving productivity, staff satisfaction and retention.

Analysis

During the year WesBank employees benefited from training and development initiatives at an investment of R32 million, amounting to R12 000 per employee.

Skills development investment

(per employee R 000)

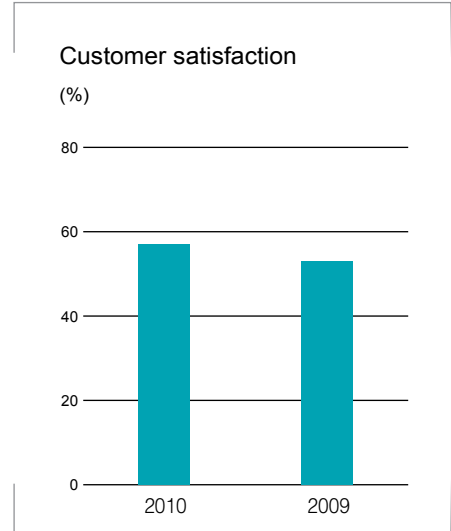


Customer satisfaction

Retail banking customer satisfaction is measured using a 'Net Promoter Score' which measures the number of customers actively promoting the WesBank brand.

Analysis

WesBank saw a decrease in customer satisfaction during FY2009 which can be explained by increased levels financial stress among customers through the economic downturn. 2010 performance represents an increase on 2009 and remains well above the best practice benchmark of 34%.

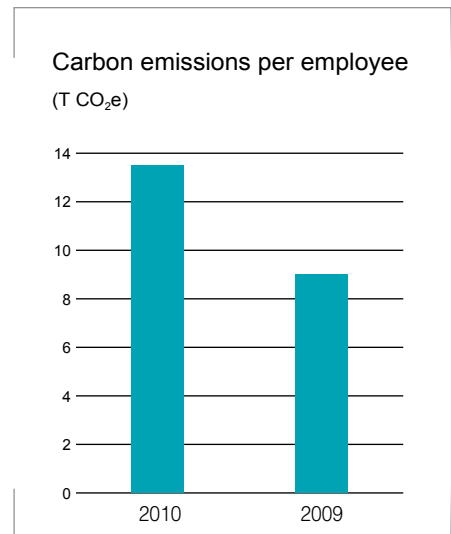


Carbon footprint

The amount of carbon emitted by WesBank operations expressed in tonnes of carbon dioxide (CO2) emitted per employee per annum. The metric speaks to WesBank's objective of protecting the integrity of the natural environment.

Analysis

The nature of WesBank's work as a financial services provider means that its direct carbon footprint is relatively low. WesBank is working towards a target of 9.4 tonnes CO2 per employee by 2012.



Stakeholder engagement

WesBank's stakeholders are defined as entities and individuals that are significantly affected by our activities and those who have the ability to significantly affect our ability to implement strategies and achieve objectives. We have identified our stakeholders as regulators, shareholders, employees, customers, partners, suppliers, communities, the natural environment.

Detail on regulator and shareholder engagement processes are published in FirstRand's integrated annual report.

Employees

During the period under review, WesBank has spent more time and effort communicating with employees than ever before. Methods for employee engagement include Brian's Corner, a bi weekly communication from the CEO, half yearly Imbizo's (face to face communication), informal meetings with the CEO and other business unit heads, electronic media, employee surveys, forums, circulars, WesBankers World staff magazine and group interactive forums, such as the diversity forums. An open door policy and direct communication opportunities that cuts across all levels is a business practice. Our employee value proposition is based on an inclusive culture that values personal contribution and accountability, personal growth and the rewards, provides the framework to engage employees.

Customers

Customers are engaged through a range of channels including transactional communication, surveys, various media and electronic modes of communication. We invite our customers to visit our website where they will find relevant information about our Company, our products and our initiatives.

Information and feedback obtained via these communication channels is addressed by the business unit concerned. In cases where customer feedback warrants escalation to senior levels of management, WesBank's governance structure provides channels for board oversight of relevant information via the Exco.

Suppliers

Primary engagement channels for suppliers include face to face communication, transactional communication and surveys. A due diligence is performed which includes discussion with procurement managers from other FirstRand operating divisions, prior to engaging with a supplier.

Communities

WesBank's direct community engagement relates to the Corporate Social Investment (CSI) activities of the WesBank Fund and employee volunteers. These engagement channels include one on one face to face engagement, stakeholder meetings, newsletters, media broadcasts and a range of electronic media.

Indirect engagement relates to the secondary and tertiary impacts that our activities have on our stakeholders' stakeholders. Examples of this are the education of children of our employees, the stimulation of emerging businesses through supporting suppliers and the socioeconomic implications of financial inclusion activities and public sector projects.

Natural environment

During the year WesBank engaged with the following external stakeholders in the development and implementation of measures for effectively managing its direct and indirect environmental impacts via FirstRand's Environmental Forum: The Banking Association of South Africa (BASA), Business Unity South Africa (BUSAs), South African National Business Initiative (NBI), The British High Commission and The British Commonwealth and Foreign Office, South African Department of Energy, South African Department of Water and Environmental Affairs, and the United Nations Environmental Programme Finance Initiative (UNEPFI).

Stakeholder controls and performance

The management information and performance data disclosed in this report reflects WesBank's understanding of what is most relevant to its business and to its stakeholders. For this reason disclosures are made according to stakeholder categories.

EMPLOYEES

Employee performance indicators

	2010	2009	% Change
Permanent staff	2 886	3 124	(8)
ACI staff	1 676	1 730	(3)
White staff	1 210	1 394	(13)
Female staff	1 756	1 926	(9)
Male staff	1 130	1 198	(6)
HIV Aids policy coverage (%)	100	100	–
Workplace injuries	14	9	56
Workplace fatalities	0	0	–
Skills development investment (R mil) ¹	32	31	3

1. Data reflects calendar year. Prior year data restated to reflect calendar year.



During the year, the global economic crisis, consumer indebtedness and high new vehicle inflation negatively impacted the South African motor industry. This economic slow down has necessitated a controlled reduction in WesBank's staff numbers. Structured processes are in place to ensure that as far as is possible, affected staff was redeployed within WesBank or within the broader FirstRand Group.

Remuneration

WesBank's remuneration policies align with the remuneration practices recommended by FirstRand's Remuneration committee and approved by FirstRand's Board of directors and shareholders. A detailed review of the FirstRand Group's remuneration practices is available in the integrated report which can be accessed on the company website: www.firstrand.co.za.

Salary reviews take place annually according to individual employee performance against agreed performance indicators set out in their performance contracts. In parallel, salary increase guidelines are negotiated between WesBank and the relevant employee unions.

All fulltime employees are members of defined benefit or defined contribution pension and/or provident fund schemes operated under the control of the relevant governing legislation. New employees joining the Group become members of a defined contribution pension and/or provident fund scheme.

Employment equity and diversity management

WesBank values the diversity of its people and the advantages that diversity brings. WesBank is committed to equitable transformation, not only in race, gender, social background and physical ability, but also in the overall cultural transformation of its workforce.

WesBank's Financial Sector Charter EE reporting has been aligned to the Department of Trade and Industry Codes of Good Practice EE report and the Department of Labour's occupational levels. The current economic slow down has resulted in WesBank scaling down on recruitment, which is the primary source of acquiring African, Coloured and Indian (ACI) talent. This will impact negatively on the achievement of targets at Middle and Junior Management levels.

WesBank has initiated a targeted selection programme for the recruitment and advancement of Black staff into senior management positions. African females will be given priority at this level. In addition, a talent management strategy is being implemented to develop and retain ACI staff to ensure a sustainable talent pipeline is in place.

Detailed performance in respect of the FirstRand Group's workforce composition is available in FirstRand's integrated annual report.

Training and development

During the year WesBank invested R32 million in training and development.

Learnerships remain the primary vehicle for ACI skills development. The 2010 target was 152, and WesBank registered 249 ACI learners of which 171 are woman, this was 8.19% of headcount – exceeding the target of 5%. This trend looks set to continue in 2011. Learnerships continue to be niched to meet business needs and to address critical compliance and scarce skills.

Learning Management System

WesBank Learning and Development has launched the Oracle Learning Management System. This is a self service option on the WesBank Intranet site enabling employees to browse for an existing training course, select the date, time and location and book online.

Talent management

WesBank's aim is to attract, develop and retain talented, passionate employees who are, or will become, experts in the field of asset finance. The establishment of a talent pipeline that identifies people from designated groups for appointment and promotion into senior positions will ensure staff, regardless of race or gender, are encouraged to realise their full potential.

Health and safety

During the 2009 financial year, 0 fatalities and 14 workplace injuries were reported. 70 days were lost due to injury.

Health and safety at WesBank is managed in conjunction with FirstRand Banking Group's Environmental Health and Safety office. The environmental health and safety programme has a reporting line to the board of directors via the FirstRand Banking Group's Compliance committee.

Every 18 months, business units undertake a process of reviewing health and safety risk assessments. This is a proactive step to ensure that the number of incidents is kept to a minimum. Employees are made aware of potential risks in their respective work areas and of control measures for mitigating these risks. An incident reporting process is in place and this is communicated to all employees in the Bank. FirstRand has appointed Corporate industrial and risk consultants to attend to all injuries on duty and provide monthly incident statistics for the Group.

Every quarter FirstRand Banking Group's Corrective action log committee discusses all incidents of non compliance with the relevant Subject Matter Experts (SMEs), including an occupational health and safety SME. This is done to ensure that incidents are resolved and measures are taken to prevent reoccurrence.

HIV Aids

WesBank is covered by FirstRand's comprehensive HIV Aids policy which applies to WesBank's entire workforce. Key elements of the policy address the strategic and proactive management of HIV Aids and ensuring that employees have access to holistic and sustainable health care programmes. We take the view that HIV Aids should be managed as any other life threatening condition. As such, employees who are HIV positive will not be subject to any form of discrimination in the workplace. The policy places special emphasis on education, prevention, non-discrimination, confidentiality, voluntary counseling and testing, incapacity management and sick leave entitlement. Affected employees are supported through medical aid and employee assistance programmes.

The decision to deal with HIV Aids as a strategic business imperative is one that carries the full support of FirstRand, the CEO of WesBank and his executive team.

CUSTOMERS

Customer performance indicators

	2010	2009	% Change
Number of customers (000)	632	645	(2)
Customer satisfaction (%)	57	53	–
Customer complaints	453	263	72
Customers per ombudsman complaint	1 385	2 452	(44)

Customer satisfaction

Prompt service delivery is critical to WesBank and is one of the core values. WesBank's Expertise Indicator measures WesBank's service standards and more importantly customer loyalty. The Expertise Indicator score for the past financial year remains steady at 57%.

The increase confirms that the implementation of new processes during the past year have been welcomed by customers who are more likely to return to WesBank as a result.

During the past 12 months 453 WesBank complaints were taken to the Ombudsman. WesBank also measures complaints addressed to the CEO on a weekly basis and communicates these numbers to staff every Monday. Monthly meetings are held with all relevant divisions to discuss the complaints received, as well as the corrective measures that need to be put in place in order to address customer service.

Customer indebtedness

The current financial climate has created extreme pressure on consumers' ability to honour their financial obligations. This has resulted in uninformed, cash-strapped consumers responding to opportunistic advertising messages from debt counsellors promising to have the solution to relieve their debt problems. During the period under review WesBank embarked on a consumer education public relations drive to inform consumers of the advantages and disadvantages associated with the debt counseling process. WesBank published a number of consumer focused media releases and participated in consumer radio shows.

Consumers are still finding it difficult to honour their monthly vehicle finance repayments. During the reporting period, WesBank assisted 463 customers with extending their original contract period and more than 104 000 payment arrangements in order to improve their monthly cash flow.

Regulatory environment

WesBank and its business units implement a range of regulations dealing with customer relationships. These are overseen by Regulatory Risk Management, with board oversight via the FirstRand Audit Risk and Compliance Committee. Regulations for which WesBank has implemented compliance measures include:

- The National Credit Act (NCA)
- The Code of Banking Practice
- The Financial Intelligence Centres Act
- The Financial Advisory and Intermediary Services Act
- The Promotion of Access to Information Act
- Consumer Protection Act
- Emission Tax

Although WesBank operates in a highly regulated environment the following regulations will have an impact on WesBank, their Partners and customers.

“WesBank is South Africa’s leading asset financier with 632000 customers across three main divisions, including motor, corporate and fleet.”

Protection of Personal Information (POPI)

The Bill has a wide spread impact throughout the Group. A special steering committee is to be formed and the proposed implementation programme includes 9 work streams that will require WesBank representation. In order to ensure WesBank complies with the Act we have identified four key areas that need to be addressed:

Area	Action
Assign responsibility	Appoint an Information Protection Officer mandated to take responsibility
Document Privacy Policy	Policies and procedures must be developed and documented in order to ensure compliance with the principles
Ensure Incident Response	A key requirement of the programme is the implementation of an effective management process to capture, assess and adequately handle all protection of personal Information related incidents
Raise Awareness	Ensure all staff and partners are aware of their responsibilities in terms of the protection of personal information

SUPPLIERS

“WesBank recognises the importance of its procurement practices as a way of contributing to economic development and finding sustainable efficiencies within its value chain. WesBank has a supplier base of approximately 1470 active suppliers, of which 48 % are BBBEE suppliers.”

Supplier performance indicators

	2010	2009	% Change
Total Number of suppliers	1470	2700	(46)
Number of BEE suppliers	706	2160	(67)
Procurement spend (R 000)	694 655	656 134	(6)
BBBEE procurement spend (R000)	536 948	475 976	13
BBBEE spend as a % of total spend	77	73	–

Investing in suppliers

WesBank's approach to the BBBEE status of suppliers is business and value based and is not driven by legal imperatives. WesBank implements FirstRand's Group-wide BBBEE procurement policy which sets out guidelines for implementing BBBEE procurement practices. The decline in the number of suppliers is due to consolidation in order to improve cost, efficiencies and service.

Performance against targets in respect of BBBEE procurement is monitored at WesBank and is reported quarterly to the FirstRand board via the Transformation monitoring committee.

The majority of our suppliers are rated and committed to BBBEE. We have empowered Exempt Micro Enterprises (EME's) by advising them on how they can qualify as rated enterprises. Our supplier application forms have been updated and all suppliers are required to register on the DTI BEE portal. This enables suppliers to obtain a valid rating online and eliminates risk to the Bank in respect of fronting. The benefits of this process are two fold, as while the supplier has the benefit of obtaining the certification as well as free advertising on the DTI website, our BBBEE spend is increased.

“During the reporting period, WesBank donated R6 780 000 for 16 community projects.”

COMMUNITIES

The WesBank Fund and the WesBank Volunteers programme are our two primary vehicles for Corporate Social Investment (CSI). The WesBank Fund is managed by Tshikululu Social Investments, a non profit corporate social investment consultancy.

Corporate Social Investment

R 000	2010	2009	% Change
Direct CSI			
Sustainable livelihoods & food gardens	3 730	3 730	–
Emergency relief & disaster management	750	700	7
Substance abuse	2 300	2 300	–
Total direct CSI	6 780	6 730	1
Employee volunteer funds raised & matched	147	181	(19)
Total CSI	6 927	6 911	–

Note: CSI spend data reflects prior calendar year.

CSI Giving

In keeping with the FirstRand Foundation’s programmatic approach to CSI, the WesBank Fund seeks to support fewer organisations with larger grants in order to maximise the impact of spend and to foster the sustainability of progress.

Employee volunteering

During the period under review the WesBank Volunteers data base has grown to just more than 2 500 with 820 staff members actively participating in volunteers activities on a regular basis. WesBank have a total of 28 registered volunteer initiatives, of which 5 were implemented during the first 6 months of 2010.

The 2010 Shavathon in March 2010 was a huge success and we raised R23 100 for CANSA, a local cancer prevention and treatment organisation. On the 8th of May, 10 WesBank Volunteers from the Acquisition

news flash

During the 3rd Chairman’s Volunteer recognition Awards in Nov 2009, WesBank Volunteers initiatives received the following awards:

- Merit Award: WesBank Marketing for Exceptional Team Award, Merit Award: Laura Brown Exceptional Volunteers co-ordinator,
- Winner: Dr. George Nyabadza Exceptional Individual,
- Winner: WesBank for Exceptional Hands Can Winter Drive



Agricultural Livelihood Knowledge Sharing Workshop

On Friday 21 May, more than 300 NGO's, members from various Hospices, church groups and the greater community of WhiteCity gathered at the African Children's Feeding Scheme Centre in Jabavu, Soweto for the inaugural "A re Lemeng – lets get planting workshop.

The African Children Feeding Scheme (ACFS), a WesBank Fund beneficiary hosted the day at their feeding centre in Jabavu. ACFS currently feeds 21 000 children daily and 130 families are benefiting from its food gardens programme.

The "A re Lemeng – let's get planting workshop will be rolled out to various communities across South Africa during the next 12 months.



Centre joined volunteers from the 4 Divisions of the FirstRand Group for the FR Volunteers Schools Soccer Fun Day at the Chris Hani Stadium, in Orange Farm. WesBank Volunteers used match funding to sponsor two soccer teams with full soccer kits. This WesBank Volunteers team joined FirstRand (FNB, RMB, WesBank, Momentum) on the 8th May to host a total of 425 children from 25 schools in the Jhb South East District to a full days soccer tournament filled with good food, fun, excitement and laughter.

"During this year's FirstRand Volunteers Nkufumeto 2010 Group Winter Drive, WesBank staff donated a total of 518 blankets, 3580 cans of food and 1500 beanies and scarf sets for their charities. "The total value of WesBank employee volunteer donations in both time and money for 2010 amounted to R147 751.60 and this was in turn matched by rand for rand FirstRand's volunteers programme

The WesBank Volunteers programme's primary objective is to ensure that participation in initiatives will lead to sustainable community transformation. During the period under review 80 top Grade 7 learners attended a two day life skills camp. During the camp the learners were exposed to the principals of team work, dealing with responsibility, leadership and the importance of goal setting.

The WesBank Volunteers programme gives every WesBank staff member the opportunity to become involved in charity and or fundraising initiatives through working alongside colleagues for the benefit of their communities.

NATURAL ENVIRONMENT

environmental performance indicators

	2010	2009	% Change
Carbon emissions (TCO ₂ e)			
Business Fleet Travel and Fuel Use	4 443	6 114	(27)
Electricity (Owned and leased buildings)	21 244	27 004	(21)
Paper Use	171	202	(15)
Business Air and Road Travel	352	848	(58)
Total CO₂e	26 210	34 168	(34)
Total CO ₂ e per employee (TCO ₂ e)	9.08	13.56	

NOTE: Carbon emissions data reflects prior financial year due to the duration of FirstRand's carbon footprint calculation.

WesBank's environmental impacts can be categorised as direct impacts and indirect impacts. Both direct and indirect impacts are regulated through application of relevant legislation, subscription to voluntary external regulations and ongoing internal self regulation.

All environmental issues are monitored by FirstRand's Environmental forum. The Environmental forum is composed of representatives of FirstRand's operating divisions and reports significant information to the board of directors via the Audit, Risk and Compliance Committee.

Direct impacts

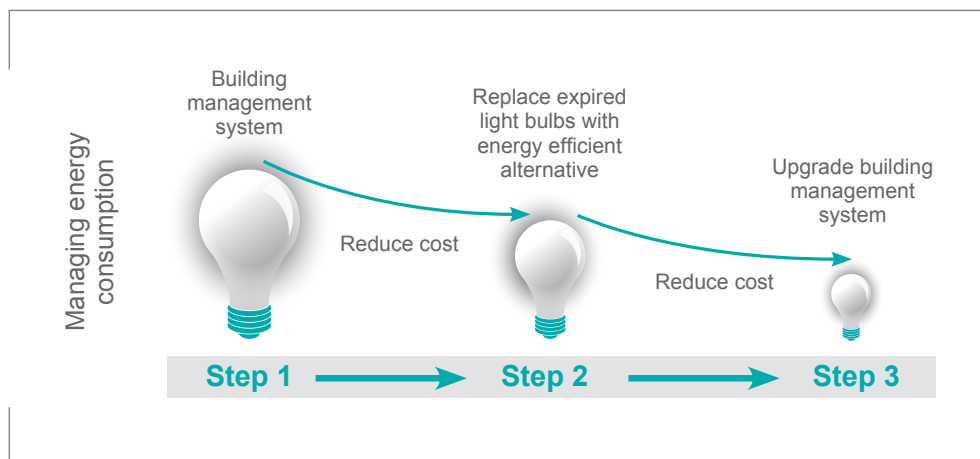
Our primary direct environmental impact is through our operations at Fairland, Johannesburg. We have gone to extraordinary lengths to ensure the new home of WesBank is one of the most energy-efficient buildings in the country.

Energy management

Among other ecologically friendly aspects, the WesBank Fairland building has:

- Balanced artificial lighting system for the work environment, with natural light sources throughout the building
- Lighting level sensors and controls that sense heat density and switch the lights off when rooms are unoccupied
- Solar roof panels that provide hot water to all ablution facilities in the building
- Sunscreens and solar reflector panels that help reduce the energy consumption of the building's air-conditioning and insulation systems

As a result of these energy saving initiatives WesBank's projected energy saving for the 2010 financial year is expected to amount to approximately R1 million.



Materials and waste management

Various waste management procedures exist at WesBank. In line with the requirements of the new National Environmental Management Waste Act, (Act 59 of 2008) WesBank has processes in place to ensure the successful recycling of waste products in Fairland. Waste products in Fairland include paper waste, cardboard, glass, e-waste, plastic waste and polystyrene waste. Paper recycling bins are provided at every copy and printer machine in Fairland. These bins are collected and are taken to the recycling area in the basement where all refuse is separated and compacted before being transported to a central waste management facility on site for collection by micro entrepreneurs in the recycling industry. This eliminates the need for large refuse trucks to visit the site. On average WesBank recycles 65% of its waste every month.

Water management

WesBank's operations are not water intensive. Where possible water consumption is managed and reduced on an ad hoc basis. WesBank collects between thirty to sixty kilo litres of condensate water on a daily basis from the air-conditioning plant at the Fairland building. The water is used to irrigate the surrounding landscape to the building. The attenuation pond collects storm water from the Fairland site and releases it into the adjacent stream to reduce erosion and flooding.

Carbon emissions and carbon management strategy

For the year ended June 2010, WesBank's greenhouse gas emissions were 26 180 metric tonnes, with electricity consumption still the major contributor to our total greenhouse gas profile. This represents an decrease from the 2009 figure of 34 168 metric tonnes.

FirstRand's CO₂e emissions per capita are 8.4 metric tonnes, which exceeds the Group's carbon reduction strategy will aim to reduce the per capita emission to 9 metric tonnes. WesBank's carbon management strategy is defined within the scope of FirstRand's top initiatives to reduce GHG emissions. These are:

- reducing energy consumption by at least 11% between by 2012 from a 2008 baseline.
- ecologically friendly features facilitating conservative use of natural resources in new buildings
- change to paperless environments for paper intensive processes
- use of video conferencing and telephone conferencing facilities to reduce travel

NEWSFLASH

Since WesBank moved into their new Home in April 2008 they have implemented the following improvements to the Fairland Campus:

- **DOWNLIGHT LED RETROFIT**
(phase one): changing 500 of the current 50 watt down lights to the new 6 watt Cree LED.
- **ESCALATOR SCHEDULE:**
Time schedule on escalators to switch them off after hours and on weekends.
- **FENCE LIGHTS RETROFIT:**
changing the current light spec to LED Cree 6 watts which will also enable faster and efficient maintenance.
- **AIRCON TIME SCHEDULE:**
Introduced a time start up sequence on chiller. Cooling towers and air handling units. Thus reducing our power spike.
- **BECKHOFF LIGHTING SYSTEM UPGRADE**
(Phase One) software upgrade on our lighting system framework also introduction of occupancy and sound sensors in pause meeting, training rooms and toilet areas.
- **AC DRIVES**
these drives were fitted to most motors to soft start them in order to reduce energy cost
- **SOLAR PANELS**
these panels were installed on our geysers and the electric fence

Indirect impact

wesBank's indirect environmental impact relates to the impacts that the activities of customers and suppliers have on the natural environment. While it is not possible to accurately describe our indirect environmental impact we ensure that appropriate mechanisms are in place to monitor and control operational, legislative and regulatory risks in respect of environmental performance. The application of legislative requirements in respect of environmental impact assessment for large transactions is an important component of this process.

Environmental and Social Risk Assessment (ESRA)

WesBank manages its indirect environmental impact related to the activities of customers and suppliers by applying the principles of ESRA. The ESRA process is based on the Equator Principles (EP) framework and forms an important part of the internal risk reporting and screening processes that will enable compliance with the ESRA.

The ESRA framework is a set of internally established policies, common procedures and resources that enable FirstRand's operating divisions to reasonably ensure that the environmental and social risks of projects are screened and that the company will reasonably be able to advise clients on appropriate mitigation measures that should be incorporated to manage these risks.

The ESRA process includes an environmental and social risk assessment process that determines the environmental and social impacts and risks (including labour and human rights risks) associated with proposed project finance deals. Depending on the nature and scale of the activity the assessment may include a review of environmental permits and studies, and a review of client management practices relating to environment and social risks related to their activities.

Environmental legislation

The National Environmental Management Act (NEMA) aims to provide for cooperative environmental governance through the establishment of principles for decision making in respect of environmental issues. The Act also provides for certain aspects of the administration and enforcement of other environmental management laws.

WesBank ensures best practice in line with new and emerging environmental regulation via participation in FirstRand's Environmental forum with board level oversight provided by FirstRand's Audit, risk and compliance committee.

Prioritising risks and opportunities

Challenges and opportunities are prioritised taking business performance implications and stakeholder materiality into consideration. WesBank defines materiality according to the GRI G3 guidelines definition and with reference to both internal and external factors.

Current sustainability priorities concern improved business continuity planning, investing in recruiting and retaining employment equity candidates and top talent, addressing customer indebtedness, managing our carbon footprint, and implementing ESG risk management standards in line with FirstRand's adoption of the EPs for the financial year starting 1 July 2009.

Q & A WITH MELT HAMMAN, WESBANK'S HEAD OF CREDIT

Q: Why have you implemented an ESG risk management process?

A: In recent years, environmental social and governance issues have become increasingly important in the public arena throughout the world. This awareness has been translated into new legislation and a greater degree of activism. This changing consciousness has an effect on many commercial enterprises, including those in the banking sector.

For example, if the Bank has substantial control over an operation's day-to-day activities (i.e. through shareholding), the risk of liability for damage resulting from pollution, increases. One such situation may arise where the bank forecloses over the operation and, pending finalization of, for example, liquidation, exercises an unusual degree of control over the operation. Another situation where the bank may be exposed is where there is a bond registered over immovable property as security for the bank's financial risk.

It is important that the identification and evaluation of environmental risks arising from a potential or current client's activities is assessed. Once these risks have been identified and assessed and if they are found to be acceptable, appropriate measures must be implemented in order to ensure that environmental risks are mitigated and priced appropriately.

Q: What are some of the key ESG risks that the company is addressing?

A: For the bank, ESG risk mainly manifests itself as a credit risk and reputational risk e.g. if the client is unable to pay its debts because of environmental and social liabilities or actions by authorities, a legal liability or criminal sanctions as a result of a statutory provisions, or a reputational risk as a result of negative publicity or public perception.

As a general rule the following four fundamentals are taken into account when assessing a credit application.

- economic factors
- technical features of the proposed development
- financial issues, and
- potential or actual environmental and social impacts

Under ESRA it is important to note that the client and Bank have to assess each individual activity for that specific company. Identification and screening includes an initial evaluation of the activity for which the application is made to include:

- A description of exactly what the project will entail;
- The geographical location and social context of the project;
- Infrastructure information, i.e. access roads and water supply;
- Facilities on site such as storage facilities for raw products;
- Health and safety aspects; and
- Use and discharge of raw materials, including energy.

Risk management controls and governance

Q: What makes these ESG risks significant?

A: Assessment and management of environmental, social and governance risks associated with a particular credit application is integral to the credit decision-making process. The timely and correct identification of environmental risk will assist the bank in making the correct credit decision, including that of pricing, and will reduce the risk of incurring lender liability and/or potentially damaging negative publicity.

Q: Is it possible to demonstrate the link between ESG risks and the financial success of the company?

A: Yes the financial implications can include the following:

- Fees and fines will be applied by regulatory authorities for discharges to air and waters above statutory levels.
- Compensation will possibly be required by regulatory authorities for loss of natural resources such as water supplies, agricultural land and forestry.
- Protest by local population and non-government organizations to defend existing surface features can lead to delays in the permitting process, reduction in extent of resource that can be exploited and increase in mine operational costs.
- Major increases in operation and investment costs could be necessary where outdated facilities at the site need to be replaced to satisfy a more stringent regulatory environment. Poor environmental performance may accelerate the demand for a more stringent regulatory environment.
- Provisions may have to be made for site decommissioning and rehabilitation costs including areas affected by past activities. This can involve significant and long term commitments.
- Exposure of employees to occupational hazards may result in health compensation claims.

Q: What is the role of ESG risk management for the identification of sustainability opportunities and the development of sound sustainability strategy?

A: There are limits to the bank's role and its responsibility for ESG issues relating to the client and the loan. The client is primarily responsible for compliance with environmental legal obligations and standards. The bank is entitled to exercise discretion in a number of areas where opportunities and strategy have an influence on the approach taken. These include:

- whether it considers the client able and willing to meet all of the legal requirements applicable to the project;
- where an EIA process was required, whether the process was adequately undertaken;
- whether or not public and social demands have been addressed and if not, whether or not the bank will attract a risk to its reputation;
- whether or not the bank will be able to foreclose on the loan or take other appropriate action to protect its interest if the client defaults, without itself-assuming liabilities for environmental damage; and
- should the bank decide that the client will not reasonably be able to meet the aforementioned criteria; the bank may decide not to extend funding to the client and/or the project.

Q: How do you see the future of ESG risk management unfolding in the near future?

A: At WesBank the formal roles and responsibilities for the effective management of ESG risk have been defined. In the future the development of ESG risk management is likely to involve the organic embedding of these ways of thinking into the way that all parts of the business operate, whether directly affected by these roles and responsibilities or not. Formal roles and responsibilities within FRB are set out below:

Group Operational Risk Committee

- Review reports on implementation of Group ESG policies
- Review annual environmental risk and compliance statements in annual reports and other public disclosures

Group EHS

- Co-ordinate the ESRA policy development and ensure that objectives and reporting requirements are implemented across the Group
- Review the ESRA risk policy, standards and procedures regularly to ensure that it is aligned with all legal, regulatory and operational requirements
- Monitor compliance with the ESRA risk policy, standards and procedures and record policy breaches;
- And communicate and create awareness to the Group on ESRA risk policy, standards and procedures

Risk, Compliance & Credit Managers

- Establishing and maintaining systems and procedures for identifying, monitoring, and controlling ESG risk;
- Manage corrective action where required;
- Report environmental and social risks/exposures and breaches to the appropriate governance structures.

Group Internal Audit

- Conduct independent reviews and evaluations of the effectiveness and adequacy of internal controls; and
- Ensure that respective business unit management timeously addresses any unsatisfactory audit findings.

SIGNOFF

This report was compiled by Laura Brown,
and was signed off by Brian Riley, CEO WesBank.

on 13 September 2010

at Fairland, Johannesburg



Laura Brown



Brian Riley

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