

2009 SUSTAINABILITY REPORT



you always get something out



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Objectives for the coming year

CEO's statement

At OUTsurance our sustainable business practice is underpinned by two complementary objectives. The first is sustainable profitability and the second is the desire to be a good corporate citizen. We understand that our success as a for-profit organisation requires the effective management of financial and non financial objectives. Often, the real test of a good strategy is whether it enables a business to use its capabilities successfully in circumstances that it cannot confidently predict. This year proved to be as un-predictable as ever, yet despite this we emerged virtually unscathed from the gauntlet of economic instability. For this we owe our excellent corporate governance, robust debate of the business case and living our core values. This report details our management approach to, and performance in respect of, the non financial and stakeholder issues that we have identified as being most material to our stakeholders and to our success as a business.

Superior management of our financial and non financial objectives in an increasingly competitive marketplace requires meaningful investment in the company's relationships with all stakeholders. We recognise that these are the primary mechanisms for ensuring that we build long term sustainable profitability from one day to the next. While we acknowledge that it is not possible to please all of our stakeholders all of the time, we also understand that the interests of all stakeholders will converge in the long run.

During the year under review OUTsurance produced a solid set of financial and non financial results in a challenging macro-economic context characterised by increased competition and the arrival of recession on South Africa's shores.

Our financial results are underscored by continued focus on the core personal lines business, and incremental innovation and improvement in all areas of operations. The year saw the successful launch of operations in the Australian market with Youi ("You.Insured") Insurance Company (Pty). During the year we extended business flows in Business OUTsurance and successfully launched our Credit Life product range which provides life risk products directly to the market through existing operational infrastructure. We also focused on maintaining strong organic growth and increased operational productivity in Personal OUTsurance. Our operations in Namibia also continued to grow with our Namibian client base increasing by 20.90% from the previous financial year.

These activities were supported through responding effectively to macroeconomic conditions affecting our stakeholders. Economic pressures have placed strain on new business and policy retention.

We responded in a number of ways including clearly articulating the quality of our products and the value for money that they provide to customers, and drawing customers' attention to our Essential products as a more affordable insurance solution.

**WILLEM ROOS,
CEO – FIRSTRAND STI**



We maintain our commitment to ensuring that we root out criminal elements that pose a threat to the insurance industry and within the country as a whole. These syndicates and individuals place a strain on resources which, if left unchecked, will prejudice all stakeholders within the industry. We drive this process through a dedicated fraud and ethics department as well as our affiliation to the South African Insurance Association (SAIA) and the Insurance Crime Bureau (ICB). FirstRand Group forensic services are also on hand to provide us with support where necessary. These associations enable us to keep abreast of criminal syndicate activity and risks and also help us institute necessary contingency plans to protect all our stakeholders.

From a human resources point of view we prioritised leadership development to improve capacity and our ability to respond effectively to challenges and opportunities. This involved the continuation of a leadership development programme. The programme aims to identify aspiring leaders at all levels and provide them with the necessary training, support and mentoring to ensure that they are equipped to deal with challenges and opportunities in what is a dynamic operating environment. The programme also helps candidates understand their leadership role.

We are constantly striving to ensure that OUTsurance is a great company to work for. Our company wide performance incentive programmes remain a great retention tool as well as a means for rewarding excellence by offering incentive holidays to top performing individuals and teams.

We minimized our environmental impact through recycling programmes and implementing energy efficiency measures. We implemented new strategies for increasing the socio-economic development benefit related to our procurement practice. We have also agreed to a new tree planting project that will complement our employee recognition programme.

In 2009 our corporate social investment included a R10.5 million boost to the OUTsurance Pointsmen programme. This initiative alone has been one of our greatest successes. Currently motorists in Gauteng are the only beneficiaries of this project. We are hoping to expand this programme into all major cities in the coming year. Sadly, during the writing of this report, two of the OUTsurance pointsmen were tragically killed while en-route to the Discovery 702 Walk the Talk family day. Our thoughts and prayers go out to the bereaved families and friends. We are currently engaged in efforts to assist the victims' families.

The next year will see continued investment in all of these areas, and a constant drive to seek operational efficiencies through the linking of our business strategy with our operational plans. We will also ensure that we stay ahead of the curve with regards to best practice in the management of environmental, social and governance risks and opportunities via internal organic growth and participation in FirstRand's sustainability forum.

I look forward to the next year with hope and great expectation. There will no doubt be challenges that bear down on us, but I am confident that with the team and strategy that we have here at OUTsurance, those challenges will be met and effectively dealt with. As CEO, I know that our success is due to our clients, suppliers and staff and it is to them that I would like to say thank you for your continued and loyal support.



Willem Roos
CEO, FirstRand STI

Report parameters

The OUTsurance Sustainability report seeks to reflect commitment to continuity through various well aimed initiatives and adherence to global best practice. This year FirstRand Limited has produced a report which integrates financial and non financial information more extensively than before. As one of the brands within the FirstRand Group, OUTsurance's report should be seen as complimentary to the Group report and not a substitute for it. This report should ideally be read in conjunction with our financial reports and the FirstRand integrated report as it will provide greater insight into our activities and practices.

Our sustainability framework comprises five categories that are quantitatively and qualitatively unpacked to form an easy to read, meaningful document. The five categories are: employees, customers, suppliers, communities and the natural environment. Regulators and shareholders are addressed in FirstRand Limited's annual report.

DEFINING BOUNDARY

The boundary, scope and content for the report have been determined in accordance with the principles outlined by the GRI G3 reporting guideline, the GRI Finance Sector Supplement and relevant G3 Indicator Protocols and Technical Protocols.

The report aims to provide a balanced and reasonable representation of OUTsurance's performance in respect of sustainability issues. Material disclosures including management approaches and performance indicators have been selected through an iterative process using the principles of materiality and stakeholder inclusiveness. In accordance with the approach set out in FirstRand's report this report focuses on substance over form and does not disclose competitive information.

OUTsurance defines material topics as those reflecting significant economic, environmental and social impacts, or those that would influence the decisions of our stakeholders. These topics are addressed in order of priority based on their materiality and relevance to our stakeholders.

DATA MEASUREMENT

In the interests of standardisation and for the purpose of integration with the FirstRand Report, all the data measurement techniques that OUTsurance has employed in producing this report are replicable. Information is not reported if the margin for error is believed to be sufficient to substantially influence the ability of stakeholders to make informed decisions about our performance. Data measurement techniques, estimates and underlying assumptions will be described where it is materially necessary to do so.

STAKEHOLDER ENGAGEMENT

At OUTsurance we recognise the necessary symbiosis between ourselves and our stakeholders and acknowledge that our existence as a successful insurer is due mostly to this symbiotic relationship. We strive to re enforce this relationship through good business practice and due consideration to all stakeholders.

Stakeholder engagement mechanisms are discussed in the relevant sections of this report.

OUTsurance profile

OUTsurance is a direct short-term insurance operation within the RMB Holdings (RMBH) FirstRand stable, a leading South African financial services group.

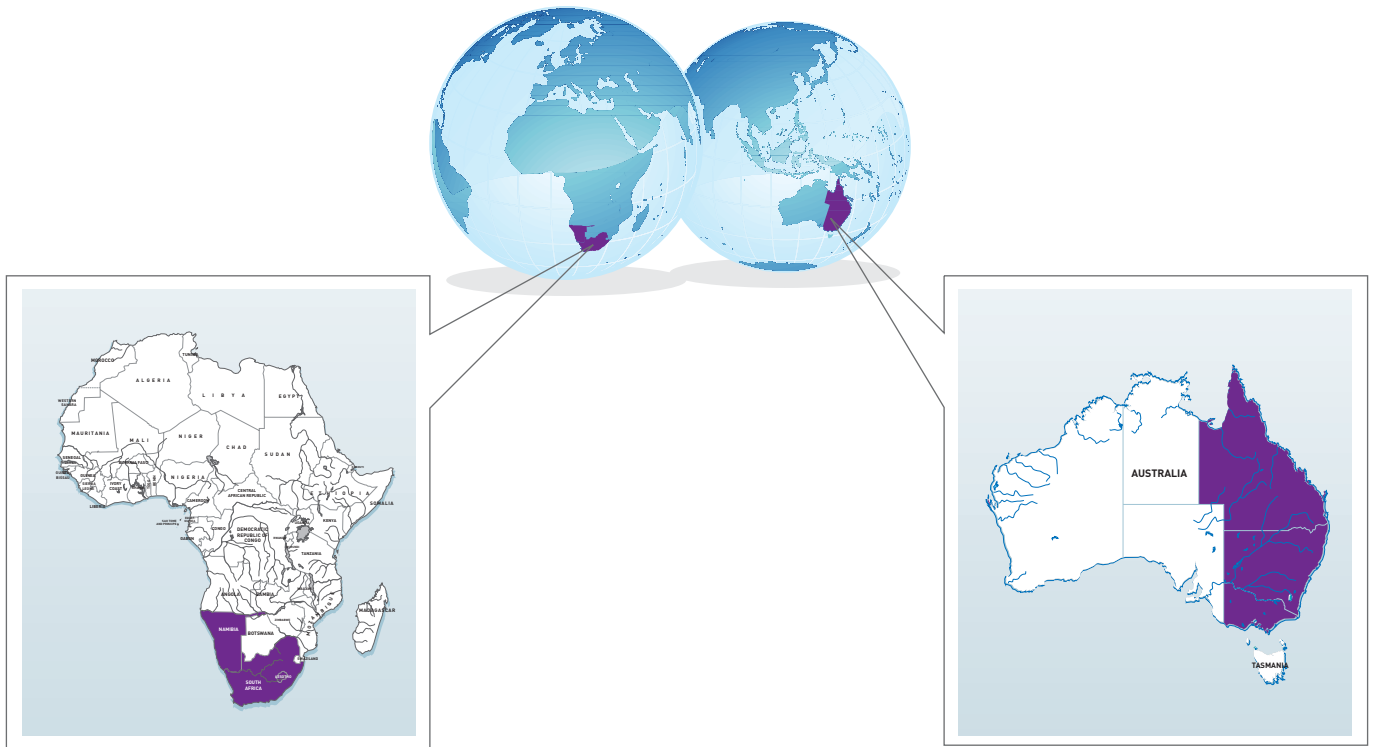
OUTsurance was the brainchild arising from research conducted for RMBH in early 1997. The founders developed the business plan that positioned OUTsurance as a "greenfields" alternative to the competitive South African short-term insurance market.

The business model is simple and effective. The pillars of an actuarial rating and underwriting approach plus effective cost and claims management rest on the base of an efficient information technology platform. This supports the company's ability to implement superior risk management through unique and innovative product design.

Launched in February 1998, OUTsurance soon captured the imagination of the public with its innovative approach that included a suite of products with a range of special features and benefits.

On 1 January 2000 OUTsurance merged with First National Insurance, a company within the FirstRand Group. The merger formed part of the broader FirstRand bank assurance strategy and consolidated the Group's short term insurance business. As a result OUTsurance became one of the leaders within the industry in offering house owners insurance cover to bond account holders.

Our headquarters are in Centurion, Pretoria. We have operations in 3 countries: South Africa, Namibia and Australia, and we export head office best practice when doing business internationally.



OUTsurance Namibia was started in July 2007. OUTsurance' holding company, FirstRand STI Holdings bought a share in SWABOU Insurance Company Limited which was wholly owned by FNB Namibia Holdings Limited. In terms of the agreement of purchase, SWABOU underwrites the OUTsurance products in Namibia.

Youi Pty Ltd ("Youi"), an abbreviation for "You.Insured", is an Australian registered company that also emerged from the FirstRand Short Term Insurance stable. Youi commenced underwriting Motor insurance on 1 August 2008 and launched its Home and Contents product on 1 April 2009. In establishing

a presence in the Australian market, Youi has adopted a direct business model, with internet playing a key role. Youi conducts business on the east coast of Australia and Youi offices are situated in Maroochydore, Queensland.

Youi is a signatory to the General Insurance Code of Practice <http://www.codeofpractice.com.au/>, which is an industry standard in Australia. This ensures our commitment to raising the standard of service to our customers. If you ever find yourself "down under" and in need of re-assuring, look us up on <http://www.youi.com.au/> and our friendly advisors will be more than happy to suggest an insurance solution to suite you.

Highlights

FINANCIAL HIGHLIGHTS

R million	2009	2008	% change
Operating income (including investment income)	975	852	14
Gross premiums	4 242	3 598	18
Income after tax	654	574	14
Expense/cost to income ratio (%)	20	17	
Claims and OUTbonus ratio (%)	61	62	

NON FINANCIAL HIGHLIGHTS

	2009	2008	% Change
Customers (000's)	684	659	4
Customer satisfaction (%)	89	86	-
Workforce at 1 July	1 801	1 589	
African, Coloured, Indian (ACI) employees	903	841	
Female employees	809	744	
Coverage of HIV Aids policy (%)	100	100	
Coverage of defined contribution plan (%)	100	100	
Number of suppliers	1 366	998	37
Number of Broad Based Black Economic Empowerment (BBBEE) suppliers	275	*	
Procurement spend (R'000)	1 424 036	*	
BBBEE procurement spend (R'000)	754 221	*	
Used paper recycled (%)	30	30	
Corporate Social Investment (CSI) (R'000)			
Consumer education spend	1 128	0	
Pointsmen project	10 500	5 121	105
Helping SA OUT	339	300	13
Total CSI	11 967	5 421	120
Staff volunteers			
Volunteers cash raised and matched (R'000)	307	174	76
Volunteers time contribution (hrs)	1 516	1 140	33

2009 workforce data excludes non permanent staff which are included for prior years

* Comparative information not available

OUTsurace's environmental, social and governance performance is independently evaluated on an annual basis through FirstRand's listing on the JSE's Socially Responsible Investment (SRI) index. During the period under review FirstRand was rated as a low environmental impact company meeting the SRI index listing requirements for social and governance performance.

During the year our non financial performance highlights included customer satisfaction of 89%, and approximately R12 million spent on Corporate Social Investment (CSI).

SIGNIFICANT CHANGES

During the period under review OUTsurance experienced three significant changes. These pertained to the extension of operations in Centurion, the launch of the Credit Life product and the acquisition of a vehicle assessing company.

The growth that we have experienced since opening our doors has warranted that we move most of our support functions to a second building in Centurion. This move has freed up a lot of space in the call centre to accommodate expanding operations. It has also assisted to mitigate a few of the business continuity risks that would have otherwise been amplified by the immediate proximity of support and operational functions.

In October 2008 OUTsurance bought Specialised Assessing Services (Pty) Ltd. We incorporated this company into our assessing department. This financially prudent investment is proving fruitful

as most of our assessing and investigation services are now in-house. This venture has also seen us exponentially increase our reach and expertise into the world of vehicle accident assessing.

Credit Life began operations last year. This fledgling product of OUTsurance offers quality life cover benefits that are linked to insured short term assets. This department is spearheaded by a dedicated group of individuals including seasoned underwriters and actuaries. They constantly endeavour to create products that have a distinct OUTsurance flavour while at the same time maintaining universal palatability. These products are focused on protecting our clients and their interests in these economically turbulent times.

Sustainability risks and opportunities

The table below describes the key sustainability risks and opportunities currently being addressed at OUTsurance.

Risks and opportunities

Risk/opportunity	Response
The impact of the global recession continuing for an extended period may negatively affect the company from a new business and policy retention point of view.	<p>We ensured that we articulate the quality of our products and the value for money to our customers</p> <p>We monitored trends and determined their impact on our business. We looked at ways to reduce operational costs without affecting operations</p> <p>We developed products and identified solutions for assisting clients to ensure the continued affordability of premiums, while ensuring that we sustain our business performance</p> <p>We drew our customers' attention to our Essential products as a more affordable insurance solution</p>
Prioritising leadership development to improve our capacity and ability to address challenges and opportunities.	<p>We introduced a Leadership development programme to identify aspiring leaders at all levels that are willing to learn and seize the opportunities we offer</p> <p>We provided them with the necessary training, support and mentoring to ensure that they understand their leadership role and that they are equipped to deal with any challenge or opportunity</p>
Impact of an increase in competitors' and product offerings	We expanded our product range, to enable us to cross sell other products and cement client relationships
New international opportunities to expand our business	We established new international operations in Australia and Namibia which are managed by senior management teams and supported by well trained staff and robust systems

DIRECT AND INDIRECT RISKS

Sustainability risks are addressed within OUTsurance's risk management framework, with oversight of the board of directors via the Risk and Audit committees. Provision is made for constantly improving both direct and indirect risk reporting and management processes via OUTsurance's participation in FirstRand's Sustainability forum, which monitors sustainability issues, and refines sustainability risk management processes.

Sustainability opportunities

Sustainability opportunities are identified through organic growth of the business and the implementation of sustainability solutions at business unit level, with oversight of the Exco and the board.

Prioritising risks and opportunities

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

Current sustainability priorities concern investing in employee development and retention, responding effectively to macro-economic pressures on customers and ensuring sustainability risk management processes are able to respond to dynamic forces in our operating contexts.

Management approach and performance indicators

EMPLOYEES

At OUTsurance a major reason for our success as a short term insurer is the effectiveness of our employees. The dedication and loyalty of our employees is fuelled by our core values which promote unity in diversity.

The majority of our staff are employed in call centre operations and are supported by an experienced back office component. Combined, they are a formidable force. Our values inform our policies, and constitute a principle driver informing the way that we manage our business. These values ensure that all our employees are given the necessary recognition, respect and opportunity thus making OUTsurance a great company to work for.

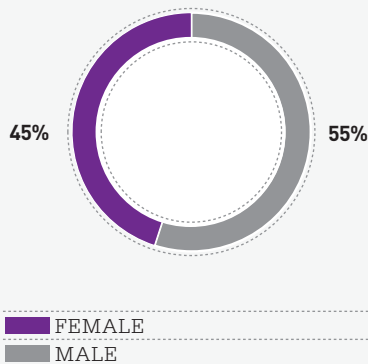
South African workforce performance indicators

	2009	2008	2007
Workforce at 1 July	1 801	1 589	1 411
African, Coloured, Indian (ACI) employees	903	841	703
Female employees	809	744	640
HIV Aids policy coverage (%)	100	100	100
Workplace injuries	12	15	5
Workplace fatalities	0	0	0
Days lost to injury	27	49	98
Defined contribution plan coverage (%)	100	100	100

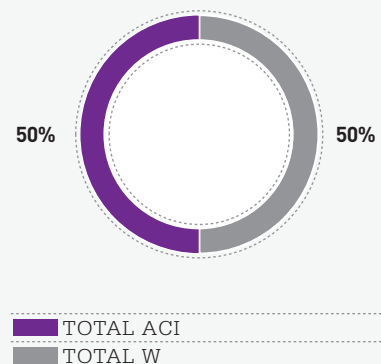
2009 workforce data excludes non permanent staff which are included for prior years

OUTsurance's South African workforce profile by gender and racial composition is shown graphically below.

2009 Workforce profile by gender



2009 Workforce profile by race



PERFORMANCE AGAINST TARGETS FOR 2009

Objective	Activity
Enable leadership development	We continued Management Induction Programmes for all newly appointed team managers, Foundational Management Programmes for existing managers and Leadership Development Programmes for all aspiring managers
Attain BBB EE Targets	We focused recruitment and staff development towards ensuring that we meet targets
Enable staff retention	We investigated and implemented various projects and staff retention tools

MATERIAL ISSUES

OUTsurance has identified particular material issues with regards to our employees. These are addressed below: staff wellness, staff retention, training and development, remuneration, employment equity, and occupational health and safety.

Staff wellness

In May 2009 we began our Attendance Campaign to reduce absenteeism which was identified as an area that required more attention. The drive involved general awareness and a competition where employees had to answer questions on the process to be followed when one is absent.

The Flu Campaign tackled the expected absenteeism for the upcoming winter period. In conjunction with the hand out of bottled water, vitamins and fruit we had a nurse on site who administered flu injections to staff.

We also rolled out a pilot program to selected staff members in June 2009 to assess posture and general health problems related to ergonomics. The physiotherapist, who we engaged to conduct this study, is currently busy with individual assessments on the staff that attended the group sessions and will give a consolidated report on the findings.

Once a month we have a team of masseuses on site giving neck and shoulder massages to employees at their work stations. In a call centre environment this is a much welcomed relief.

The Wellness Centre is an important foundation to our employee value proposition. It continues to be well utilised by employees and the current statistics indicate that this facility is making a positive impact on the lives of many of our employees and their immediate families. OUTsurance has outsourced the running of the wellness centre to an independent international company ICAS (Independent Counselling and Advisory Services). The ICAS Customer Satisfaction Index (CSI) is determined based on a manual e-mail survey which is placed on MS Sharepoint on our intranet one month after each formal referral. Employees are asked to evaluate the service delivery of ICAS by selecting either: awesome, good, acceptable, bad or very bad. The CSI is calculated by deducting the percentage "Detractors" (sum of the

bad and very bad responses) from the percentage "Promoters" (sum of the good and awesome responses). Qualitative feedback is thus obtained.

This process has been in place for a few months and the first information is reflected below:

- Number of Responses 27
- Detractor percentage 7%
- Promoter percentage 83%
- CSI (ICAS) 76%

Bad and "very bad" responses are followed up on and handled by the Head of HR personally with ICAS to ensure improved service delivery going forward.

The top four general problem areas based on all the ICAS cases opened are: relationship issues, health and lifestyle, stress, and money management

These trends are monitored by HR and specific campaigns are undertaken to address problem areas.

Our holiday crèche programme encourages employees to enrol their children in this programme over the school holidays. The winter edition of the programme always proves difficult in creating an area that is comfortable due to the weather, however we ensure that whatever can be done in making our crèche venue as child friendly and comfortable as possible, is done. We accommodated on average 25 children a day over the April 2009 school holidays.

Staff retention tools and projects

Staff turnover is a major management challenge within a call centre and continues to influence many of the human resources and operational focus areas of the business. Our dynamic HR team and our operational heads are continuously engaging employees through surveys and other media to gauge their concerns and then recommend steps to address these.

One of the ways we realise sustainable performance and commitment from employees is by identifying and addressing

company-specific issues relating to them. The material issues that we identified last year with regard to staff are still prevalent this year. These are: helping staff manage stress related to working in a call centre environment, opportunities for skills development and personal career growth, and recognition for individual and team performance.

To reward staff for outstanding performance we currently run two incentive programmes, viz. a quarterly incentive and a bi-annual incentive. Quarterly incentives are awarded to the top performing teams in each skill set per quarter. The incentive is usually a weekend away for the entire team and their partners. Our bi-annual incentive is awarded to the top 2 % of employees from each department within the company and this is usually an overseas holiday for the employee and partner. Our employee recognition programme rewards staff loyalty. Staff that have served within the company for 10 years get a cash incentive and their own name plaque which is embedded in our own "Walk of Fame".

Training and development



We have continued with our mentoring program in addition to the overall development of leadership. This gives our trainees better practical knowledge and insight on the field of management that they aspire to. We have structured the program to ensure that selected ACI employees are given full access to strategic leadership courses.

We started our learnership programme in March 2006 with an intake of only 5 candidates. The programme has seen massive growth and interest since then. We have since had 61 candidates in the academy, 24 of whom are currently completing the programme. 33 candidates have been offered employment in the company. The learnership programme seeks to uplift individuals from disadvantaged backgrounds and give them an opportunity to learn about our business from both theoretical and practical points of view. The theoretical part of the programme involves formal classroom training and the practical part involves time spent on the call centre floor in various departments. Learners are remunerated whilst on the course and once finished they obtain an NQF-level 4 (Further Education and Training Certificate in Short-Term Insurance). This equates to at least 150 Financial Advisory and Intermediary Services (FAIS) credits.

Remuneration

At OUTsurance salaries are reviewed annually in the context of individual and business unit performance and specific industry practices and trends.

All employees are required to belong to a medical aid scheme and are required to join defined contribution plans including defined pension and/or provident fund plans upon joining OUTsurance.

Employment equity

We currently employ a total of 1 801 full time employees. Our full time employee component is split between senior management, middle management, junior management and advisors.

The primary focus of Management and the HR team is staffing the company cost effectively and as quickly as possible with the skills (and best culture fit) required to achieve our operational goals. In other words, we ensure that we get the best qualified and best suited individuals for the job in the quickest possible time with the most efficient utilisation of resources. We are committed to ensuring that our employment equity and diversity management targets are met and align with those set by the Department of Trade and Industry (DTI) and Department of Labour (DoL) objectives.

Health and safety

During the 2009 financial year zero fatalities and 12 workplace injuries were reported. An average of 2.25 days per injury were lost. Health and safety is managed at OUTsurance via the Facilities department. The Environmental health and safety programme has a reporting line to the board of directors via the Exco.

In 2009 OUTsurance engaged HAZCHEMWISE, which is an accredited service provider, to conduct a full OHS audit of our premises. The scope of the audit included:

- Occupational health and safety structure
- Occupational health and safety training and development
- Premises and house keeping
- Mechanical, electrical and personal safe guarding
- Fire protection and prevention
- Incident reporting , recording and investigation
- Workplace safety inspections and safety specification
- Occupational health and safety policy and procedure for the workplace

HAZCHEMWISE identified a few low risk issues that needed to be attended to before a Certificate of Compliance could be issued. The final audit was conducted in the 3rd week of July 2009 and a certificate of compliance was issued. Our OHS is monitored and maintained by the Facilities department.

HIV Aids: Policy provision for the management of HIV and Aids is made via FirstRand's comprehensive HIV Aids policy and management strategy which covers the entire Group.

Key elements of the policy address the strategic and proactive management of HIV Aids, and ensure that employees have access to holistic and sustainable health care programmes. The policy places special emphasis on education, prevention, non-discrimination, confidentiality, voluntary counseling and testing, incapacity management and sick leave entitlement.

In 2009, in an effort to grow awareness surrounding HIV Aids, OUTsurance embarked on a VCT (Voluntary HIV Aids counselling and testing) campaign in conjunction with two large medical insurers. The HIV Aids testing took place on the 12th of June.

Employee engagement

Methods for employee engagement include face to face communication, electronic media, employee surveys, forums, circulars and newsletters, and conferences.

The bulk of our office space is a call centre and it is all open-plan. Employees can see each other, their managers and even the CEO at work. Even though the standard of work required in the call centre is high the casual dress philosophy adds to a much more amenable environment in terms of engagement with employees.

Employees are engaged through various means including general and department specific meetings and email. We operate in a quasi-paperless environment and most company announcements

are made on our intranet. We use our intranet to conduct surveys to gauge our employees feelings on a range of issues. We also use our intranet to post important public awareness campaigns e.g. National Elections and Earth Hour.

The size of OUTsurance allows ad-hoc company-wide meetings or social functions. We have created an Employment Equity Forum as well as a forum where employees can raise their concerns about remuneration structures and policies.

CASE STUDY

In 2007 Jabu Jeremiah Mokwena was working as a cleaner for a contracted cleaning company at OUTsurance when he was spotted one evening cleaning out the balconies and was coaxed into applying to be on the Learnership programme. "I was desperately looking to progress in life. I knew I had the capacity to succeed but not the means." says Jabu. "Initially it was difficult to find the right channels to give me a chance at getting onto the programme. Eventually through perseverance and some help from colleagues at OUTsurance I managed to get a breakthrough." – Jabu was accepted onto the Learnership programme in 2008 and emerged triumphant. He applied for a vacancy in the message centre and was successful. This is where we currently find Jabu.

When asked if he envisaged being in his current position just over a year ago, he said:



No. It was not because I did not have any ambition, it was because I had no guidance. Once I found the right channels and assistance, I followed this through to completion. Without this great opportunity afforded to me, I would not be in the position I am in now. I am more than happy with my current position but I am still eager to grow in the company. I know that OUTsurance will help me do this. As long as I continue to work hard, I know that I will always get something OUT. ■■

CASE STUDY

Martha Moeng is now an office administrator within our training department. She was employed with a contracted cleaning services supplier before joining OUTsurance. She was looking for career growth and felt that her employer at the time would not have been able to offer her what she sought. Her interaction with staff at OUTsurance convinced her that this is where she wanted to be. She was impressed by the friendly attitude of staff and management.

“ I was amazed by how friendly all the people in the call centre were. The call centre is always buzzing with activity, and yet the people are always friendly and helpful . ”

She was soon looking for vacancies within the company with the help of people in the call centre. Her efforts were eventually rewarded, when, in March 2008, she applied for a position of Office Administrator within the training department and was successful. After doing filing and general office administration in the first three months of her appointment, her portfolio was increased to include managing the diaries for the Head of Training and the training manager. She also helps with the administration process of all study assistance applications.

“ I am grateful for being given the opportunity to work for such a wonderful company. The people are always friendly and it's a great environment to learn and grow in. I was given the opportunity to study a course in office administration which the company paid for. I plan to study Project Management in 2010 to make myself more effective at what I do. My dream is to better myself and I know that with OUTsurance my dream will become reality. ”



CUSTOMERS

“Quality in a service or product is not what you put into it. It is what the customer or client gets out of it” – Peter Drucker

We have based our core value of AWESOME SERVICE on this philosophy. Customer experience determines how long they remain our clients and how many prospective customers they refer to us. In the information age our vision of AWESOME SERVICE spreads faster and much further. We embrace the use of technology and capitalise on every opportunity we get to provide an OUTstanding service to our customers.

At OUTsurance we offer our customers insurance solutions for both their personal and commercial needs. With the introduction of our Credit-life products, our customers are given further protection against the added hazards of everyday life viz. death and disability. Our dynamic underwriting and actuarial teams ensure that our products are contemporary and at the same time appealing to a range of individuals and businesses.

Customer performance indicators

	2009	2008	2007
Number of customers (000)	684	659	600
Satisfied customers (%)	89	86	86

PERFORMANCE AGAINST TARGETS FOR 2009

Objective	Activity
Increase efficiencies and claims finalisation	We optimised our claims system through innovative technology solutions
Improve complaint resolution	We improved our staff training and complaint resolution process
Provide life product solutions for customers	We offered a comprehensive Credit Life product to our customers

MATERIAL ISSUES

We constantly seek to gauge our customers' needs and concerns in order to ensure that our values remain aligned to contemporary issues and that we abide by our brand promise that "YOU ALWAYS GET SOMETHING OUT". This is done through various means and media such as consumer surveys, feedback from consumer watchdogs and interaction with customers. Through these engagement channels we have determined that the following issues are of greatest concern to our customers: value for money, claims optimisation, complaint resolution and product innovation.

Claims optimisation

May 2009 marked the much anticipated rollout of the claims system optimisation project. With this system in place we are able to ensure that all valid claims are handled even more expeditiously and efficiently. We look forward to the future success of this development in relation to efficiencies and an improved claims validation processes.

Complaint resolution

One of the measurables of employee performance on our Performance Based management System (PBS) is the Customer Satisfaction Index or CSI. We report on this monthly and our call centre departments have to maintain a high CSI as this is an important variable in determining overall performance.

We have a dedicated communications team dealing with complaints from the general public, service providers and clients. All complaints are handled professionally and are monitored against measurable short term insurance objectives.

Product innovation: Credit Life

At the end of 2008 we started selling a comprehensive Credit Life product. From December 2008 to May 2009 we achieved a higher than expected incepted policy average and a higher than expected average net earned premium for the same period.

Customer regulations

OUTsurance is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services (FAIS) Act.

Stakeholders are able to reach us on +27 12 673 3019 or by e-mail at compliance@out.co.za should they have feedback on any matters relating to our compliance/non-compliance with FAIS or the Policy Holder Protection Rules.

If any FAIS-related complaint is not resolved stakeholders are able to refer the matter to the FAIS Ombud whose contact information is:

Share call: 0860 324 766
Fax: 012 348 3447
E-mail: info@faisombud.co.za
Post: P O Box 7451, Lynnwood Ridge, 0040

Customer engagement

Even though OUTsurance is a direct marketer and our employees rarely interact with customers on a face-to-face basis, we still engage our customers by means of 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, OUTsurance's governance structure provides channels for board oversight of relevant information via the EXCO.

SUPPLIERS

In order to succeed as a top class insurer within the short term insurance market, insurance companies need to have a base of suppliers that can manifest their vision into great service. At OUTsurance our value of AWESOME SERVICE drives our procurement department and general management to elicit the services of reputable suppliers in the country based on price, quality and availability.

OUTsurance suppliers are vetted by our procurement department and only once all service level agreements and tariff terms are confirmed are contracts concluded. Our Supplier base and the SLA's are constantly reviewed and deviations from the SLA's are dealt with stringently.

PERFORMANCE AGAINST TARGETS FOR 2009

Objective	Activity
Reduce the distance between clients and suppliers	We increased the footprint of suppliers across South Africa by appointing more service providers
Ensure fair compensation for services rendered	We reviewed all service level agreements and our prescribed rates

MATERIAL ISSUES

In addition to the issues addressed above, OUTsurance addresses two key supplier related issues. These are BEE transformation, and task allocation.

BEE transformation

BEE transformation is addressed via FirstRand's Group-wide BEE procurement policy which sets out guidelines for implementing Broad Based Black Economic Empowerment (BBBEE) procurement practices. Performance against targets in respect of BBBEE procurement is monitored at OUTsurance and is reported monthly to the FirstRand board via the FirstRand Transformation monitoring committee.

FirstRand's Procurement committee conducts an annual review of BEE companies that have been awarded supplier contracts. Where there have been changes in the ownership or control of the BEE company during the year these changes are assessed and necessary actions are taken to align with the BEE policy.

Automated task allocation

The automated task allocation system is a process whereby we remove human intervention in the allocation of work to our service providers. This will ensure that tasks are allocated fairly to all our service providers and that no service provider is issued with an excessive amount of work thus compromising quality.

Web payments

In an attempt to expedite payments to our suppliers for services rendered, our procurement department, in conjunction with our information technology department, is developing a new payment system that will allow our service providers to arrange payment via our website. This new system will alleviate some of the pressure in the claims payment departments and also reduce the inherent risk of human intervention in payments.

Supplier engagement

Primary engagement channels for suppliers include face to face communication, transactional communication, and surveys. Annually, our procurement department conducts a supplier road show. The road show takes place at all of our major centres nationwide. We invite all our suppliers to attend. The road show is a great opportunity to engage with our suppliers, air our concerns and give them an opportunity to respond. They are informed of our customer satisfaction indexes, BEE targets and general developments within the company. OUTsurance procurement analysts and auditors conduct regular visits to suppliers to ensure that communication channels remain open and clear.

Information and feedback obtained via these communication channels is addressed with an appropriate delegation of authority via the Exco.

COMMUNITIES

We remain a “PROUDLY SOUTH AFRICAN” company and continue with social responsibility to our communities. During the 2009 financial year OUTsurance invested R12 million in community projects.

Community investment indicators

Corporate Social Investment (CSI) (R'000)	2009	2008	2007
Consumer education spend	1 128	0	*
Pointsmen	10 500	5 121	*
Helping SA OUT	339	300	*
Total CSI spend	11 967	5 421	*
Staff volunteers cash raised and matched (R'000)	307	174	*
Staff volunteer hours donated (hrs)	1 516	1 140	42

*Comparative not available

PERFORMANCE AGAINST TARGETS FOR 2009

Objective	Activity
Expand the Pointsmen Project	We enabled motorists to plan their route trips in Johannesburg by introducing a website that shows real-time locations of OUTsurance pointsmen
Encourage Payroll giving	We encouraged staff to implement payroll giving where people with heavy workloads cannot volunteer their time

Pointsmen Project

The “Pointsmen Project” is fully underway in Johannesburg and is proving to be vital for the relief of traffic congestion. We are planning to expand this project to all major cities across South Africa in an attempt to ensure that members of our communities get to where they are going safely and in the shortest possible time.

In July 2009 the project was rocked by the deaths of 2 OUTsurance pointsmen. Michael Modiba and Stanley Nzimande were killed whilst on their way to the Discovery 702 Walk the Talk family day. OUTsurance management in conjunction with management at Traffic Freeflow, rallied around the victims’ families and helped raise some money to be used by the respective families. Counselling was also arranged for the rest of the pointsmen team to help them come to terms with the loss of their colleagues. The contribution that OUTsurance has made to the project has helped Traffic Freeflow arrange suitable defined contribution plans for all the pointsmen.

Staff helping South Africa OUT

This initiative has proved to be a great social responsibility drive as it draws a variety of responses from our broad employee base. The advantage of this initiative is that we involve our employees and suppliers in projects that are centred around the communities

in which they live or operate. The projects that receive funding have to meet the following criteria:

Projects must:

- Have a focused activity
- Make a real difference
- Have a lasting impact
- Be convincing with regards the team’s ability to execute

Projects have to meet the criteria of being high on effort and low on cost – i.e. not just a charitable request.

- Over the last year we have dedicated 1000 working hours to our Staff Helping South Africa OUT initiatives. We attended to 25 projects and committed 4 employee’s to each project
- On our “Rally to Read” campaign we dedicated 64 working hours with 4 employees working over 2 days to oversee the project. We drove out in 4x4 vehicles into remote villages in Limpopo distributing books and other classroom essentials to schools in the area
- On the “Nial Mellon Housebuilding” project we had 20 employees who in total contributed 160 working hours to the project. Here we helped to erect 2 houses in Tembisa

- We had a few dedicated animal lovers contributing a total of 40 hours on projects in aid of the SPCA
- We contributed a total of 80 hours to the “Soweto Silver Lining” project. This was a project that we embarked on as a response to the devastating floods that struck Soweto earlier in the year. We collected blankets and clothing to hand out to all those affected
- A further 172 hours was spent on other volunteer activities that were initiated by OUTsurance and assisted by FirstRand's Volunteers Programme

In addition to the projects mentioned above, we also continued on our annual “Collect-a-Can” drive where we managed to collect 11 000 tins of food. We then requested staff to recommend charities and needy organisations to which the food could be distributed. From all the inputs we received we selected the following beneficiaries:

- Mother Theresa – Missionary of charity
- Thando Westford Community Creche
- RAOK (Random acts of kindness)
- Wit plakkerskamp Krugersdorp
- Dikgorwaneng Primary School
- Reddingsdaad Kwaggaspoort
- Betlehem T/A Tritos Hemera
- Emfuleni Shelter for Boys
- New Generation Creche
- Groblersdal Orphanage
- Solidarity Helping Hand
- House Build Tembisa
- NG Kerk Wierda Park
- Dudu Zwane Hospice
- Bathobotlthe day care
- Madiba High School
- Laerskool Boerefort
- The Cradle of Hope
- Itumeleng Shelter
- Acts 2 Change
- Aida's Kitchen
- Abedelum
- Pop Up

NATURAL ENVIRONMENT

OUTsurance's environmental performance is evaluated independently on an annual basis via FirstRand's listing on the JSE Socially Responsible Investment (SRI) index. During the period under review the SRI index classed FirstRand as a low environmental impact company.

Many people within OUTsurance know very little if anything about the Earth Summit, Kyoto Protocol or the Equator Principles. Their focus is on getting their work done and looking after themselves and their families. As a company we are fully aware of the importance of looking after the environment not only from a business continuity point of view but also from a human continuity point of view and we attempt to do as much as possible to make our employees aware of this. The impact that OUTsurance has on the immediate environment is minimal given the nature of our business. As far as is possible direct and indirect environmental impacts are minimised. Our effective building management system and facilities management department are an important component of this effort.

We also alert our employees to the importance of being environmentally conscious in their personal and professional lives. An example of this was publishing the "Earth Hour" initiative on our intranet home page. We also encourage clients to receive their facility documents via email rather than as a hard copy. In return we offer clients a cash incentive which is added to their no-claim bonus.

Environmental performance indicators

%	2009	2008	2007
Used paper recycled	30	30	*

*Comparative not available

PERFORMANCE AGAINST TARGETS FOR 2009

Objective	Activity
Begin planning Carbon Footprint calculation	We engaged FirstRand to determine process requirements for participating in the Group carbon footprint calculation
Reduce Electricity Consumption	We undertook to replace old incandescent down lighter lamps with more energy efficient low voltage lamps as and when the old bulbs expire.

OUTsurance'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.

DIRECT IMPACT

Our primary direct environmental impact is through our operations at Centurion, Pretoria. Key impacts relate to materials and waste management, water management, energy management, and carbon emissions and management strategy.

Materials and waste management

Various waste management procedures exist at OUTsurance. In line with the requirements of the new National Environmental Management Waste Act, (Act 59 of 2008) OUTsurance has provisions in place via FirstRand's Environmental forum for responding to the provisions of the act through the waste management strategy under development for the Group.

While our call centre is a paperless environment other support departments do use paper, however around 30% of waste paper is recycled. This is collected by MONDI RECYCLING. Revenue generated through the Office Paper recycling programme is donated to the SPCA and HOSPICE.

Water management

OUTsurance's operations are not water intensive. Where possible water consumption is managed and reduced on an ad hoc basis.

FirstRand's Environmental forum has given consideration to a more comprehensive water management programme, however this will be done when an appropriate international best-practice framework has been identified.

Energy management

OUTsurance has an efficient Building Management System run by an even more efficient facilities management team. We have yet to have all our light bulbs replaced with energy saving light bulbs, however, light bulbs will be replaced with energy efficient ones when they expire. Our facilities department together with our information technology department have upgraded our Building Management System to shut down all workstations as well as the climate control mechanisms after working hours and restart them again before working hours. The system is designed to allow staff who are working late to continue working. With the new system we expect to realise a dramatic saving in energy usage.

Carbon emissions and carbon management strategy

OUTsurance has not yet participated in a carbon footprint calculation. Provisions for carbon emissions calculations and carbon management measures exist within FirstRand's carbon management strategy.

FirstRand's CO₂ emissions per capita are 10.2 metric tonnes, and the Group's carbon reduction strategy will aim to reduce the per capita emission to 9 metric tonnes.

FirstRand's top initiatives to reduce GHG emissions are:

- reducing energy consumption by at least 11% by 2012
- new buildings to have ecologically friendly features facilitating conservative use of natural resources
- paper intensive processes to be changed to paperless environments
- use of video conferencing and telephone conferencing facilities to reduce travel

INDIRECT IMPACT

OUTsurance's indirect environmental impact relates primarily to the impacts that the activities of 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 management system (EMS)

Provision for managing OUTsurance's indirect environmental impact is made via FirstRand's EMS. The EMS 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 EPs.

At present the EMS focuses on managing environmental and social impacts in respect of finance and lending, which does not apply to OUTsurance's business model. However the framework makes provision for extending the principles to other areas of the Group's value chain such as suppliers. This framework has not been formally implemented at OUTsurance, though it provides valuable guidance on how to manage environmental and social impacts within existing processes.

Environmental legislation

The National Environmental Management Act (NEMA) aims to provide for co-operative 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.

OUTsurance is able to ensure best practice in line with new and emerging environmental regulation via FirstRand's Environmental forum with board level oversight provided by FirstRand's Audit, risk and compliance committee.

NEWSFLASH

As an addition to our recognition programme (recognition given to staff who have completed 10 years uninterrupted service with the company) we have mooted a tree planting project. The project entails the planting of an indigenous tree for every employee that has completed 10 years of service with the company. A feasibility study has been done and a site (Swartkops Nature Reserve) in Centurion has been chosen. Tshwane Parks has agreed to assist us in choosing species of plants that are indigenous to the Gauteng "savannah-type" climate. We have received final approval from the recognition committee and we hope that the project will get underway in Spring /Summer 2009.

Objectives for the coming year

Unfavourable market and economic conditions are likely to continue into the 2010 financial year. OUTsurance customers are likely to continue to experience economic stress, and this is likely to have an indirect impact on other stakeholders. Our focus during the coming year shall be on producing a sound set of financial results, and ensuring the non financial benefits that accompany financial performance.

Ensuring good operational performance in the coming year will require several priority non financial sustainability management objectives to be met. During the coming year sustainability objectives will be focused on ensuring:

- Further refined and integrated environmental, social, and governance risk reporting processes
- Further integration of financial and non financial reporting to stakeholders
- Implementation of further energy efficiencies via FirstRand's Environmental forum
- Implementation of the Group's carbon management strategy via FirstRand's Environmental forum
- Incremental improvement on sustainability objectives addressed in this sustainability report

In addition to these objectives OUTsurance aims to:

- Further increase our BBBEE procurement spend
- Continue with existing CSI programmes
- Implement a carbon management and energy efficiency strategy
- Improve on our EE targets
- Accurately measure energy efficiencies

Assurance and signoff

ASSURANCE

Assurance process

FirstRand has commissioned the following independent sources to provide assurance and commentary on its 2009 divisional Sustainability Reports:

- BEE transformation performance has been externally audited by SizweNtsaluba VSP
- FirstRand's carbon footprint data has been externally prepared by PricewaterhouseCoopers
- FirstRand Group Internal Audit performed a limited review of the statements and quantitative data contained in the divisional Sustainability Reports

Assurance statement

Based on the results of the work performed in this sustainability report:

- provides confidence in the information presented within the report. The level of data accuracy was found to be within acceptable limits, but additional improvements were recommended to management to reduce potential for minor anomalies and mis-statements;
- appropriately reflects environmental, social and economic performance achieved during the period
- represents a fair statement of FirstRand's corporate social responsibility initiatives
- contains quantitative data which is free from material misstatement

Notwithstanding that the data collection process is sufficiently transparent, OUTsurance shows continued improvement and refinement on its method of collecting data for the Sustainability Report to ensure an even more accurate result. All suggested changes were satisfactorily addressed by OUTsurance management prior to finalising the report.

Overall, FirstRand Internal Audit is satisfied that the report is an appropriate representation of OUTsurance's sustainability performance during the reporting period, based on the limited material sampling approach applied to the assurance engagement.

SIGNOFF

This report was compiled by Nivandra Naidoo, and signed off by Willem Roos on 14 September 2009 at Centurion, Pretoria



Nivandra Naidoo



Willem Roos

Contact information

COMPANY INFORMATION

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STOCK EXCHANGES

JSE Limited ("JSE")

<i>Ordinary shares</i>	<i>Share code</i>	<i>ISIN code</i>
FirstRand Limited	FSR	ZAE 000066304

Non cumulative non redeemable preference shares

"B"	FSRP	ZAE 000060141
"B1"	FSP	ZAE 000070900

Namibian Securities Exchange ("NSE")

<i>Ordinary shares</i>	<i>Share code</i>	<i>ISIN code</i>
FirstRand Limited	FSR	ZAE 000066304
FNB Namibia Holdings Limited	FNB	NA 0003475176

Botswana Securities Exchange of South Africa ("JSE")

<i>Ordinary shares</i>	<i>Share code</i>	<i>ISIN code</i>
FNB Botswana Holdings Limited	FNBB	BW000000066

Bond Exchange of South Africa ("BESA")

Subordinated debt

<i>Issuer</i>	<i>Bond code</i>	<i>ISIN code</i>
FirstRand Bank Limited	FRB01	ZAG000021585
FirstRand Bank Limited	FRB02	ZAG000021593
FirstRand Bank Limited	FRB03	ZAG000026774
FirstRand Bank Limited	FRB05	ZAG000031337
FirstRand Bank Limited	FRB06	ZAG000045758
FirstRand Bank Limited	FRB07	ZAG000047598
FirstRand Bank Limited	FRB08	ZAG000047796
FirstRand Bank Limited	FRB09	ZAG000047804
Momentum Group Limited	MGL01	ZAG000029935

Upper Tier II

<i>Issuer</i>	<i>Bond code</i>	<i>ISIN code</i>
FirstRand Bank Limited	FRBC21	ZAG000052283
FirstRand Bank Limited	FRBC22	ZAG000052390

For queries or comments regarding FirstRand's Sustainability programme, please email firststrand.sustain@fnb.co.za

For queries or comments regarding FirstRand's Transformation programme, please email transformation@firststrand.co.za