

# Abridged sustainability report

This abridged sustainability report forms part of the annual report for the first time this year. It covers operations over which FNB Namibia has control or significant influence in interfacing with various stakeholders. This stakeholder approach enables us to identify and address material issues in the context of our environmental, economic, social and governance operations. We measure and report our progress in creating stakeholder value and managing risks at FNB Namibia. Because we operate in a complex environment, it is a challenge to consolidate our activities in a single report.

## Our people

We employ more than 1 700 people, and we consider them to be the most important internal driver of our success. It is a strategic aim of our organisation to build enduring, rewarding relationships with staff and to develop their optimal potential. The group has an affirmative action policy to achieve employment equity in the workplace and enhance business competitiveness. We embrace diversity in people as a critical success factor.

Staff with financial services skills remain in short supply. Recruiting and retaining such people are critical to our success, and we have created a comprehensive talent management plan to address these challenges. The group is committed to enhancing the skills of existing staff through in-house training schemes. In addition, management has been enrolled in the following external courses:

- MBA - 4
- Senior Management Development Programme - 5
- Management Development Programme - 8
- New Management Development Programme – 10

Four undergraduate students have been enrolled for full-time study at tertiary institutions and an internship programme has been implemented.

Weaknesses identified in the annual People Pillar Survey (PPS), an employee engagement survey, are taken seriously by executive management and will receive attention. Feedback from all staff is key and participation in the PPS has been increased to more than 80%. Our employee wellness policy was revised and several initiatives undertaken, covering topics such as HIV/AIDS, drug abuse, ill health and financial difficulties. Counselling sessions have been organised.

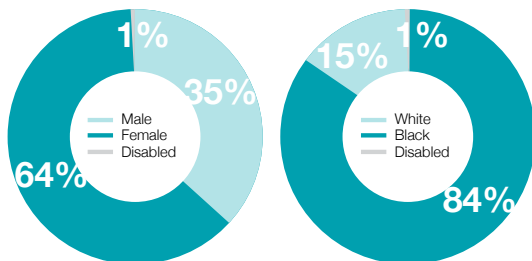
## Our customers

The group provides products and services for a full range of financial requirements, including transactional, savings, investment and risk needs. We aim to provide banking services to the approximately 600 000 economically active Namibians. Our customers include entry-level consumers, small businesses, corporate businesses and public sector clients.

Customers continue to expect us to deliver innovative, effective, competitive and value-for-money financial products and solutions across a broad range of convenient, easily accessible and secure platforms. Supporting their needs extends to understanding the challenges of an un-banked market and to providing those people with access to financial services. Card and electronic fraud scams such as phishing, skimming and cloning are on the increase. It is vital that we develop more secure transaction methods and better informed customers.

We have maintained our free cellphone banking offer while using our partnership with VISA to persuade customers to switch to more appropriate and cost-effective electronic channels. Yet again, we kept price increases in line with the consumer price index. Our pricing guide is the most comprehensive in Namibia, and keeps customers fully informed of the most effective banking solutions. A state-of-the-art electronic contact centre was introduced

## People profile as at 30 June 2010



to offer one-stop customer support.

With a focus on customer satisfaction, it remains a priority to educate consumers, protect their rights and give them the best and widest range of products and services. Efforts to fight card and online fraud will continue and our inContact service will remain free. Customer loyalty and retention is essential to a sustainable business. We measure these factors regularly and implement complaint resolution processes.

## Our environment

The group endeavours to be environmentally conscious in everything we do, and to set new industry trends where we can.

Reducing energy costs and carbon emissions requires us to quantify energy usage and identify energy-saving opportunities. During the year we contracted Global Carbon Exchange (GCX) to conduct an energy-efficiency audit on our head office buildings. Based on its findings, an emission reduction and energy-saving strategy has been developed. We expect to make major improvements in 2011 by replacing lighting and air-conditioners. New buildings are now designed with more energy efficiency concepts in mind.

Among other initiatives, we have reduced paper usage by improving branch printing protocols and through campaigns to persuade customers to accept electronic statements.

This is, however, a work in progress, and the group will continue to refine its strategies to reduce emissions and save energy.

## Our operations

FNB, with its national footprint and full bouquet of world class systems, products and services, offers a secure, reliable and cost effective network of delivery channels to a full spectrum of customers across the country and internationally. Our group philosophy of empowerment governs how we operate and interface with a broad range

of stakeholders. It is underpinned by a set of values which includes being a good corporate citizen. Our business has its own governance structures and the Namibian management team is tasked with making both strategic and operational decisions and driving the sustainability agenda.

A key challenge remains to replace cumbersome processes with smarter automated and integrated ones. Innovation and continuous improvement are now embedded in the FNB culture. Staff are rewarded for suggesting innovative ideas. Implementing just four suggestions led to a cost saving of close to N\$5 million a year.

## Our suppliers

FNB is one of Namibia's largest corporate groups and a considerable consumer of services. It fully supports the requirements of the new Financial Services Charter. Our procurement policies contribute to Government's drive to grow local companies and to achieve a more balanced society.

Without a formal accreditation process, it remains a challenge to monitor the allocation of contracts to BEE and SME accredited suppliers.

In this financial year, we made use of 195 suppliers. New suppliers are added regularly as they are discovered. Where service providers are available, procurement spend is with Namibian suppliers, and the sourcing of products and services is primarily in the Namibian market.

Because we are committed to supporting developing enterprises, we will continue to search actively for opportunities for local supplier procurement.

## Black economic empowerment

The conclusion of the BEE share transaction in 2005 was a strategic initiative by the group to grow the Namibian economy on a sustainable basis. The transaction was facilitated by FirstRand agreeing to reduce its overall shareholding by 5%. Four percent was allocated to a BEE consortium in terms of an agreement whereby a minimal option premium was paid and the shares were to vest over

This report is printed on paper made from sustainable forests and manufactured from chlorine-free pulp.



*At FNB we believe in the value of values,  
not just the value of money.*

*Because a nation that has no values  
is a nation that has no wealth.*



five years. The BEE consortium consists of two groups - Sovereign Capital and Chappa’Ai Investments.

One percent of the shareholding was allocated to black employees and black non-executive directors, and to a trust funded by dividends from the holding company. This trust is used to meet the educational, health and other needs of staff members.

### Our communities

FNB’s corporate social responsibility initiatives are spear-headed by the FNB Foundation. This foundation is funded by 1% of the annual post-tax profits of the group. A board of trustees ensures that the money is properly managed and is used for the intended purpose.

After more than 20 years of independence, Namibia still faces huge economic, social and technical challenges. The FNB Foundation supports Government’s national development plan – Vision 2030. Through targeted investments we are trying to make a sustainable difference by supporting initiatives in skills development, education and training, community, culture and heritage, SMEs and healthcare.

Given limited resources, aligning our corporate social investments with the FNB group strategy and national development remains an ongoing challenge. A key priority is to focus on corporate social investments that will leave an enduring legacy. We will continue to seek smart partnerships with like-minded investors. Staff involvement in community support activities will be further enhanced.

### Overview of major projects supported for 2009/2010

#### Special Olympics Namibia and Centre for Hope

In addition to an ongoing sponsorship of N\$250 000 a year, Special Olympics Namibia this year received N\$80 000 from the foundation towards the Centre for Hope at the Katutura Youth Complex. Special Olympics gained recognition from the FIFA Project for Hope and began building the centre in May 2010 as a 2010 FIFA World Cup legacy.

#### Aflatoun – Child Social & Financial Education

FNB and the foundation made a four-year commitment of N\$657 965 in partnership with Aflatoun, an internationally-acclaimed schools programme that trains teachers to educate young children on their rights, responsibilities, how to manage their personal finances and how to save. Its aim is to give children the tools to break the cycle of poverty. This programme is managed and co-ordinated by Junior Achievement (JA) Namibia.

#### ETSIP (Educational Training Sector Improvement Programme)

The programme is jointly sponsored by the FNB Foundation and the Pupkewitz Foundation, and administered by the Namibian Personnel Development Institute (NPDI). The Faculty of Education at the University of Johannesburg agreed to offer its world-renowned programme to develop the management skills of Namibian school principals. The programme offers an ACE-qualification in School Management and Leadership. The Windhoek College of Education was harnessed as a strategic partner to help with support, network learning and on-site activity validation, thus transferring much needed skills to this institution. The foundation pledged a total of N\$1.25 million over five years. The ETSIP programme hosted its first graduation in August 2010.

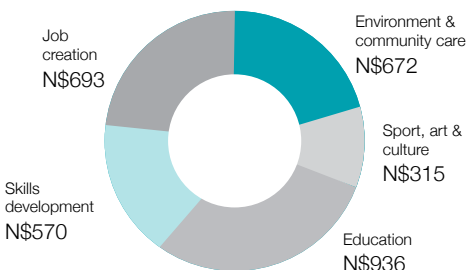
#### Cancer Association of Namibia

FNB has sponsored the Cancer Association of Namibia for almost 20 years. In 2009 the support strategy was changed with the introduction of “Bandana Day”, with some 15 000 bandanas sold.

#### HeartLines

FNB, as a partner of the HeartLines initiative in South Africa, joined local church structures to introduce the very successful project to Namibia. It is a community campaign that encourages understanding of the “value of values”. It was introduced by the Namibian Prime Minister 10 weeks before the national elections in Namibia to rally the nation around a positive set of global values. The project involved

A summary of the foundation’s 2010 disbursements (N\$’000)



a wide segment of civil society and government. More than 300 000 booklets were circulated to primary schools, sharing stories of principled people. Both Namibian television stations broadcast eight short stories covering eight values and a full-length feature film.

### Lifeline/Childline

More than 40% of our population is under the age of 15, but only half of those children have basic material needs – a blanket, two sets of clothes and a pair of shoes. Furthermore, many children and young people experience violence, even within the family. A growing number are infected with HIV. Others have lost one or both parents and are left in the care of over-extended relatives or have to fend for themselves.

Lifeline/Childline has a proven track record of supporting vulnerable individuals and families. It is the leader in child protection in Namibia.

### Youth Expo

The FNB National Youth Expo operates as a programme of the National Youth Council, engaging all youth groups in Namibia to develop small projects for exhibition at the Annual Youth Expo. The Expo draws youngsters from all regions to the weeklong exhibition.

### UNAM and Polytechnic cultural festivals

The University of Namibia and the Polytechnic of Namibia are important partners of the group. The FNB Foundation continued its support of the annual cultural festival organised by their students.

### Spirit of Giving Campaign

This year, the fourth Spirit of Giving campaign invited staff members to nominate community projects in which they would become personally involved. The foundation chose 14 of these projects and awarded a N\$70 000 sponsorship.

### Herero Dress-making Project

The annual Herero Dress-making Competition grew from

strength to strength with the third sponsorship from the FNB Foundation. SMEs in the Namibian textile industry intensified awareness of the involvement of the FNB brand as main sponsor. The competition promotes the Namibian cultural heritage, focusing on arts and culture in textiles.

### African Leadership Institute - FNB Inspectors' Academy

The African Leadership Institute, supported by the foundation, established an Inspectors' Academy which aimed to transfer leadership skills and expertise to all school inspectors in all 13 regions of the country. School inspectors are expected to have a full understanding of what is happening on the ground. They are required to communicate guidelines and policies to school principals, who cascade this information down to classrooms. The first two groups successfully completed their training and feedback indicates that tangible results are already evident.

### SMEs Compete

SMEs Compete, a private sector institution, provides continuous training and development for SMEs funded by the FNB SME business unit. This initiative sets up businesses of all kinds for success; ensuring they develop into fully-fledged, profit-making enterprises.

### CRIS (Criminals Return Into Society)

CRIS plays an important role in keeping the youth active in business-related projects and initiatives. It offers needlework, computer and social skills courses for former prison inmates, enabling them to look for employment opportunities, or to create jobs for others.

### Namibia Debating Association

Secondary schools enter teams to compete in regional, national and even international debating competitions. This helps to build the intellectual capacity of children, and exposes them to topics like politics and economics, as well as to the social fabric of Namibia, the region, Africa, and the world.

