



FirstRand

FIRSTRAND ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT

15 April 2018

CONTEXT

FirstRand Limited (FirstRand or the group) is a major financial services provider based in South Africa engaged in retail, corporate and investment banking as well as wealth management, and has a substantial presence on the African continent.

FirstRand acknowledges that the sound management of natural resources is a cornerstone of both sustainable and justifiable social and economic development, and that financial institutions can play a critical role in the protection, promotion and fulfillment of social, economic and environmental rights by conducting their operations in a sustainable manner. This sound management and understanding is reflected in implemented programmes to reduce its operational environmental impacts, as well as programmes to understand and influence the indirect environmental impacts through lending and investment activities and procurement practices.

This policy statement enacts FirstRand's commitment and subscription to Banking Association South Africa's Principles for Managing Environmental and Social Risk.

This policy statement is made available to the public on the FirstRand website and interested parties upon request. It serves to address, in addition to these requirements, the information needs and requests of any stakeholders, non-governmental organisations, development finance institutions or investment analysts interested in the management of environmental risks and opportunities in FirstRand.

The FirstRand Environmental Sustainability Policy Statement is a commitment statement in relation to the the FirstRand environmental sustainability framework. The FirstRand environmental sustainability framework is a sub-framework of The FirstRand business performance and risk management framework, and a management tool aligned to the practical implementation of the FirstRand philosophy and values

SCOPE

FirstRand's Environmental Sustainability Policy Statement applies to all employees and operations under FirstRand's control both locally and internationally and supports the behavioral principle of *"protecting the interests of society and the natural environment"* as outlined in the FirstRand code of ethics.

GUIDING PRINCIPLES FOR FIRSTRAND'S ENVIRONMENTAL SUSTAINABILITY

FirstRand promotes environmental sustainability through the identification and management of environmental risks and opportunities.

An environmental risk is a risk or impact associated with the environment and FirstRand and/or its business entities. Environmental risks may result in legal or regulatory sanctions, physical damage, material financial loss or reputational damage. The group acknowledges that environmental risks are divided into two risk types, direct operational environmental risk, and indirect environmental risk.

An environmental opportunity is an opportunity that arises from an environmental risk or impact, which creates the possibility of providing a service, facility or product which may protect the environment or present clients with environmental solutions.

In terms of managing its direct environmental impacts, FirstRand commits to:

- Ensuring compliance of its operations with applicable national and international environmental and social regulatory requirements as well as internationally acceptable practices and standards (as appropriate) in the countries in which it operates.
- Understanding the important role that a financial institution should play in the transition of an economy to a low-carbon economy by taking reasonable steps to ensure efficient use of energy, natural and other resources within its direct control, promoting recycling and reducing its carbon footprint.
- Promoting environmental awareness within its operating entities, whilst continually striving to promote environmentally conscious business opportunities.
- Managing its direct environmental impacts such as waste production, water consumption and energy consumption using environmental management systems to reduce/ prevent pollution.
- Integrating environmental considerations with property design and property management to support the group's commitment to environmental sustainability.

- Assessing, documenting and reporting the impact of FirstRand's operations on the environment and the communities in which it operates and implement controls in mitigation thereof, for example, by procedures and guidelines.
- Setting objectives and targets on key aspects of its environmental performance and reviewing these periodically with the aim to continually improve environmental performance.
- Communicating these commitments to all employees and persons working on behalf of FirstRand, to ensure awareness of their obligations in assisting FirstRand in meeting these commitments.

An indirect environmental risk is defined as being an impact on the environment that is not directly associated with FirstRand's activities and operations, which, however, may result in a credit, reputational, regulatory or strategic risk to FirstRand as a result of lending relationships with clients, environmental related regulations impacting specific clients and sectors, stakeholders' awareness, or external macro risks, which could potentially negatively or positively affect FirstRand.

In terms of managing indirect environmental impacts, FirstRand commits to:

- Managing where reasonable and practical, the indirect environmental risks for FirstRand because of the activities to which it lends, through the implementation of the FirstRand Environmental and Social Risk Assessment due diligence process (ESRA).
- Managing indirect risks in the FirstRand supply chain by collaborating with key suppliers, to engage them on FirstRand's environmental performance as well as their own environmental sustainability.
- Understanding the impacts of climate change risk on its business and the important role that a financial institution can play in the transition of an economy to a low-carbon economy through its financing activities.
- Actively participating in industry associations and engaging and collaborating with regulatory authorities and non-governmental organisations towards improvement of the understanding and promotion of environmental sustainability in the economies in which it operates as well as within the financial services sector;

MONITORING, REPORTING AND VALIDATION

To ensure the continuous effectiveness and success of the Environmental Sustainability Policy Statement, the environmental and social risk management team in Enterprise risk Management (ERM) will continuously monitor and periodically report on the status of environmental sustainability risks and opportunities to the business ethics and conduct committees and to the FirstRand risk and compliance committee.

The responsibility to ensure that all FirstRand employees are aware of and compliant with the requirements of this policy statement and supporting legislation, rests with both line management and the executive in the various FirstRand divisions.