



WHEN TRUST MATTERS



# FIRSTRAND BANK LIMITED GREEN DEPOSIT PROGRAM SECOND PARTY OPINION FOR 2022 USE OF PROCEEDS

**Document title:** FIRSTRAND BANK LIMITED GREEN DEPOSIT PROGRAM SECOND PARTY OPINION  
FOR 2022 ASSETS

**Prepared by:** DNV Business Assurance Australia Pty Ltd

**Location:** Cape Town

**Date:** 16 August 2022

### **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.

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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 Conduct<sup>1</sup> 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.

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<sup>1</sup> DNV Code of Conduct is available from DNV website ([www.dnv.com](http://www.dnv.com))

## 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.

DNV undertook a separate review of FRB's existing Green Deposit Project portfolio and of the associated project type/s to confirm the eligibility as "Green" and in line with the GBP and GLP.

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 and nominated projects / assets meet the criteria established in the GBP and GLP.

**for DNV Business Assurance Australia Pty. Ltd.**

Cape Town / 16 August 2022



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Grant Little  
Lead Verifier



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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"> <li>• Renewable Energy</li> <li>• Energy Efficiency</li> <li>• Green Buildings</li> <li>• Clean and Sustainable Transportation</li> </ul> <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"> <li>• <b>Renewable Energy</b> 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.</li> <li>• <b>Energy Efficiency</b> 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.</li> <li>• <b>Green Buildings</b> 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</li> </ul>

Ref.	Criteria	Requirements	DNV Findings
			<p>consumption of electrical energy and corresponding emissions of GHG.</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>DNV considers the Use of Proceeds proposed to present tangible environmental benefits through the mitigation of GHG emissions.</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>DNV is of the opinion that eligible category outlined in the Framework contributes to the achievement of the UN SDGs.</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>	
		

### Schedule 3. FirstRand Bank Limited Green Deposit Project Portfolio

Schedule data as of 31 March 2022

Assets	Type	Location	Verified Exposure (ZAR m)
Green Assets	<ul style="list-style-type: none"> <li>• Solar PV</li> <li>• Solar CSP</li> <li>• Onshore Wind Generation</li> <li>• Mini-Hydro Generation</li> </ul>	South Africa	ZAR 13,650
<b>Total</b>			<b>ZAR 13,650</b>



## About DNV

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