



WHEN TRUST MATTERS



FIRSTRAND BANK LIMITED GREEN DEPOSIT FRAMEWORK SECOND PARTY OPINION

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SECOND PARTY OPINION

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Table of Contents

Table of Contents	2
DNV's Independent Assessment of the FirstRand Green Deposit Framework	3
Scope and Objectives	3
Responsibilities of the Management of FRB and DNV	3
Basis of DNV's opinion	3
Work Undertaken	4
Findings and DNV's Opinion	5
Schedule 1. Use of Proceeds Eligibility Assessment Protocol	7
1. Use of Proceeds	7
2. Process for Project Selection and Evaluation	8
3. Management of Proceeds	10
4. Reporting	10
Schedule 2. Project Category Contribution to United Nation Sustainable Development Goals	12

Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV's Independent Assessment of the FirstRand Green Deposit Framework

Scope and Objectives

The Green Deposit Framework ("Framework"), sets out the eligibility criteria and process under which FirstRand Bank Limited and its subsidiaries (collectively referred to as FirstRand or the group), including FirstRand Bank Limited ("FRB"), the bank intends to raise deposits aligned to underlying green assets. FRB may update the Framework as it sees fit over time. An updated opinion will be sought following any updates.

The Framework has been constructed to facilitate 'Use of Proceeds' activity in accordance with the International Capital Market Association's ("ICMA") Green Bond Principles ("GBP") 2021 and Loan Market Association's ("LMA") Green Loan Principles ("GLP") 2021.

DNV Business Assurance Australia Pty Ltd ("DNV") has been commissioned by FRB to review the Green Deposit Framework and provide a Second Party Opinion on the Framework in relation to alignment with the ICMA GBP 2021 and LMA GLP 2021.

No assurance is provided regarding the financial performance of the instruments issued via the Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of FRB and DNV

FRB has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform FRB and other interested stakeholders in the Framework as to whether the Framework is aligned with the GBP and/or GLP. In our work we have relied on the information and the facts presented to us by FRB. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by FRB and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our assessment methodology to create the FRB-specific Eligibility Assessment Protocol (henceforth referred to as the "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion for the Green Use of Proceeds.

As per our Protocol, the criteria against which the Framework and prospective green instrument have been reviewed are grouped under the four Principles:

1. Principle One: Use of Proceeds.

The Use of Proceeds criteria are guided by the requirement that a Deposit Taking Institution of a green instrument must allocate the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.

2. Principle Two: Process for Project Evaluation and Selection.

The Project Evaluation and Selection criteria are guided by the requirements that a Deposit Taking Institution of a green instrument should outline the process it follows when determining eligibility of an investment using green instrument proceeds, and outline any impact objectives it will consider.

3. Principle Three: Management of Proceeds.

The Management of Proceeds criteria are guided by the requirements that a green instrument should be tracked within the deposit receiving organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

4. Principle Four: Reporting.

The Reporting criteria are guided by the recommendation that at a minimum, sustainability reporting to the depositors should be made related to the Use of Proceeds of funds received and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by FRB in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the Framework, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by FRB on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of published materials by FRB and on FRB's website;
- Discussions with FRB, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

DNV has provided this Second Party Opinion ("SPO") in the context of the GBP and/or GLP.

Findings and DNV's Opinion

DNV's findings are listed below:

1. Use of Proceeds

FRB intends to allocate an amount at least equivalent to the net proceeds of the Green Deposits made under this Framework ("Green Deposits") in whole or in part to projects or activities which meet the eligibility criteria of the following Green Deposit Project categories ("Green Deposit Projects"). The Framework defines the following eligible project categories.

Green Deposit Project Categories

- Renewable Energy
- Energy Efficiency
- Green Buildings
- Clean and Sustainable Transportation

FRB has provided in its Framework tables mapping its eligible green categories and the United Nations Sustainable Development Goals ("UN SDGs"). DNV concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the GBP and GLP. The eligible projects within each category and associated selection criteria are aligned to the UN SDGs.

2. Process for Project Evaluation and Selection

The Framework describes the process for project evaluation and selection (section 3 & 4 of Framework). All assets that are financed / refinanced with proceeds from the Green Deposits must continue to meet the relevant criteria of standards set out in the eligible green asset criteria, any changes to the Framework will require an updated SPO.

"To ensure that all green loans included in the green deposit project portfolio meet the eligibility criteria and the bank's broader internal due diligence standards, all green loans will be subjected to FirstRand's environmental and social risk management process and will be screened against this framework's eligibility criteria by RMB's sustainable finance and environmental, social and governance (ESG) advisory team. Final approval and oversight of this process will be provided by FirstRand Group Treasury and the group's financial resource management executive committee."

DNV concludes that FRB's Framework appropriately describes the process of project evaluation and selection.

3. Management of Proceeds

FRB's sustainable finance and environmental, social and governance (ESG) advisory team, in collaboration with the Group Treasury will be responsible for the allocation and tracking of net proceeds to the Green Deposit Project Portfolio (section 4 of Framework). It is required that net proceeds raised from the Green Deposits will not exceed the total value of FRB's eligible Green Deposit Projects.

DNV has reviewed the evidence presented and can confirm that the proceeds arising from the future issuances will be appropriately managed.

4. Reporting

On an annual basis, FRB will disclose the allocation of the net proceeds raised from Green Deposits invested in Green Deposit Projects as an annual Allocation and Impact Report and/or website (section 6 of Framework). The information will contain at least the following details:

- The size of the reference Green Deposit Project portfolio;
- the total quantum of Green Deposits allocated against the Green Deposit Project portfolio; and
- impact indicators from the Green Deposit Project portfolio.

A summary of the impacts of the green deposit project portfolio may include the impact metrics set out below as well as relevant narratives, where the data is available from clients and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition, or other relevant regulation. Furthermore, the impact of the use of proceeds will be reported using the impact indicators recommended by ICMA's handbook, Harmonized Framework for Impact Reporting for green bonds.

On the basis of the information provided by FRB and the work undertaken, it is DNV's opinion that the Green Deposit Framework meets the criteria established in the GBP and GLP.

for DNV Business Assurance Australia Pty. Ltd.

Cape Town / 16 August 2022



Grant Little
Lead Verifier



Mark Robinson
Technical Reviewer

Schedule 1. Use of Proceeds Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of instrument	As per the GLP and GBP, the proceeds raised from the Green Deposit must be invested in a loan instrument made available for Green projects (Green use of loan proceeds)	<p>The Framework states that proceeds raised from Green Deposits will be used to support climate transition through loans for the purpose of renewable energy, energy efficiency, transportation and green buildings, collectively green loans. Such loans will need to meet eligibility criteria which are in line with GBP and GLP.</p> <p>DNV considers the type of instrument to be well aligned with the GBP and GLP.</p>
1b	Sustainable Project Categories	Green Deposit proceeds will be invested in eligible Green projects which should be appropriately described in the legal documentation for the security.	<p>Eligible project categories presented by FRB are as follows:</p> <ul style="list-style-type: none"> • Renewable Energy • Energy Efficiency • Green Buildings • Clean and Sustainable Transportation <p>The above-mentioned project categories meet the eligibility criteria as required by the GBP and GLP.</p>
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed.	<p>Environmental benefits are noted to include greenhouse gas emissions reduction, and management over the term of the loan and upgrade projects which achieve emissions reduction against a business as usual baseline.</p> <ul style="list-style-type: none"> • Renewable Energy Investments and expenditure in the production and transmission of energy from renewable sources, including solar energy. Increasing the share of renewable energy mix leads to direct reduction in GHG emissions release to the atmosphere. • Energy Efficiency Financing or refinancing of the manufacturing and/or installation of components or technologies that enable energy efficiencies e.g. smart grid technology is considered to result in reduced consumption of electrical energy and corresponding emissions of GHG. • Green Buildings Finance or refinance of certified greenfield, construction, reconstruction, retrofit, renovation or operation of buildings to make them sustainable, improve resource efficiency and adopt environmentally sound technologies. Buildings must achieve equal to or more than 20% emissions/energy performance improvements (or Primary Energy Demand) over baseline. Green Buildings result in reduced

Ref.	Criteria	Requirements	DNV Findings
			<p>consumption of electrical energy and corresponding emissions of GHG.</p> <ul style="list-style-type: none"> Clean and Sustainable Transportation Finance or refinance of Green hydrogen related transportation investments and Electric Vehicle investments are noted to reduce transport related GHG emissions through the avoidance of fossil fuel combustion. <p>DNV considers the Use of Proceeds proposed to present tangible environmental benefits through the mitigation of GHG emissions.</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	<p>The Deposit Taking Institution of the Green Deposit should outline the decision-making process it follows to determine the eligibility of projects such deposit proceeds are allocated to. This includes, without limitation:</p> <ul style="list-style-type: none"> The environmental / social sustainability objectives of the Green Deposit Projects; The process by which the Deposit Taking Institution determines how the projects fit within the Green Deposit categories; and Complementary information on processes by which the Deposit Taking Institution identifies and manages perceived social and environmental and social risks associated with the relevant project(s). 	<p>The Framework states that FRB will identify the potential projects for inclusion, based on the Use of Proceeds criteria.</p> <p>From the Framework <i>Existing green loans advanced by FRB which meet the eligibility criteria below shall, in aggregate, make up a portfolio of green deposit projects. The net proceeds from green deposits, in accordance with this framework, shall be allocated to the financing of this green deposit project portfolio. The legal documentation for each individual green deposit offered by FRB will include a reference to this framework. Green deposits expose depositors to FirstRand Bank as a counterparty and not to the risk of the green deposit project portfolio. To ensure that all green loans included in the green deposit project portfolio meet the eligibility criteria and the bank's broader internal due diligence standards, all green loans will be subjected to FirstRand's environmental and social risk management process and will be screened against this framework's eligibility criteria by RMB's sustainable finance and environmental, social and governance (ESG) advisory team. Final approval and oversight of this process will be provided by FirstRand Group Treasury and the group's financial resource management executive committee.</i></p> <p>According to the Framework, FRB plans to evaluate the register of eligible assets on an annual basis as set out in the project identification section of the Framework.</p> <p>DNV considers this to be well aligned with the set criteria.</p>
2b	Deposit Taking Institution's environmental and social and	<p>Deposit Taking Institutions are also encouraged to:</p> <ul style="list-style-type: none"> Position the relevant information within the context of the Deposit 	<p>FRB has included a link to the sustainability bond framework within the Framework. This includes the following:</p> <p>From the Framework <i>FirstRand recognises that it has a responsibility to deliver both financial value and positive social and environmental</i></p>

Ref.	Criteria	Requirements	DNV Findings
	governance framework	<p>Taking Institution's overarching objectives, strategy, policy and/or processes relating to environmental / social sustainability.</p> <ul style="list-style-type: none"> • Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria <p>Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s).</p>	<p><i>outcomes for multiple stakeholders as captured in its purpose statement:</i></p> <p><i>Embedding these principles of shared prosperity into strategy and operations was introduced as a strategic priority for the group in 2019.</i></p> <p><i>These principles underpin the group's view that it must intentionally use core business activities, including its role in allocating capital to the economy, to add value to society – profitably and at scale.</i></p> <p><i>The group views this as a transformative and sustainable business strategy, albeit one that will be a long-term journey. It requires the group to commit to deriving economic, social and environmental value from its activities and operations, and to deliberately measure this value. Integral to this objective is assessing whether the group's products and services, and the way they are delivered to customers, address key social and environmental imperatives, or only drive profitability.</i></p> <p><i>South Africa and several other countries in which the group operates face a broad range of social and environmental challenges and, whilst FirstRand cannot solve all of these challenges, as a systemic financial services business it has the capacity to be a force for good. These shared prosperity principles need to be captured in the group's financing processes by integrating social and environmental risk management principles in decision-making. As a provider of financial products and services, FirstRand is a systemic participant in the economy and in the allocation of financial resources to society. Although the group is only at the beginning of its shared prosperity journey, it has started to introduce these principles into certain core frameworks (such as its financial resource management framework, which guides the allocation of the group's scarce financial resources, including capital, funding and liquidity, and risk appetite).</i></p> <p><i>This green deposit framework supports the group's financial resource allocation to achieve its sustainable finance ambitions.</i></p> <p>DNV considers this to be well aligned with the set criteria and to clearly establish FRB's sustainability position and strategy in relation to sustainable finance activities.</p>

3. Management of Proceeds







Ref.	Criteria	Requirements	DNV Findings
3a	Tracking procedure	<ul style="list-style-type: none"> The net proceeds of Green Deposits should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Deposit Taking Institution in an appropriate manner and attested to by a formal internal process that will be linked to the Deposit Taking Institution's lending and investment operations for Green/Social Projects. 	<p>The evidence reviewed shows how FRB plans to manage sustainable financing transaction proceeds, in accordance with the evaluation and selection process in the Framework.</p> <p>From the Framework</p> <p><i>FirstRand Group Treasury will be responsible for the tracking and management of green deposit proceeds and their allocation to the green deposit project portfolio. If a green loan no longer meets the eligibility criteria, it will be removed from the green deposit project portfolio. The portfolio will thus be actively monitored.</i></p> <p>DNV considers this to be well aligned with the set criteria.</p>
3b	Tracking procedure	So long as Green Deposits are outstanding, the balance of the tracked proceeds invested in eligible projects should be tracked.	Tracking is proposed to be conducted within the functions of FRB's existing financial system. DNV considers this to be well aligned with the set criteria.
3c	Temporary holdings	Pending such investments or disbursements to Green Deposit, the Deposit Taking Institution should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>The net proceeds of the Green Instruments will be held and/or invested in FirstRand Bank Limited treasury liquidity portfolio, in cash or other short term and liquid instruments until applied toward eligible Green Projects as per the Framework.</p> <p>DNV considers this to be well aligned with the set criteria.</p>

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	<ul style="list-style-type: none"> Deposit Taking Institutions should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Green Deposits proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. 	<p>FRB has confirmed to disclose the allocation and impact reporting within its Annual reporting and website.</p> <p>From the Framework</p> <p><i>The group will prepare and publish an annual allocation and impact report with respect to green deposits raised under this framework. This report will be published on FirstRand's website.</i></p> <p>FRB states in the Framework that they will report on the impact metrics below.</p> <p>From the Framework</p> <p><i>A summary of the impacts of the green deposit project portfolio may include the impact metrics set out below as well as relevant narratives, where the data is available from</i></p>

Ref.	Criteria	Requirements	DNV Findings
		<ul style="list-style-type: none"> Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories). 	<p><i>clients and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition, or other relevant regulation. Furthermore, the impact of the use of proceeds will be reported using the impact indicators recommended by ICMA's handbook, Harmonized Framework for Impact Reporting for green bonds.</i></p> <p>DNV considers this to be well aligned with the set criteria.</p>

Schedule 2. Project Category Contribution to United Nation Sustainable Development Goals

Eligible Project Categories	UN SDGs	DNV Findings
<p>Clean Transportation</p>  	<p>SDG 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.</p> <p>SDG 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p> <p>SDG 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States</p>	<p>DNV is of the opinion that eligible category outlined in the Framework contributes to the achievement of the UN SDGs.</p>
<p>Energy Efficiency</p> 	<p>SDG 7.3: By 2030, double the global rate of improvement in energy efficiency.</p>	<p>DNV is of the opinion that eligible category outlined in the Framework contributes to the achievement of the UN SDGs.</p>
<p>Renewable energy</p> 	<p>SDG 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<p>DNV is of the opinion that eligible category outlined in the Framework contributes to the achievement of the UN SDGs.</p>
<p>Green Buildings</p>  	<p>SDG 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p> <p>SDG 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p> <p>SDG 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States</p>	<p>DNV is of the opinion that eligible category outlined in the Framework contributes to the achievement of the UN SDGs.</p>



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Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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