



# FirstRand

## FIRSTRAND CLIMATE CHANGE POLICY STATEMENT

15 April 2018

### CONTEXT

FirstRand Limited (FirstRand or the group) supports the goal of global governments in seeking to limit the average global temperature rise to below two degrees Celsius above pre-industrial levels, in line with the Paris Climate Agreement. This is a shared global challenge.

FirstRand, as a responsible financial services company, continuously reviews its role in supporting the transition from a carbon intensive economy to a more efficient low carbon economy. The group believes that effective risk management is supported by effective governance structures, robust policy frameworks and a risk-focused culture.

As a multinational financial institution based in South Africa, climate change creates risks and opportunities for FirstRand's businesses and investments. Our communities, stakeholders and customers and our own operations may be impacted by severe weather events and changing climatic conditions; or through legislative, regulatory or policy changes relating to climate change, such as carbon tax, or mitigation policies.

This document should be read in conjunction with the FirstRand Environmental Sustainability Policy Statement.

### PURPOSE OF THE STATEMENT

This statement was developed to provide a summary of FirstRand's approach and main initiatives on climate change and climate resilience.

### SCOPE

Once adopted by the group's relevant governance structures, FirstRand's Climate Change Statement applies to all employees and operations under FirstRand's operational control internationally and supports the FirstRand

group philosophy of *“protecting the interests of society and the natural environment”* as outlined in the FirstRand code of ethics. The scope applies to its own operations and to its banking and investment portfolios.

## FIRSTRAND’S CLIMATE CHANGE RESILIENCE PROGRAMME

FirstRand promotes environmental sustainability through the identification and management of environmental risks and opportunities. Climate change is considered a strategic risk, a credit risk and an operational risk to the FirstRand group, and is overseen by the governance structures of the group’s various ethics and conduct committees.

For FirstRand, climate resilience is defined as the mitigation of climate change and the effects thereof, and the adaptation to climate change, whilst identifying opportunities that it presents to the group.

In minimising its own environmental footprint and demonstrating our commitment, FirstRand commits to:

- Ensuring compliance of its operations with applicable climate change related regulatory requirements in the countries in which it operates as well as applicable international best practice and standards by monitoring, measurement and socialisation of risk control measures and requirements. Group-wide communication of these commitments to all employees of FirstRand, to ensure awareness of their obligations in assisting the group in meeting these commitments.
- Ensuring efficient use of energy, natural and other resources within our direct control, in order to mitigate climate change;
- Where practical and cost effective, increasing the use of renewable energy in our properties and maintain the highest standards of efficiency practically possible in our buildings;
- Managing our energy and water consumption using environmental management system principles in our facilities;
- Completing our internal carbon footprint in accordance with best practice standards, set reduction targets on greenhouse gas emissions and review them periodically with the aim to continually improve environmental performance;
- Engaging constructively with stakeholders, reporting transparently on our progress and programmes in meeting our greenhouse gas emissions reduction target,
- Contributing to the Carbon Disclosure Project (CDP) annual voluntary reporting initiative by providing institutional investors with information about how the FirstRand group is responding to climate change risks and opportunities.

- Advocating for climate disclosures in our own industry and other carbon exposed sectors by working with international agencies such as the United Nations Environment Initiative Finance Programme (UNEP FI), and the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (FSB TCFD) and our peers internationally.

FirstRand aims to support our customers to transition to a more efficient, low carbon economy by:

- Complementing our risk management frameworks with the best available science and expert judgement to assess and understand the impacts of climate change on its clients' businesses, where appropriate.
- Maintaining and embedding climate-related risks in its business process risk management framework.
- Supporting the development and funding of climate resilience projects through lending and investment activities, where financially and commercially viable.
- Taking account of climate change risks in its lending decisions primarily through an assessment of customers' capacity to deal with climate change and changes in the regulatory environment.
- Acknowledging the energy needs and development requirements of clients in the context of the relevant national policy, and facilitating the move to decarbonisation of the economy in a responsible, cost effective and practical manner, over time.
- Identifying and engaging with clients on climate change risks and assessing their mitigation and adaptation actions by applying FirstRand's environmental and social risk assessment process.
- Actively participating in industry associations and collaborating with regulatory authorities and non-governmental organisations towards improvement of the understanding and promotion of climate resilience in the economies in which it operates, as well as the financial services sector;
- Adopting and applying the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)