



CEO REPORT

2017 AGM

We are achieving much in line with our key impact potential namely, assisting as many as possible South Africans to become People Caring for the Earth. We see ourselves as a major impact player in the areas of youth development and behaviour change catalysts in supporting the critical role of environmental and social goals as transformational and business imperatives.

Introduction

Leaders today increasingly find themselves in unfamiliar territory marked with high levels of uncertainty and instability, a global economy that is growing slowly, and new political realities. These factors change the relationship between business and other parts of society, they also have profound implications for strategy and competitive advantage. The increasing interconnectedness of business, economic, and political spheres causes disturbances to spread more quickly and the performance gap between winners and losers in all industries is already bigger than ever, with large companies struggling to find growth.

Business leaders are starting to understand that focusing on the narrow game of business has become a risky proposition and that their focus will have to change in order to expand their game in order to thrive under more complex conditions.

According to the January 2017 PwC Non-executive Directors Report, Boardroom agendas are rapidly changing, with many additional focus areas being added to the agenda. Cybersecurity, human rights and environmental issues are now being recognised as being the biggest future risks. The United Nations ratified the Sustainable Development Goals (SDG's) in 2015, which means that sustainability issues have become entrenched on the corporate agenda. There is greater focus on aligning organisations' environmental, social and governance (ESG) activities with SDG's. These issues are no longer seen as "nice to have" but are now a business imperative.

Accordingly, there will be increasing pressure on business as governments introduce new regulation and policy around the globe to help them achieve the 17 global SDG's. More and more, stakeholders are considering ESG factors when they evaluate a company's strategy, risk profile, and ultimately its plan for creating long term value. ESG factors can also help stakeholders evaluate brand risk, customer appeal and a company's ability to acquire talent. Investor are putting pressure on companies to divulge where they stand on these issues.

Investors may have been the initial driving force, but it is the business reasons for adopting ESG management principles that are maintaining the momentum. There is strong evidence of the commercial benefits thereof. Good ESG management can add value, while poor ESG management can destroy it.

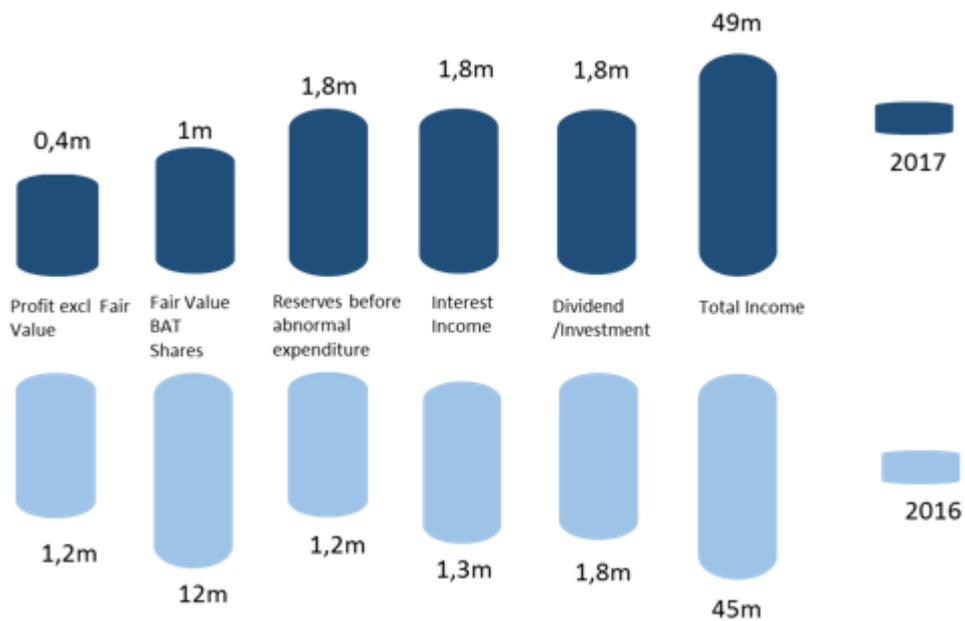
The South African changing economic policy scene is not helpful as a tool to stimulate growth. RDP from 1994 – 1996, Gear from 1996 – 2005, Asgisa from 2005 – 2010, NGP from 2010 – 2013, NDP from 2013 – 2030 and lately the 2015 Nine-Point Plan and Fourteen Point plan since July 2017.

Amidst this scenario, WESSA has chosen to position its efforts, service offerings and talent, to respond positively to the above realities, by building our tender and project proposals emphasis on the importance of SDG's and the NDP 2030, outlining the impact our work will have on its specifics.

The United Nations' Sustainable Development Goals



Financial and Governance Performance



During the year under review, the Board and ExCo ensured that all required governance requirements were met. The Board members are attending meetings, the various Board committees are functioning as required from its Terms of Reference and all the external audits on certain projects were unqualified, inclusive of the Annual Financial Statements.

Membership continues to be a strategic area of development for WESSA. The WESSA Board formally recognised the RR/ExCo Committee as a Board Committee and there are regular workshops/meetings during the year. As a clearly defined two-faceted organisation, the professional staff and membership volunteers are working in separate specialist spaces, but with one united goal, namely to have scale impact as “People Caring for the Earth”.

The overall financial performance was good. Reserves before extraordinary expenses increased by 53%, interest income increased by 36%, net cash from operating activities increased by 43% to R13 million and the total debtors Rand value decreased by R3.5 million, resulting in overall debtors days reducing to 46 days. The total project book value increased by R6.6 million to R83 million.

Irrespective the overall improved financial results, some of the operating areas experienced serious challenges, to such a degree that we had no choice but to reduce staff numbers in certain areas. There was a significant reduction in total comprehensive income, as a direct result of the reduction to fair value of the BAT Shares. The Audit, Assurance and Risk Committee identified this as a major risk for the future and instructed that the broker must be approached in order to evaluate this investment in order for mitigating steps to be taken pro-actively for the avoidance of a negative move to the income statement as a result of future adjustments in a sliding share market environment.

The true value of impactful work continues to be a significant goal for the WESSA Board and in this respect, we continued with our investment for sustainable impact in 3 important areas, namely our **people, in finding the right sources of income and in systems and infrastructure**.

Our people strategy focus on attraction, retention and development of our top talent and letting go of underperformers. Talent and performance management require significant senior management investment and ExCo evaluates individual high flyers and underperformers on a quarterly basis, in addition to individual reviews taking place on a regular basis.

Our sources of income are becoming increasingly challenging amidst the tough economic realities. We therefore have to ensure that our product and service offerings remain attractive to investors, whether corporates, funding agencies, government funds for social impact and schools. Our organisational structure is therefore dynamic and flexible in order to respond to a fast changing economic reality. We are increasingly challenged with unsustainable demands on tenders from overseas agencies, as well as government work. This narrows the sources of income even further, because of our decision not to enter into contracts that put almost impossible demands on us as implementers.

We continued our investment in upgrading IT, Finance and HR infrastructure and the specific investments in uMngeni Valley will continue, in order to position this education centre as the top education facility for school learners. The previous investment in the Membership Portal should deliver on its overall objectives of greater membership participation as it is rolled out to all members.

Our Operational Impact

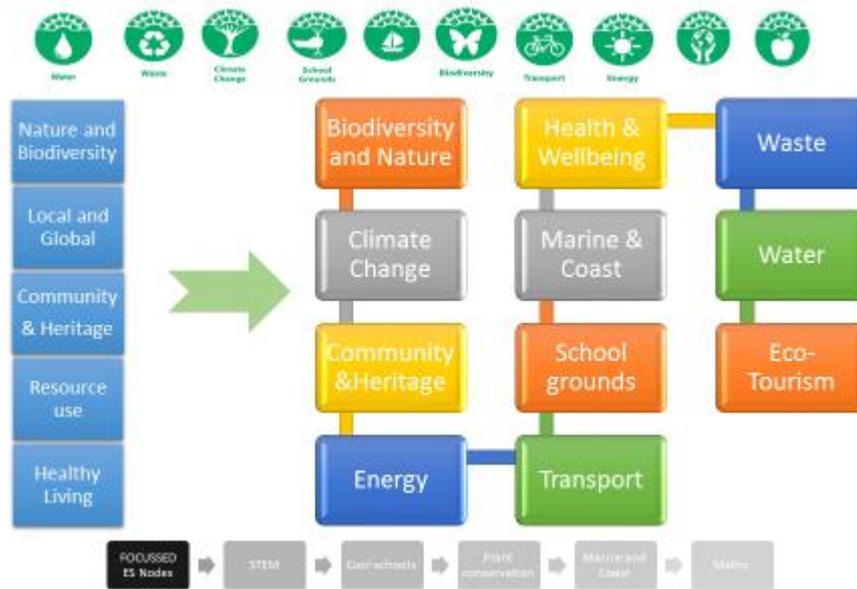
The **Schools and Youth** work performed by WESSA, remains the core of our operations performed by the four Education centres, the Eco-Schools Programme, Schools Entrepreneurship Initiative, Water and Energy Programme and the two new FEE programmes, Learning about Forests and Young Reporters for the Environment. WESSA's impact on the youth is indeed formidable, with 700 000 learners and 32 500 teachers involved in Eco-Schools during the year.

We have strategically amended the Eco-Schools themes in order to facilitate the requirements of specific schools as well as to cater for interest of the funders.

WESSA Eco-Schools stats and figures for 2016



Increase in Eco-Schools programme themes

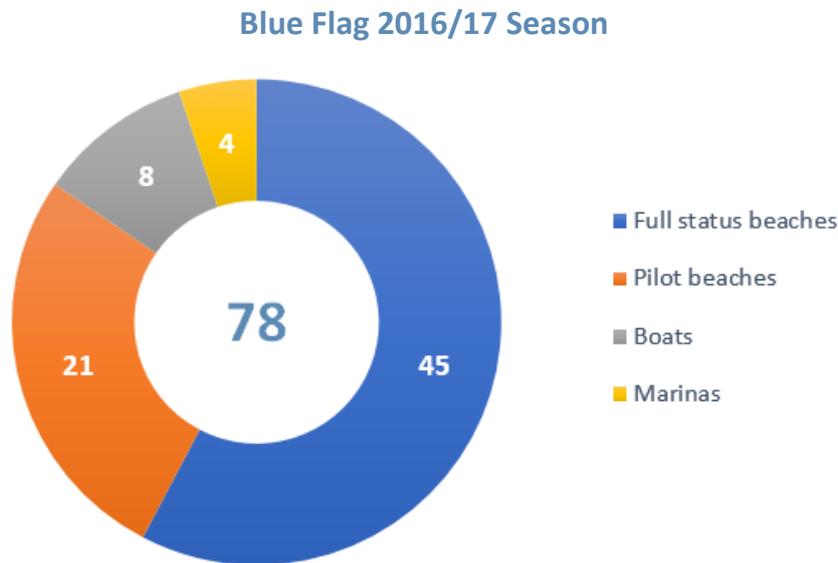


The four WESSA **Education Centres** accommodated a total of 15 178 learners during the year, of which 6864 in day groups and 8314 in overnight groups.

The achievements by the **Ecological Infrastructure and Sustainability Division**, through its work on the Working for Ecosystems, Sappi and Working for the Coast projects, were significant and can be summarised as follows:

- 468 Jobs created
- 397 Youth trained
- 2746 ha IAP controlled

The **Blue Flag** field team now represents a total of 4 coordinators based in all three coastal provinces along with 200 Beach Stewards who all contribute to the programmes’ requirements during the Blue Flag season. The number of Blue Flags achieved and maintained are as follows:



The **Green Coast** project in partnership with the WESSA members has progressed well over the first quarter of the year. Most of the work has been focused on the development of the Green Coast programmes literature, namely the criteria and beach manuals. The nominated beach sites were all visited and 5 beaches were selected for this project. These beaches are Blaauwberg (Cape Town, Western Cape); Swartvlei (Knysna, Western Cape); Cape Recife (Port Elizabeth, Eastern Cape); Chintsa (Chintsa, Eastern Cape); Southbroom (Southbroom, KZN).

Marketing

We continue to raise awareness about WESSA in the various platforms and there has been a 29%, 28% and 80% increase in Facebook, Twitter and Instagram respectively. We continue to produce two membership based magazine, African Wildlife and Environment and Envirokids and overall feedback from readership is very positive.

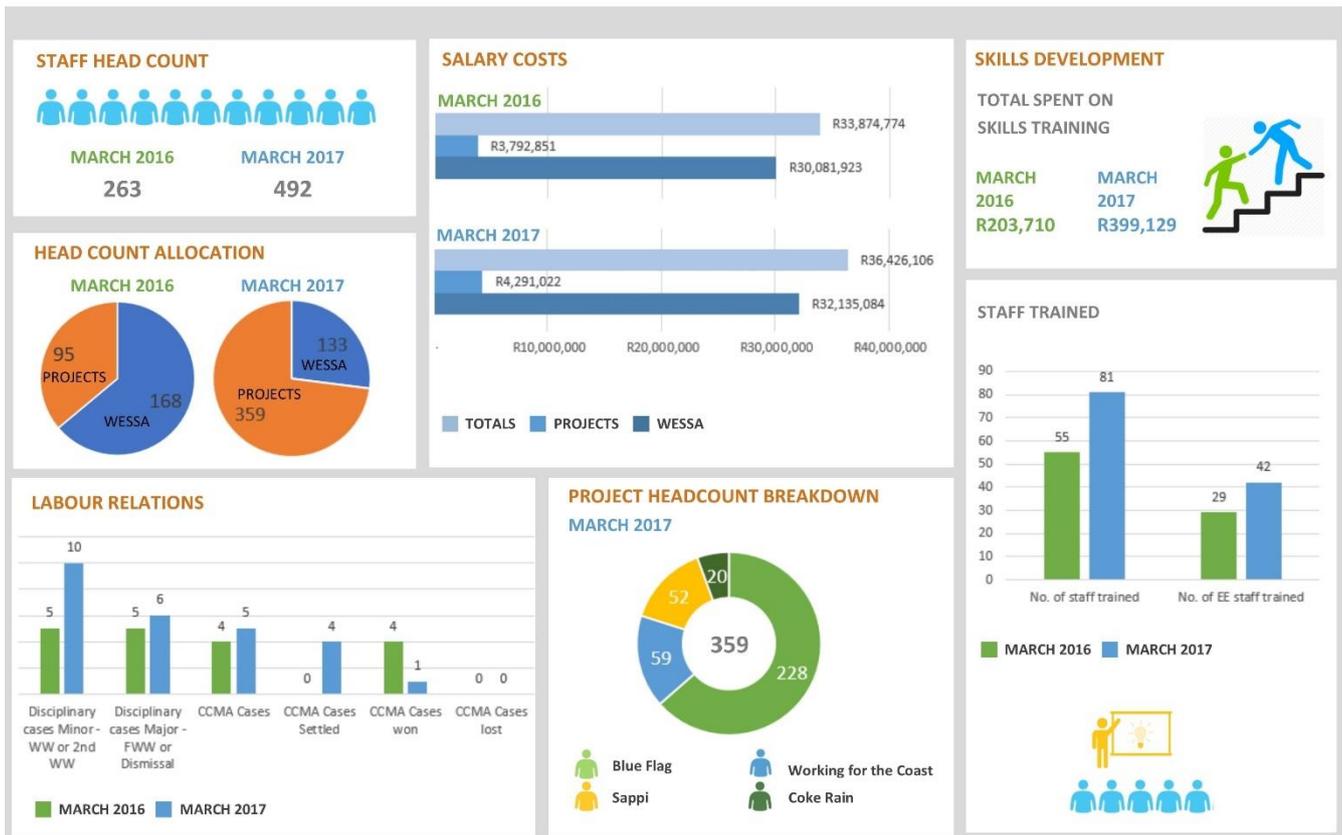
Human Resources

Total staff headcount increased from 263 to 492 and the staffing mix of permanent to project staff shifted from 64/36 to 27/73. This is a significant shift, illustrating the increased mix of project staff versus a reduction in permanent staff, directly as a result of the type of project being secured.

There is an observable increase in labour relations activities, especially as the pressure on individual performance management is on the increase. This is not seen as a negative development, because the overall emphasis on improved people management can also be seen in the increase in investment in skills training and development of the identified talent pool.

HUMAN RESOURCES DASHBOARD

MARCH 2016 AND MARCH 2017 COMPARISON



Conclusion

In conclusion, it is important for all our stakeholders to be informed about what we are all about. We are WESSA, we implement effective environmental, ecotourism, youth and education programmes. We are people Caring for the Earth. We are economically and financially sustainable, we are social entrepreneurs, we are relevant and we challenge ourselves to remain relevant. The sole purpose of our existence is to care for planet earth and this is embodied in our strapline “People Caring for the Earth”. We deliver on our mission of “promoting participation” through the various ways we involve the participants, customers, members and beneficiaries of our products and service offerings.

If you are passionate about doing good, rest assured that you have ample opportunity when you partner with WESSA to do exactly that. The challenge we have set for ourselves, is to always be a 21st century relevant entity in our engagement with all stakeholders.

We are very grateful to all the individuals and organisations who are passionate about “Caring for the Earth”.

Thommie Burger