



FirstRand

THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING

FirstRand Limited reporting and self-assessment template 2021

In October 2020, FirstRand Limited (FirstRand or the group) became a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (the Principles). The Principles, launched in September 2019, are designed to provide a universal framework for sustainable banking practices and encourage the banking industry to demonstrate how it makes a positive contribution to society.

The group believes the intended application of the Principles provides an important underpin to the way financial services can deliver better and more sustainable outcomes for broader society. The Principles reinforce FirstRand's stated purpose of delivering shared prosperity – creating societal and financial value using core activities. As an emerging market bank and one of the largest, systemic financial institutions in Africa, FirstRand can meaningfully contribute to and learn from this global coalition.

FirstRand has four years to reach full compliance with the Principles. The following table sets out the group's response to the reporting and self-assessment requirements for signatories of the Principles. It reflects progress made in the first 18 months since becoming a signatory.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>FirstRand is a portfolio of integrated financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and the UK. Many of these businesses are leaders in their respective segments and markets, and offer a broad range of transactional, lending, investment and insurance products and services.</p> <p>The group has a multi-brand strategy, with a number of leading customer-facing businesses in the portfolio.</p> <p>Retail and commercial bank: FNB represents FirstRand's activities in the retail and commercial segments in South Africa and the broader African continent. It is growing its franchise on the back of a compelling platform enabled, integrated financial services strategy, providing customers with products and services that span transactional, lending, insurance and wealth and investment offerings.</p> <p>Corporate and investment bank: RMB represents the group's activities in the corporate and investment banking segments in South Africa and the broader African continent. Its strategy leverages a strong origination franchise, a leading market-making and distribution offering, a strong private equity track record and a growing transactional platform.</p> <p>Instalment and finance provider: WesBank represents the group's activities in instalment credit, fleet management and insurance in the retail, commercial and</p>	<p>FirstRand annual integrated report 2021¹, page 3</p> <p>FirstRand report to society 2021², page 4</p>

¹ <https://www.firstrand.co.za/media/investors/annual-reporting/firstrand-annual-integrated-report-2021.pdf>

² <https://www.firstrand.co.za/media/investors/reports/FirstRand-report-to-society-2021.pdf>

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	<p>corporate segments of South Africa. WesBank has a unique and long-standing model of partnering with leading motor manufacturers, suppliers and dealer groups.</p> <p>UK specialist lender: Aldermore represents the group's activities in the UK. It has a clear strategy of offering simple financial products and solutions to meet the needs of underserved small and medium-sized enterprises (SMEs), as well as homeowners, professional landlords, vehicle owners and savers.</p> <p>Asset management: Ashburton Investments represents FirstRand's asset management activities. Ashburton has an active investment management strategy spanning traditional and alternative investments as well as unique on-balance sheet opportunities.</p>	
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>The group believes that to have the greatest impact it must intentionally use its core business activities, including its role in allocating capital to the economy, to add value to society – profitably and at scale. This principle was adopted by the group as a strategic imperative in 2019 and is considered a transformative and sustainable business strategy, albeit a long-term journey. It requires the group to commit to extracting 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 societal imperatives or only drive profitability.</p> <p>The group is increasingly leveraging its core business resources and activities to intentionally achieve positive, scalable and high-impact societal outcomes whilst delivering superior financial returns. The schematic (on page 9 of the FirstRand report to society 2021) describes the mechanisms at the group's disposal to achieve its ambitions.</p>	<p>FirstRand report to society 2021, pages 9, 11-15</p>

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	<p>The group believes the intended application of the Principles provides an important underpin to the way financial services can deliver better and more sustainable outcomes for broader society. As an emerging market bank and one of the largest, systemic financial institutions in Africa, FirstRand can meaningfully contribute to and learn from this global coalition by creating societal and financial value using core activities.</p> <p>The group's societal focus areas are also linked to the SDGs and the Paris Climate Agreement. FirstRand supports the Paris Agreement and commits to aligning its financial flows to help the group's operating jurisdictions realise their nationally determined contributions</p>	
<p>Principle 2: Impact and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		
<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p>	<p>Scope and scale of exposure: The bank's core business areas, and products and services across the main geographies that it operates in.</p> <ul style="list-style-type: none"> • Approximately 80% of the group's earnings, operations and employees are based in South Africa. • The major contributors to the group's normalised earnings are: <ul style="list-style-type: none"> – 60% from retail and commercial activities, i.e., FNB. – 26% from corporate and institutional activities, i.e., RMB. <p>As such, for now the impact analysis was based on proportionality and limited to the South African operations for the retail and commercial, and corporate and institutional businesses.</p>	<p>FirstRand report to society 2021, page 11</p>

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<p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p>	<p>Context and relevance: The most relevant challenges and priorities related to sustainable development in the countries or regions in which the group operates.</p> <ul style="list-style-type: none"> • As the majority of operations are in South Africa, the economic and social context of the country was prioritised during the impact analysis. • However, the one exception is climate change which poses systemic, global challenges and opportunities. • The analysis also considered inputs and insights from relevant stakeholders including customers, investors, suppliers, non-government organisations, employees and senior management. <p>Scale and intensity: Understanding the local challenges and priorities, the group then mapped these against where it would be able to make the greatest contribution through its current and/or future activities, products and services.</p> <p>Strategic intent: The group's purpose to deliver shared prosperity guided the impact assessment, i.e.:</p> <ul style="list-style-type: none"> • Intentionality, discipline and pricing for societal externalities. • Fairness and inclusiveness: Fairness, efficiency, transparency, value for money, client needs, deepening access to financial services and asset ownership. • Productive capital formation: Support productive capital formation and balanced economic growth. • Networks: Use the group's knowledge, networks and platforms to enable more for customers and the societies it serves. 	

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<p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>The impact analysis informed focus areas for business. Various working groups and formal steering committees were formed to oversee these focus areas and to cascade the guidance and intent to the relevant teams within the business. Strategic initiatives, at various levels of maturity, were then identified by those closest to the relevant business activities or areas of impact. Initiatives were then prioritised by the steering committees based on the potential scale of the impacts resulting from the identified activities, products and services.</p>	<p>FirstRand report to society 2021, page 12</p>
	<p>The group is pursuing opportunities to increase positive impacts through the following focus areas.</p> <p>Retail:</p> <p>Financial inclusivity</p> <ul style="list-style-type: none"> <i>Increase the financial inclusion impact of social grant distribution:</i> Assist the South African Social Security Agency with the distribution of grants, i.e. mechanisms that can make payments to grant recipients easier and faster, but at the same time make it easy for the recipients to access their funds. <i>Digitising cash in communities:</i> Leverage current merchant-acquiring infrastructure in previously disadvantaged communities and roll out low-cost point of service devices in selected townships. <i>eWallet on platform:</i> Leverage off the functionality of eWallet and reconfigure the eWallet solution to capture more unbanked customers to enable better payment functionality to deal with the challenges of carrying and transacting in cash. <i>Entry bankers:</i> Aim to assist unemployed youth by providing them with the corporate experience to prepare them for entry into the job market. <p>Financial vulnerability</p> <ul style="list-style-type: none"> <i>Financial and digital literacy:</i> Consumer education initiatives designed to improve the basic financial literacy levels of consumers in South Africa. Enable 	<p>FirstRand report to society 2021, pages 12-14</p>

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	<p>consumers to be financially resilient, and aware of the importance and safety of digital utilisation through different interfaces.</p> <ul style="list-style-type: none"> • <i>Money management</i>: Initiatives to assist customers and FirstRand staff achieve financial wellness by making positive changes to their financial behaviour. <p>Property and affordable housing</p> <ul style="list-style-type: none"> • <i>Property unlock</i>: Enable households with untitled properties and limited access to finance to formalise ownership to leverage their properties. • <i>Affordable housing</i>: Enable more low-income customers to own their own homes through innovative funding models and partnerships. <p>Climate change</p> <ul style="list-style-type: none"> • <i>EcoEnergy home loan</i>: Provide a rate concession to EDGE-certified developments (supported by customer campaigns to drive financing of green solutions via equity in home loans). • <i>Green solutions</i>: Position lending on existing credit product continuum to purchase green solutions. • <i>Strategic partnerships</i>: Offer reputable emission or water reduction products and services on the eBucks shop and Nav>> Marketplace. <p><u>Commercial:</u></p> <p>Economic transformation</p> <ul style="list-style-type: none"> • <i>SME development</i>: Various business development support programmes focused on addressing challenges and unlocking opportunities for majority black-owned SMEs at different stages of business or in specific sectors. • <i>Supplier development</i>: Access to finance options for qualifying majority black-owned suppliers. Supplier development programme for qualifying, majority black-owned suppliers in FirstRand and other supply chains. • <i>Women in business</i>: Women in business strategy aimed at supporting, engaging and creating networks to assist women-owned businesses. 	

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	<ul style="list-style-type: none"> • <i>Transformational agriculture</i>: Support the transformation of the industry through growing a larger base of black commercial farmers, as well as through technical and funding assistance to emerging farmers in partnership with development financial institutions (DFIs) and supply chain players. • <i>Community economy</i>: Bank the unbanked businesses in and around the township economies (community economy) with efficient banking solutions that meet customer's needs. <p>Financial wellness</p> <ul style="list-style-type: none"> • <i>Employee benefits</i>: Promote financial inclusion via the employer relationship. This is done through enabling saving with the employer committing to and supporting employee retirement and long-term saving. <p>Climate change</p> <ul style="list-style-type: none"> • <i>Sustainable finance</i>: Provide green funding to address energy cost, certainty and emission reduction, primarily through providing access to alternative, renewable energy solutions, and secondly through energy efficiency solutions. • <i>Sustainable agriculture</i>: Initiatives aimed at resource and crop sustainability. <p><u>Corporate and institutional:</u></p> <p>Climate change</p> <p>Recruitment of a fully focused sustainable finance and environmental, social and governance (ESG) advisory team to drive and support business activities in the following areas:</p> <ul style="list-style-type: none"> • <i>Infrastructure finance</i>: Funding new renewable energy projects emanating from South Africa's renewable energy independent power producer programme (REIPPP). • <i>Real estate investment banking</i>: Support the development of green buildings. • <i>Resources</i>: Support clients that are implementing renewable energy own use projects. 	

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	<ul style="list-style-type: none"> • <i>Debt and trade solutions</i>: Direct capital via use of proceeds for climate-positive activities. <p>Funding mechanisms to include:</p> <ul style="list-style-type: none"> • Sustainability-linked loans with interest rates connected to targets such as energy efficiency, water efficiency, and greenhouse gas (GHG) emission reductions. • Green/social/sustainability bonds issuances per the group's sustainability bond framework which is aligned to the EU green taxonomy and relevant International Finance Corporation (IFC) guidance. • Direct finance through partnering with DFIs with climate mandates. <p>Inclusive growth</p> <p>Transform business ecosystems through:</p> <ul style="list-style-type: none"> • Structuring equity participation opportunities in projects and businesses for connected and capital-constrained stakeholders. • Supply chain financing that benefits the relevant SME and offtaker. • Structuring transactions that include inclusive growth targets including procurement, black economic empowerment credentials and gender considerations where appropriate. • Enabling broader access to appropriate and compelling investment products, for example through affordable exchange-traded notes (ETNs). <p>Productive capital formation</p> <p>Originate infrastructure assets that promote positive social and environmental impacts.</p> <ul style="list-style-type: none"> • To support this ambition the infrastructure finance business has developed a framework to prioritise projects that have a material impact on local economies in the context of both climate and broader socio-economic goals. • Product development focused on channelling capital from new sources to opportunities that have historically been capital constrained, e.g. water infrastructure. 	

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<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>As a financial institution, FirstRand recognises that it can influence both positive and negative societal outcomes for multiple stakeholders. FirstRand has made significant progress in assessing its societal impacts. In 2021, the business conducted impact analysis to identify current and emerging risks to and opportunities for creating both societal and shareholder value. The group is now pursuing opportunities to increase positive impacts through the identified focus areas and related strategic business initiatives. This was not a zero-based exercise for the group, as aspects of its core business (custodianship of savings, delivering appropriate customer outcomes from across lending, savings and transactional activities, paying taxes, creating employment, promoting inclusive growth and financial inclusion) are already creating societal impact. The adoption of the reporting requirements of the Principles will assist the group to better demonstrate progress against a globally recognised framework.</p>		
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p>	<ul style="list-style-type: none"> • The group has set out targets for climate, as outlined below. • The group is currently engaging internally on the establishment of metrics to measure its progress against each of the other focus areas, which will enable the group to set targets that address the identified areas of most significant impact. These selected metrics and targets will be disclosed in future reports. <p>Climate change: FirstRand acknowledges that the group must be part of the solution for climate change by supporting climate resilience and a just transition to a low-carbon world. FirstRand supports the Paris Agreement and commits to aligning its financial flows to help the group’s operating jurisdictions realise their nationally determined contributions. It is the long-term ambition of FirstRand to be net zero by 2050 for scope 1, 2 and 3 emissions. FirstRand’s updated climate ambitions:</p> <ul style="list-style-type: none"> • Own emissions: Net zero by 2030 (for South African operations) • Financed emissions: Net zero by 2050 • Transition finance facilitation: R200 billion by 2026 • New thermal coal lending: <ul style="list-style-type: none"> – No financing for new coal-fired power stations – No direct project finance provided to new coal mines from 2026 	<p>FirstRand report to society 2021, pages 12-15</p> <p>FirstRand report to society 2021, page 108</p> <p>FirstRand TCFD report 2021³, pages 48-50</p>

³ <https://www.firstrand.co.za/media/investors/annual-reporting/FirstRand-TCFD-report-2021.pdf>

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<p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<ul style="list-style-type: none"> • Existing thermal coal lending: <ul style="list-style-type: none"> – 2% advances limit reduced to 1.5% in 2026 and 1% in 2030 • Customer engagement: <ul style="list-style-type: none"> – Top 100 corporates over the next 12 months – 3 million retail clients by 2025 	
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<ul style="list-style-type: none"> • Various working groups and formal steering committees were formed to oversee these focus areas and to cascade the guidance and intent to the relevant teams within the business. Part of the steering committees' oversight responsibilities include compliance with the Principles and tracking progress against the strategic initiatives. • Climate and other ESG metrics have been included into executive director and prescribed officer scorecards. • Delivery against both climate risk management and growth opportunity objectives has been incorporated into the remuneration scorecards for executive directors and prescribed officers, key environmental and social risk (ESR) teams and sustainable finance-focused teams. 	<p>FirstRand report to society 2021, page 15</p> <p>FirstRand remuneration report 2021⁴, page 16</p> <p>FirstRand TCFD report 2021, page 24</p>
<p>2.4 Progress on Implementing Targets</p> <p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p>	<p>The group is currently engaging internally on the establishment of metrics to measure its progress against each of the focus areas, which will enable the group to set targets that address the identified areas of most significant impact.</p> <p>Progress against targets will be disclosed in future reports.</p>	

⁴ <https://www.firstrand.co.za/media/investors/annual-reporting/firstrand-remuneration-report-2021.pdf>

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<p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>		
<p>Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>The fair treatment of customers is foundational to the group's business strategy. The group has continued to calibrate its governance frameworks, policies and processes to support this objective. Key policies are published on the FirstRand ESG hub, on the group's website.</p> <p>The group's environmental and social risk assessment (ESRA) transactional due diligence process is integrated into its credit risk governance process. It identifies and assesses environmental, social and regulatory or reputational risks, to either FirstRand or its clients, with the potential to cause severe societal and environmental degradation as well as negatively impact the ability of clients to meet their credit commitments.</p>	<p>FirstRand report to society 2021, pages 58-62</p> <p>FirstRand report to society 2021, pages 98-104</p> <p>FirstRand ESG hub (policies)⁵</p>
<p>3.2 <i>Describe how</i> your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services</p>	<p>The FirstRand report to society includes many examples of products and services that encourage and enable sustainable practices and economic activities for customers, some examples:</p> <ul style="list-style-type: none"> • FNB eco energy home loan: FNB launched a green home loan to encourage customers to buy EDGE-certified homes. FNB leverages the benefits of EDGE certification by lowering the cost of finance for EDGE-certified properties. This not only benefits customers in terms of a lower rate (up to 50 basis points) but 	<p>FirstRand report to society 2021, pages 23, 28,31, 44, 56</p>

⁵ <https://www.firstrand.co.za/investors/esg-ressource-hub/policies-and-practices/>

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<p>developed, and, where possible, the impacts achieved.</p>	<p>results in a home that is resource efficient, providing long-term utility cost savings and a better resell price.</p> <ul style="list-style-type: none"> • SME development: FNB has long-standing initiatives that support SME development, such as mentorship programmes for black-owned SMEs with the potential for high growth and significant job creation. • FNB agricultural transformation: FNB's agriculture solutions encourage and enable commercial farmers to proactively engage in transformation initiatives designed to empower black farmers, their employees and the communities in which they operate. • Easy Zero: an entry-level transactional bank account with no monthly account fees • RMB's Sustainable Investment Analytics: RMB's Global Securities Services team has completed the first-phase build of two online ESG platforms, ESGNow and ESGo! that enable institutional clients to independently assess the ESG risk and performance of their portfolios. <p>Through transaction underwriting, arranging, lending or advisory activities, the group aims to facilitate more than R200 billion cumulatively over the next five years to address climate change and social development needs.</p> <p>The following are examples of transactions in the last year that have contributed to this ambition.</p> <ul style="list-style-type: none"> • Redefine Properties is a trusted partner in the property market, with a focus on owning, developing and managing quality properties. RMB was appointed as arranger and sustainability agent for Redefine's inaugural R1bn sustainability-linked bond • Equites Property Fund (Equites) is the only specialist logistics real estate investment trust (REIT) listed on the JSE. As part of its goals to improve the sustainability profile of its buildings, it required a green loan for two high- 	<p>FirstRand 2021 TCFD report, pages 27-32</p> <p>FirstRand report to society 2021, pages 18-24</p>

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	<p>specification IFC EDGE-certified green buildings in attractive industrial nodes. RMB was appointed as sole arranger for the R225 million green loan.</p> <ul style="list-style-type: none"> • Emira Property Fund (Emira) is a diversified REIT with a property portfolio of predominantly South African assets and a growing component of offshore assets. Emira aims to reduce its environmental impact by engaging in projects that reduce its carbon footprint and by focusing on investments in solar power. RMB was appointed as sole arranger and sustainability agent for a R200m sustainability-linked loan. • Rand Water, the South African water utility, appointed RMB to arrange R1.2 billion of sustainability-linked bonds. The transaction represents the largest South African rand-denominated sustainability bond issued. <p>During the year the group published the FirstRand Sustainability Bond Framework, which outlines how FirstRand Limited and its subsidiaries (collectively referred to as FirstRand or the group), including FirstRand Bank Limited (FRB or the bank), intend to issue thematic debt instruments, such as green, social and/or sustainability bonds</p>	<p>FirstRand sustainability bond framework⁶</p>
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>In the execution of its governance role and responsibilities, the board adopts a stakeholder-inclusive approach that incorporates the legitimate needs, interests and expectations of the following material stakeholders:</p> <ul style="list-style-type: none"> • employees; • shareholders; • customers; • partners; 	<p>FirstRand annual integrated report 2021, page 117</p>

⁶ <https://www.firstrand.co.za/media/investors/policies-and-practice/pdf/firstrand-sustainability-bond-framework.pdf>

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	<ul style="list-style-type: none"> • suppliers; • governments; • civil society; and • communities. <p>The FirstRand group is cognizant of the significant role its stakeholders play in its continued success. The board aims to understand the requirements of its stakeholders and duly considers their legitimate needs and interests in the performance of its duties. The management of stakeholders is proactive and allocated to the appropriate central functions or business units. The group's governance structures ensure that material stakeholder concerns are escalated to appropriate committees to be addressed.</p> <p>When identifying the group focus areas under the Principles, the analysis also considered inputs and insights from relevant stakeholders including customers, investors, suppliers, non-government organisations, employees and senior management.</p> <p>Client and customer engagement is critical to the development and execution of the group's climate roadmap. Accordingly, the group has set the following customer engagement ambitions:</p> <ul style="list-style-type: none"> • Top 100 corporates over the next 12 months • million retail clients by 2025 	<p>FirstRand report to society 2021, pages 11</p> <p>FirstRand report to society 2021, pages 108</p>

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<p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>FirstRand board Ultimate oversight of environmental, social and corporate governance matters rests with the board. The board delegates authority to board committees and management committees for oversight at a group level.</p> <p>FirstRand social, ethics and transformation committee FirstRand social, ethics and transformation committee (Setcom) is a mandated board committee. The role of the committee is to assist the board with ensuring responsible social and ethical business practices across the group, and monitoring group activities with regard to the Companies Act, King IV, the committee terms of reference and other legal requirements or prevailing codes of best practice in respect of social, transformation and economic development matters.</p> <p>FirstRand risk, capital management and compliance committee The committee is a mandated board committee. It provides independent oversight of risk, capital management and compliance activities undertaken in the group. The committee provides oversight of the group's climate risk profile, measurement, quantification, scenario analysis, stress testing and impact on other risk types.</p> <p>FirstRand sustainability and governance executive committee The FirstRand sustainability and governance executive committee is a subcommittee of the FirstRand strategic executive committee (Stratco). The committee's primary objective is to support Stratco and Setcom in carrying out their mandates to ensure group activities are appropriately calibrated to identified environmental, social, economic and corporate governance outcomes.</p>	<p>FirstRand report to society 2021, page 16</p>

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	<p>Other management committees and working groups</p> <p>There are various management committees and working groups across the organisation that focus on the management of environmental, social, economic and corporate governance risk and performance:</p> <ul style="list-style-type: none"> • climate change steering committee; • business level social, ethics and transformation committees; and • group environmental and social risk governance committee. 	
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>The board of directors and senior executives are held accountable for ensuring a culture of doing the right thing. The sustainability and governance executive committee has the mandate to ensure fair and sustainable outcomes for customers and that business practices are based on an ethical culture.</p> <p>The code of ethics (the code) provides guidance on ethical decision-making and behaviour. It creates a common understanding of how the group expects its people to behave.</p> <p>Given FirstRand's activities as a financial services business, the risk of theft, fraud and corruption is continually monitored, and controls implemented to mitigate against such occurrences. FirstRand relies on its employees to be alert to any potential incidents and to take appropriate action so that its customers, business and reputation are safeguarded against associated losses. The Leading Light reward programme incentivises employees to report unethical practices. The programme is managed by FirstRand's ethics office and has a long track record of detecting and preventing losses.</p>	<p>FirstRand report to society 2021, page 58</p> <p>FirstRand code of ethics⁷</p> <p>FirstRand report to society 2021, page 80</p>

⁷ <https://www.firstrand.co.za/media/investors/policies-and-practice/pdf/code-of-ethics.pdf>

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
	The executive directors' and prescribed officers' scorecards fully incorporate strategy, risk and control as well ESG measures.	FirstRand remuneration report 2021, page 16
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The governance structure set out under section 5.1 govern environmental, social, economic and corporate governance matters.</p> <p>The relevant management and board committees will implement and oversee targets and milestones set under the Principles.</p>	
<p>Principle 6: Transparency & Accountability</p> <p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p>6.1 Progress on Implementing the Principles</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good</p>	<p>The FirstRand annual reporting suite and additional ESG disclosures on the ESG resource hub provide an update on 2021 activities, including the group's progress on implementing the Principles, FirstRand's impact analysis, the group' shared prosperity ambition and updates on individual ESG topics.</p> <p>Please see the group's 2021 report to society for a detailed description of progress against the six principles.</p> <p>In addition, the group's first TCFD report provides stakeholders with progress against its climate roadmap.</p>	<p>FirstRand annual integrated report 2021</p> <p>FirstRand report to society 2021</p> <p>FirstRand TCFD report 2021 FirstRand ESG hub</p>

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p>practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>		