

environmental and  
social risk performance  
—  
2023

## Environmental and social risk assessment performance in 2023

The number of transactions screened by means of the FirstRand environmental and social risk assessment (ESRA) transactional due diligence process is dependent on the deal flow/pipeline. Most of these transactions are lower-risk transactions (category C) and based in South Africa.

### Transactions funded in the year ended 30 June:

	2023	2022	2021	2020	2019
Category A (high risk)	493	498	350	743	685
Category B (medium risk)	3 250	3 694	3 348	3 007	3 910
Category C (low risk)	3 685	5 406	5 611	4 601	4 796
Total number of transactions screened for environmental and social risks	7 428	9 598	9 309	8 351	9 391
Of which are SA-based	85%	89%	88%	89%	90%
Of which are based in broader Africa	15%	11%	12%	11%	10%
Transactions that involved engaging with clients about their environmental and social processes and management plans	3 666	4 192	3 698	3 750	Not measured

## FirstRand Equator Principles performance

The process is defined by the Equator Principles (EP) Association and the adoption of International Finance Corporation performance standards. It applies to project-related corporate loans with an equivalent value of US\$50 million, project finance deals valued at US\$10 million or more, and project finance advisory transactions. The reporting criteria are available publicly on the EP website ([https://equator-principles.com/app/uploads/The-Equator-Principles\\_EP4\\_July2020.pdf](https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf)).

EP performance reporting is externally assured by an independent third party in line with the requirements set out by the EP Association. This year, Deloitte & Touche provided reasonable assurance on the EP figures.

## EP performance 2023

During the financial year, 11 EP-defined transactions reached financial closure:

### EP project finance transactions funded by risk category and industry:

Sector	A*	B*	C
Mining	0	0	0
Infrastructure	0	0	0
Power	0	0	0
Renewables	0	2	0
Retail	0	0	8
Gas	0	0	0
<b>Total<sup>RA</sup></b>	<b>0</b>	<b>2</b>	<b>8</b>

### EP project-related corporate loans funded by risk category and industry:

Sector	A*	B*	C
Mining	1	0	0
Infrastructure	0	0	0
Power	0	0	0
Renewables	0	0	0
Retail	0	0	0
Gas	0	0	0
<b>Total<sup>RA</sup></b>	<b>1</b>	<b>0</b>	<b>0</b>

All projects were on the African continent and in non-designated countries.

There were no EP-defined project finance advisory services transactions for the reporting period.<sup>RA</sup>

\* All category A and category B transactions underwent independent EP reviews to establish each project's environmental and social risks.

<sup>RA</sup> External reasonable assurance provided over total EP-defined.

## Independent assurance practitioners’ reasonable assurance report on selected key performance indicators

### To the directors of FirstRand Limited

#### Report on selected key performance indicators

We have undertaken a reasonable assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the Environmental and social risk performance report of FirstRand Limited (FirstRand) for the year ended 30 June 2023 (the report). This engagement was conducted by a multidisciplinary team, including environmental and assurance specialists with relevant experience in sustainability reporting.

#### SUBJECT MATTER

We have been engaged to provide a reasonable assurance opinion in our report on the following selected KPIs, marked with “RA” on the relevant pages of the report. The selected KPIs described below have been prepared in accordance with the minimum reporting requirements as prescribed by the Equator Principles (reporting criteria). The reporting criteria are available publicly on the Equator Principles website ([https://equator-principles.com/app/uploads/The-Equator-Principles\\_EP4\\_July2020.pdf](https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf)).

#### DIRECTORS’ RESPONSIBILITIES

The directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the minimum reporting requirement as prescribed by the Equator Principles. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of a report that is free from material misstatement, whether due to fraud or error. The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the report users.

Key performance indicators <sup>1</sup>	Unit of measurement	Page in report
The number of EP-defined Project Finance Transactions that are US\$ 10 million or more in value, that reached financial close during the reporting year <sup>3</sup>	Number	Page 1
The number of EP-defined Project Finance Advisory Services mandated during the reporting year <sup>2</sup>	Number	Page 1
The number of EP-defined Corporate Loans Transactions that reached financial close during the reporting year <sup>3</sup>	Number	Page 1

<sup>1</sup> These KPIs were subject to assurance across all the respective data categories required as per the reporting criteria.

<sup>2</sup> Project Finance Advisory Services is reported under a separate heading, and the totals are also broken down by sector and region.

<sup>3</sup> Data for Project Finance Transactions and Corporate Loans Transactions are shown separately. The totals for each product type are also be broken down by the risk categories (A, B or C), and then by sector, region, country designation and whether an independent review has been carried out.

#### OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### ASSURANCE PRACTITIONER’S RESPONSIBILITY

Our responsibility is to express a reasonable assurance opinion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. These Standards requires that we plan and perform our engagement to obtain reasonable assurance about whether the selected KPIs are free from material misstatement.

A reasonable assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the measurement of the selected KPIs and related disclosures in the report. The nature, timing and extent of procedures selected depend on the auditors’ professional judgement, including the assessment of the risks of material misstatement of the selected KPIs, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to FirstRand's preparation of the selected KPIs. A reasonable assurance engagement also includes:

- evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used, and the reasonableness of estimates made by FirstRand;
- assessing the suitability in the circumstances of FirstRand's use of the applicable reporting criteria as a basis for preparing the selected information; and
- evaluating the overall presentation of the selected sustainability performance information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### REASONABLE ASSURANCE OPINION

In our opinion, the selected KPIs as set out in the subject matter paragraph above for the year ended 30 June 2023 are prepared, in all material respects, in accordance with the reporting criteria.

#### OTHER MATTERS

The maintenance and integrity of the FirstRand website is the responsibility of FirstRand's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the report or our independent reasonable assurance report that may have occurred since the initial date of its presentation on FirstRand's website.

#### RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a reasonable assurance opinion on the selected KPIs to the Directors of FirstRand in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than FirstRand, for our work, for this report, or for the conclusion we have reached.



#### **Deloitte & Touche**

Registered Auditors

Per Jayne Mammatt  
Chartered Accountant (SA)  
Registered Auditor  
Partner

14 December 2023

5 Magwa Crescent  
Waterfall City, Waterfall  
Private Bag x6, Gallo Manor, 2052  
South Africa



*[www.firstrand.co.za](http://www.firstrand.co.za)*