



2021

report to society



Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

How the group's products and transactional platforms deliver financial inclusion to broader society

Treating customers fairly

Addressing transformation and employment equity

Providing an enabling environment for employees

A CSI strategy designed to contribute to upliftment

Managing the group's environmental impact

CONTENTS

Report purpose	1
Foreword	2
Group profile	3
Macroeconomic context	6
Role of financial institutions in society	7
FirstRand's ambition to deliver shared prosperity frames its contract with society	9
The United Nations Principles for Responsible Banking	10
Governance structures and processes	16

MAKING PROGRESS

Deploying the group's balance sheet to drive economic growth and inclusion	17
How the group's products and transactional platforms deliver financial inclusion to broader society	41
Treating customers fairly	57
Addressing transformation and employment equity	63
Providing an enabling environment for employees	73
A CSI strategy designed to contribute to upliftment	85
Managing the group's environmental impact	95
External assurance statement	117

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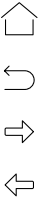
REPORT PURPOSE

FirstRand Limited's (FirstRand's or the group's) purpose is to build a future of shared prosperity through enriching the lives of its customers, employees and the societies it serves.

This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior returns for its shareholders.

Whilst FirstRand's *Annual Integrated Report* focuses on the group's financial and operational performance, the *Report to Society* aims to provide deeper insight into the societal impact of that performance. FirstRand continues to refine its thinking and processes to better determine and measure this societal impact.

This report covers the FirstRand group including its subsidiaries. The report links to the *Annual Integrated Report* and the *TCFD Report* (<https://www.firstrand.co.za/investors/annual-reporting/>). All reported data is for the year ended 30 June 2021, unless indicated otherwise. Information in the profiled case studies may relate to events and initiatives that occurred after 30 June 2021 but before the issue date of this report.





FOREWORD

FirstRand is dedicated to delivering shared prosperity, encompassing a blend of financial and societal value for a broad set of stakeholders, including society at large.

Across our portfolio, applying a shared prosperity lens to our strategic formulation and execution, we leverage FirstRand's infrastructure, networks and financial capacity to achieve scalable and high-impact financial and societal outcomes.

The group's balance sheet alone has the heft to drive profound societal change. By way of example, home ownership is a major enabler of intergenerational wealth creation, as high levels of home ownership have proven to result in enhanced levels of education and financial well-being. The group is putting its balance sheet to work in this very important asset class, and we are particularly focused on growing the affordable housing book to help low-income customers. We are also committed to supporting the growth ambitions of small and medium-sized enterprises, as this sector represents an important engine for productive capital formation, leading to urgently required economic growth and job creation.

This *Report to Society* details many examples of how our businesses are intentionally tackling a wide array of societal challenges. At the same time the group remains focused on driving economic growth and superior returns for shareholders. These two ambitions are mutually inclusive.

We believe our pursuit of shared prosperity is distinctive. Combined with our track record of innovation, we are confident that this will form the foundation for a sustainable future.

Alan Pullinger, CEO





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GROUP PROFILE

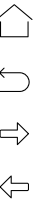
FirstRand is a portfolio of integrated financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and the UK.

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.

The group's strategy in its domestic market is to deliver platform-based integrated financial services to customers. In the rest of Africa, the group is focused on growing its presence in

certain key markets where it believes it can build competitive advantage and scale over time. The UK operations present an opportunity to build a more valuable business in a large market with lower risk. Consistent execution on strategy and a disciplined approach to allocating scarce financial resources have delivered a long track record of superior economic profits, returns and dividends to shareholders.

For a detailed review of the operations refer to the *Annual Integrated Report*.





GROUP PROFILE CONTINUED

The group has a multi-brand strategy, with a number of leading customer-facing businesses in the portfolio



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 customer offering that provides a broad range of innovative financial services products.



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.



Instalment and finance provider

WesBank represents the group's activities in instalment credit, fleet management and insurance in the retail, commercial and corporate segments of South Africa. WesBank has a unique and long-standing model of partnering with leading motor manufacturers, suppliers and dealer groups.



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.



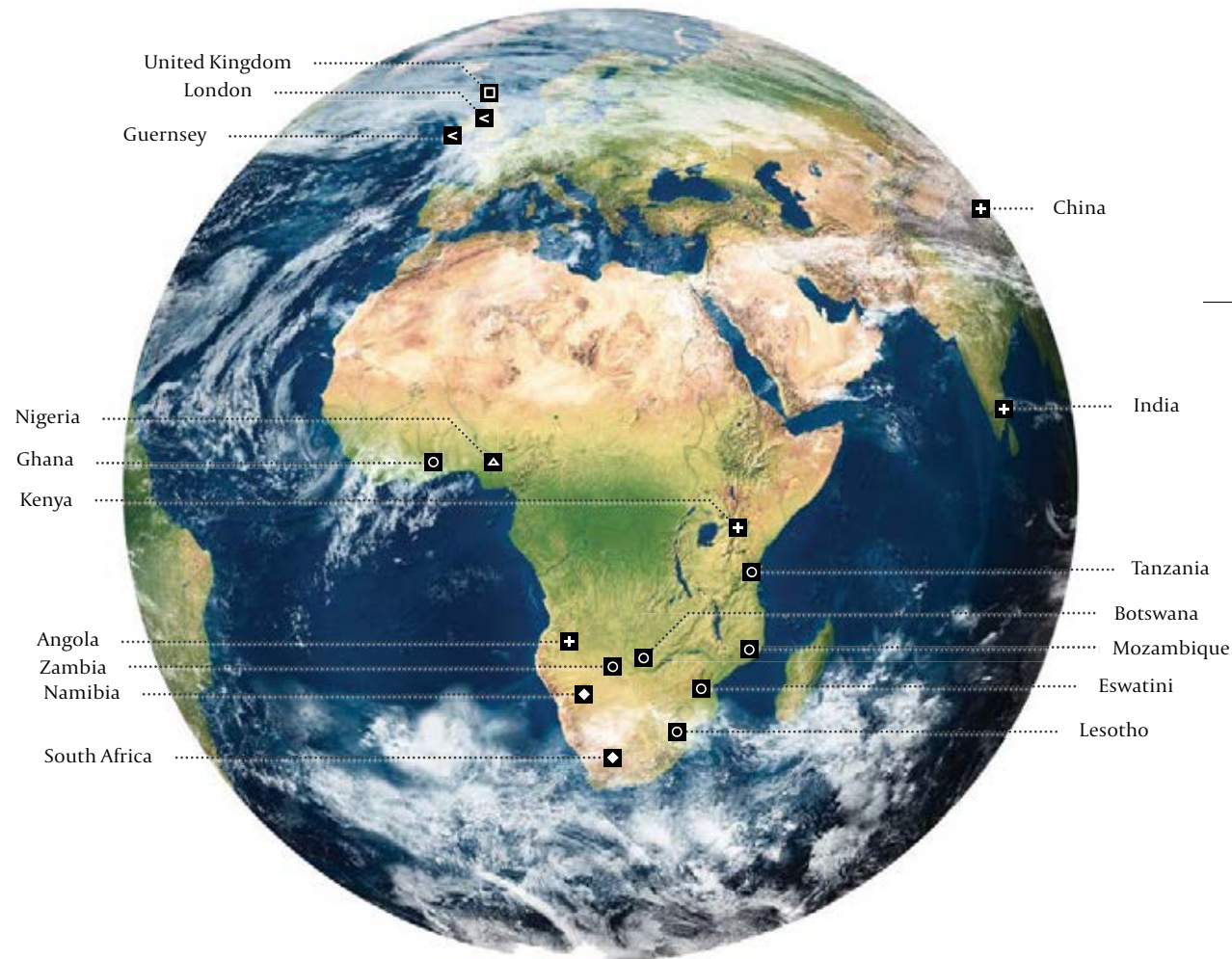
Asset management

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.





FirstRand's operating footprint



47 413
TOTAL EMPLOYEES

38 854
SA EMPLOYEES

- Full-service banking
- Investment banking
- Full-service banking, insurance and asset management
- UK specialist banking
- Branch
- Representative office



MACROECONOMIC CONTEXT

The Covid-19 pandemic has significantly altered the risk landscape, resulting in severe global socio-economic setbacks. The group continues to view the pandemic as a once-in-a-generation stress event, and the recovery pathway ahead remains uncertain.

The crisis resulted in three simultaneous shocks: to global trade, to global confidence, and to economic activity. During the financial year to June 2021, global trade resumed but with major disruptions including geopolitical and supply chain pressures. Business confidence improved and economic activity started to pick up. However in South Africa household income remained low and unemployment high by historical standards.

Whilst the partial reopening of many economies has laid the foundation for an ongoing rebound in global activity, subsequent

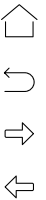
infection waves constrain the extent to which economies can normalise, with various countries imposing intermittent lockdowns to slow the spread of the disease. The pace of recovery has also been uneven. High-contact sectors such as leisure and tourism remain under severe strain and the pandemic has served to amplify several underlying societal risks that contribute towards increases in poverty, inequality, sovereign debt balances and geopolitical divides. All of these may also be further aggravated by the effects of climate change.

Given this backdrop, financial institutions must play an active role in helping economies and society recover from the impacts of Covid-19 and to transition to a low-carbon economy. They have the tools to drive sustainable, inclusive economic activities and positive societal outcomes.



Financial intermediaries are able to:

- 1 Provide products and services that assist people to create wealth and save for their futures
- 2 Provide leverage for businesses to grow, create jobs and improve lives
- 3 Provide a secure and readily available platform for payments
- 4 Enable investment in transformational infrastructure
- 5 Provide low-income consumers with access to financial services through digital platforms, enabling economic productivity
- 6 Alongside the South African Reserve Bank, ensure the stability and efficiency of the financial system





ROLE OF FINANCIAL INSTITUTIONS IN SOCIETY

It is important to explain the financial system within which FirstRand operates to fully understand its contribution to the economy and society. A distinction is made between the real economy and the financial economy.

In the real economy, goods are manufactured, infrastructure built, agricultural production takes place, metals and minerals are mined, and services are provided to individuals, business and government entities.

In the financial economy, monetary services, including payments and credit, are provided. Financial assets such as deposits, bonds and shares are traded. These are also valued and priced in the financial economy, which gauges the risks of these assets.

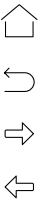
The sole purpose of the financial system is to serve the real economy.

Financial institutions provide many different services that create economic value and contribute to social development. They act as intermediaries in financial transactions, facilitating the flow of funds between participants in the economy. They are also the custodians of financial assets.

These institutions also transfer risk between market participants, either directly by means of trading and market-making activities, or indirectly through the shifting of risk between several market participants, as with insurance activities. This creates stability in the financial system and in society, as risk events are ultimately mitigated through broader distribution, and not concentrated in a single individual or entity.

Banks, in particular, have a further function: ensuring that capital is allocated efficiently throughout the economy between providers of funds (savers) and users of funds (borrowers).

Access to credit increases the supply of money in the system and has a multiplier effect on economic growth. Effectively, borrowers utilise their future income capacity to access current funding available in the financial system, which then enables individuals and businesses to make investments and purchases, and build infrastructure much faster than if they had to build up cash reserves. A bank, through appropriate internal risk management, together with regulators, also ensures that both individuals and entities in these saving and borrowing interactions are protected and are not exposing themselves to excessive risk, thus ensuring the safety and stability of the financial system.





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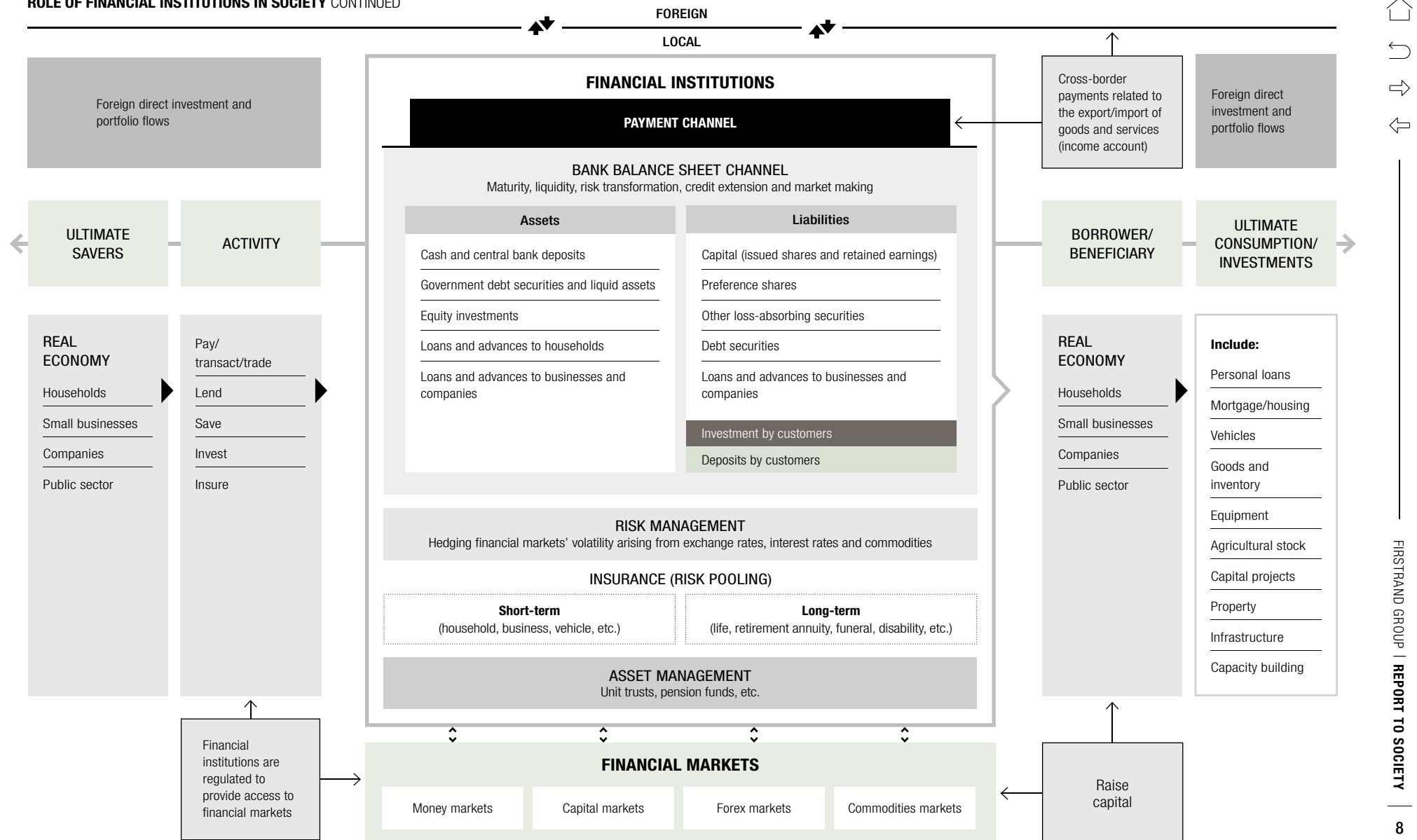
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ROLE OF FINANCIAL INSTITUTIONS IN SOCIETY CONTINUED





FIRSTRAND'S AMBITION TO DELIVER SHARED PROSPERITY FRAMES ITS CONTRACT WITH SOCIETY

The nature, size and scale of the group's business activities result in a broad set of financial and societal outcomes:

- + Provider of credit
- + Custodian of the country's savings
- + Provider of transactional platforms for people to access and spend their funds
- + Material taxpayer
- + Large employer

Given this position, FirstRand recognises that it has a responsibility to deliver both financial value and positive societal (including social, environmental and economic) outcomes for multiple stakeholders as captured in its purpose statement.

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.

South Africa and several other countries in which the group operates face a broad range of societal challenges, and whilst FirstRand cannot solve all of these challenges as a systemic financial services business, it has the capacity to be a force for good.

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 following schematic unpacks the most powerful mechanisms at the group's disposal to achieve its ambitions.

FINANCIAL RESOURCES

The group's financial resource management (FRM) framework which guides the allocation of the group's scarce financial resources, including capital, funding and liquidity, and risk appetite.

PLATFORMS

Technology platforms and the underlying systems, IT infrastructure and licences that enable customers to access products and services.

NETWORK

Knowledge, access to clients, ideas, skills and institutions.

OPERATIONS

The responsible stewardship of the group's operations, infrastructure and resources. The group's people are an important resource to deliver on strategy.

FOUNDATIONS

Corporate social investment (CSI).





THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING

In October 2020, 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 commitment to deliver on its ambition of 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 comprising approximately 265 other signatory banks.



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.



PRINCIPLE 4: *Stakeholders*

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



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.



PRINCIPLE 5: *Governance and culture*

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



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.



PRINCIPLE 6: *Transparency and accountability*

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.





THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING CONTINUED

Progress against the Principles

The Principles require signatory banks to align business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement and relevant national and regional frameworks

This is not a zero-based exercise for the group, as aspects of its core business (looking after savings, delivering great customer outcomes, paying healthy taxes, creating employment, promoting inclusive growth and financial inclusion) are already contributing to positive societal outcomes. The adoption of the reporting requirements of the Principles will assist the group to better demonstrate progress against a globally recognised framework.

IMPACT ANALYSIS

As a financial institution, FirstRand recognises that it can influence both positive and negative societal outcomes for multiple stakeholders. The Principles require a signatory bank to conduct an impact analysis to identify the areas in which it has the most significant positive and negative social, environmental and economic impact. In 2021, the business conducted this analysis to identify current and emerging impacts that present value creation risks and opportunities for both society and FirstRand.

THIS IMPACT ANALYSIS CONSIDERED THE FOLLOWING:

Impact criteria	Considerations
Scope and scale of exposure	<p>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>
Context and relevance	<p>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.
Scale and intensity	<p>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>
Strategic intent	<p>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.
United Nations Sustainable Development Goals	<p>Some businesses used the SDGs as an additional reference point when identifying their focus areas.</p>


















THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING CONTINUED

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.

The group is pursuing opportunities to increase positive impacts through the following focus areas and related strategic business initiatives. The focus areas have been mapped to applicable SDGs.

Business	Focus area	Strategic initiatives	Applicable SDGs
Retail	Financial inclusivity	<ul style="list-style-type: none"> + Increase the financial inclusion impact of social grant distribution: 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. + Digitising cash in communities: Leverage current merchant-acquiring infrastructure in previously disadvantaged communities and roll out low-cost point of service devices in selected townships. + eWallet on platform: 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. + Entry bankers: Aim to assist unemployed youth by providing them with the corporate experience to prepare them for entry into the job market. 	  
	Financial vulnerability	<ul style="list-style-type: none"> + Financial and digital literacy: Consumer education initiatives designed to improve the basic financial literacy levels of consumers in South Africa. Enable consumers to be financially resilient, and aware of the importance and safety of digital utilisation through different interfaces. + Money management: Initiatives to assist customers and FirstRand staff achieve financial wellness by making positive changes to their financial behaviour. 	
	Property and affordable housing	<ul style="list-style-type: none"> + Property unlock: Enable households with untitled properties and limited access to finance to formalise ownership to leverage their properties. + Affordable housing: Enable more low-income customers to own their own homes through innovative funding models and partnerships. 	  
	Climate change	<ul style="list-style-type: none"> + EcoEnergy home loan: Provide a rate concession to EDGE-certified developments (supported by customer campaigns to drive financing of green solutions via equity in home loans). + Green solutions: Position lending on existing credit product continuum to purchase green solutions. + Strategic partnerships: Offer reputable emission or water reduction products and services on the eBucks shop and Nav>> Marketplace. 	     





THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING CONTINUED











Business	Focus area	Strategic initiatives	Applicable SDGs
Commercial	Economic transformation	<p>Business ownership that is representative of the South African demographics (race and gender).</p> <ul style="list-style-type: none"> + SME development: 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. + Supplier development: 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. + Women in business: Women in business strategy aimed at supporting, engaging and creating networks to assist women-owned businesses. + Transformational agriculture: 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. + Community economy: Bank the unbanked businesses in and around the township economies (community economy) with efficient banking solutions that meet customer's needs. 	
	Financial wellness	<ul style="list-style-type: none"> + Employee benefits: 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. 	
	Climate change	<ul style="list-style-type: none"> + Sustainable finance: 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. + Sustainable agriculture: Initiatives aimed at resource and crop sustainability. 	





THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING CONTINUED



Business	Focus area	Strategic initiatives	Applicable SDGs
Corporate and institutional	Climate change	<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"> + Infrastructure finance: Funding new renewable energy projects emanating from South Africa's renewable energy independent power producer programme (REIPPP). + Real estate investment banking: Support the development of green buildings. + Resources: Support clients that are implementing renewable energy own use projects. + Debt and trade solutions: 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 DFI's with climate mandates. 	  
	Inclusive growth	<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). 	 
	Productive capital formation	<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. 	  





THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE BANKING CONTINUED

The group is 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.

This report includes detail on some of the above focus areas. Future reports will provide a more consolidated and comprehensive report back on the focus areas.

Climate change

The Principles require signatory banks to align business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Paris Climate Agreement.

FirstRand believes that climate change is one of the defining issues of this century. It is a global crisis that has the potential to alter geopolitical and interstate relations, disrupt business models and markets across all sectors, and to impact the livelihoods and well-being of individuals across the world. FirstRand acknowledges that the group must be part of the solution 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. A summary of its objectives/initiatives is provided on page 108 of this report.

Detailed disclosures on FirstRand's approach to climate change can be found in the *2021 TCFD Report*, with a summary provided on page 106 – 107 of this report.





GOVERNANCE STRUCTURES AND PROCESSES

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.

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. It is charged with providing oversight of:

- + all culture and conduct risk programmes in all businesses of the group; and
- + the group's progress on delivering shared prosperity

The committee has jurisdiction in all group business units in South Africa and in all other countries in which the group operates.

- + Setcom's social and ethical lens tracks and monitors the social conscience of the business and is mandated to ensure that the group behaves responsibly – socially, commercially and environmentally.
- + Setcom constitutes a formal structure which can facilitate appropriate attention to the group's value system, in particular its ethical standards.
- + Setcom is responsible for monitoring the group's activities regarding social and economic development, good corporate citizenship, the natural environment, health and public safety, consumer relationships and labour and employment practices.

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. This includes ensuring that an effective policy and plan for risk management have been implemented to improve FirstRand's ability to achieve its desired outcomes, and that risk disclosures are timely, sufficiently detailed and relevant to the group's stakeholders.

The committee provides oversight of the group's climate risk profile, measurement, quantification, scenario analysis, stress testing and impact on other risk types.

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.

The scope of the committee covers all of the group's activities, operating businesses/segments and jurisdictions where the group conducts business or is affiliated to activities, whether this takes place by utilising the group's licences or whether it takes place via intermediary-affiliated entities.

Other management committees and working groups

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.

For example:

- + The climate change steering committee is supported by the climate change technical committee.
- + Each of the businesses have their own social, ethics and transformation committees, which report to the FirstRand Setcom. The business committees are supported by working forums that focus on specific topics.
- + The group environmental and social risk governance committee oversees the approval of sensitive and excluded industry policies.





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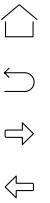
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"A society grows great when old men plant trees whose shade they know they shall never sit in."

Greek proverb





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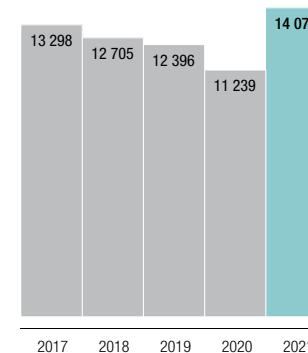
The Covid-19 pandemic continues to impact the economies where the group operates and has exacerbated many of the societal challenges that exist in those jurisdictions.

FirstRand therefore continues to focus on supporting an inclusive economic recovery. These focus areas include investment in vulnerable small and medium-sized enterprises, which are important growth and job creation engines of the economy, as well as transformational infrastructure, empowerment transactions and farming ventures led by black people.

TRANSFORMATIONAL INFRASTRUCTURE

Infrastructure development is imperative for economic growth and improving living standards. Whilst the Covid-19 pandemic has slowed deal flow, RMB remains a leading player in infrastructure and project finance across sub-Saharan Africa. RMB provides advisory and funding solutions to key sectors such as public private partnerships, conventional power, renewable energy, road, rail, ports, water, telecommunications, and industrial and manufacturing facilities.

RMB's lending to transformational infrastructure
R million



Financing the transition to a low-carbon and climate resilient economy

FirstRand believes climate change is a very serious challenge to the well-being of people and societies, and that the group must actively tackle both climate resilience and a just transition to a low-carbon world.

FirstRand has incorporated climate factors into its capital allocation, risk appetite, portfolio monitoring and reporting. These are the most powerful levers a financial institution has at its disposal to drive a green agenda for itself and its clients.

The group assists clients in managing their climate risks (physical or transition risks) through the provision of climate-appropriate financial solutions for adaptation or balance sheet protection. Solutions focus on climate risk in carbon-intensive sectors, including energy and transportation, and on climate resilience in the most climate-vulnerable sectors, such as agriculture and property.

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.

Refer to the FirstRand TCFD Report 2021 for detail:

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





TRANSFORMATIONAL INFRASTRUCTURE CONTINUED



The following are examples of transactions in the last year that have contributed to this ambition.

Redefine Properties is a trusted partner in the property market, with a focus on owning, developing and managing quality properties. The company is considered an ESG market leader. RMB was appointed as arranger and sustainability agent for Redefine's inaugural R1bn sustainability-linked bond. The bank worked to ensure the integration of ESG in the form of sustainability performance targets linked to renewable energy, greenhouse gas emissions and water efficiency. Achievement of the sustainability performance targets, which will be independently verified, will result in a reduction in interest rates on the 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-specification IFC EDGE-certified green buildings in attractive industrial nodes. RMB was appointed as sole arranger for the R225 million green loan. The bank worked to structure a funding benefit through an IFC facility to unlock a first-in-the-market transaction for Equites. The green loan is aligned to Equites's long-term strategy and commitment to ESG principles. By obtaining preliminary and final certification on these two buildings, Equites can now certify many of its new industrial facilities using the Excellence in Design for Greater Efficiencies (EDGE) rating. The certified green buildings are also beneficial for tenants, providing long-term utilities savings.

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. The bank worked with Emira to determine the ESG performance targets for the loan, in line with its strategic objectives.

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. The coupon of the bond is linked to the achievement by Rand Water of sustainability targets, including additional solar energy capacity, an increased number of people with access to safe and clean water, and female representation at supervisory to senior management levels.



TRANSFORMATIONAL INFRASTRUCTURE CONTINUED

FIRST

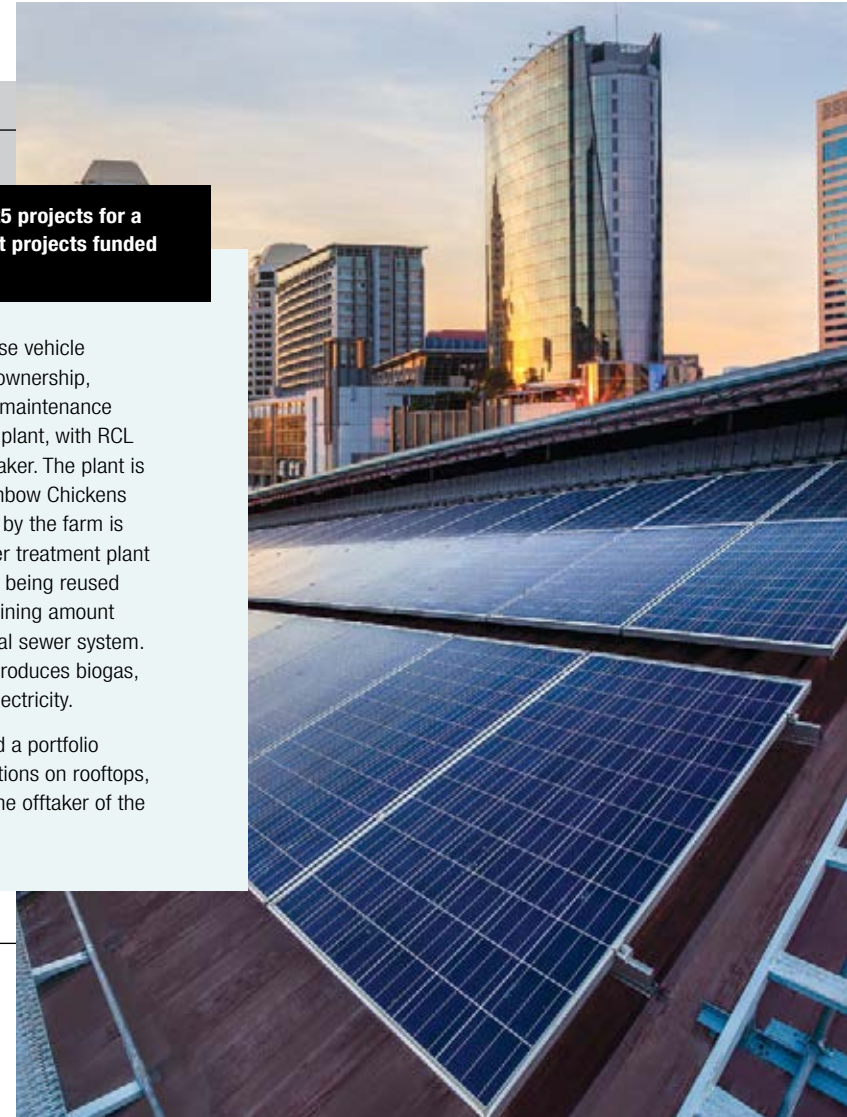
The Facility for Investment in Renewable Small Transactions (FIRST) is a debt vehicle established by KfW Development Bank and RMB in 2017 to enable the funding of small renewable-energy and energy-efficiency projects in South Africa.

RMB committed R1bn of senior debt, alongside a first-loss facility provided by KfW, so fulfilling its development finance role.

FIRST aims to structure and provide senior debt project finance facilities to small projects which may, from a size perspective, struggle to obtain traditional funding from commercial banks. FIRST has established a portfolio of senior debt loans with exposure to varying technologies, resources and credit risks which results in a diversification effect and allows for funding to be raised at more attractive rates, thus enabling cheaper loans to its borrowers.

To date, FIRST has funded 25 projects for a total of R670 million. Recent projects funded by FIRST include:

- + Matzanox is a special purpose vehicle established to facilitate the ownership, construction, operation and maintenance of a wastewater and biogas plant, with RCL Consumer Foods as the offtaker. The plant is located at its Worcester Rainbow Chickens farm. The effluent produced by the farm is processed by the wastewater treatment plant to produce water capable of being reused by the facility, with the remaining amount discharged into the municipal sewer system. The wastewater plant also produces biogas, which is used to generate electricity.
- + Terradew uses FIRST to fund a portfolio of solar photovoltaic installations on rooftops, with Shoprite Checkers as the offtaker of the electricity produced.





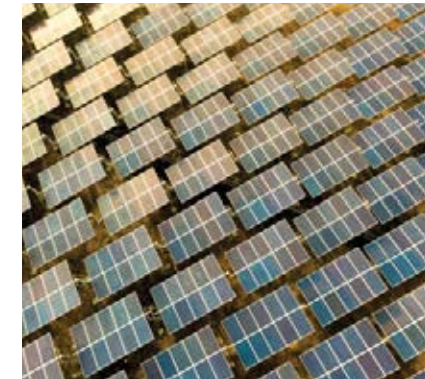
TRANSFORMATIONAL INFRASTRUCTURE CONTINUED

Refinancing of the Bokpoort concentrated solar power renewable energy plant

In the first refinancing of a REIPPP project since the programme started, RMB acted as co-mandated lead arranger and lender for the senior-term facilities in the refinancing of the Bokpoort concentrated solar power (CSP) plant.

The 50MW CSP plant is located near Groblershoop in the Northern Cape province of South Africa. The project closed in August 2013 under round 2 of the REIPPP, initiated by the South African Department of Energy, and began operating in March 2016.

In May 2020, the Department of Mineral Resources and Energy, through the Independent Power Producer Office, invited all projects that had closed under rounds 1 – 3.5 of the REIPPP to refinance their project debt. The aim was to reduce tariffs for these early-round projects which had now derisked, and pass the benefit to the consumer. The refinancing will result in savings of approximately R800 million for the South African electricity consumer over the remaining 13 years of the Bokpoort power purchase agreement.



Visser'shok waste management facility

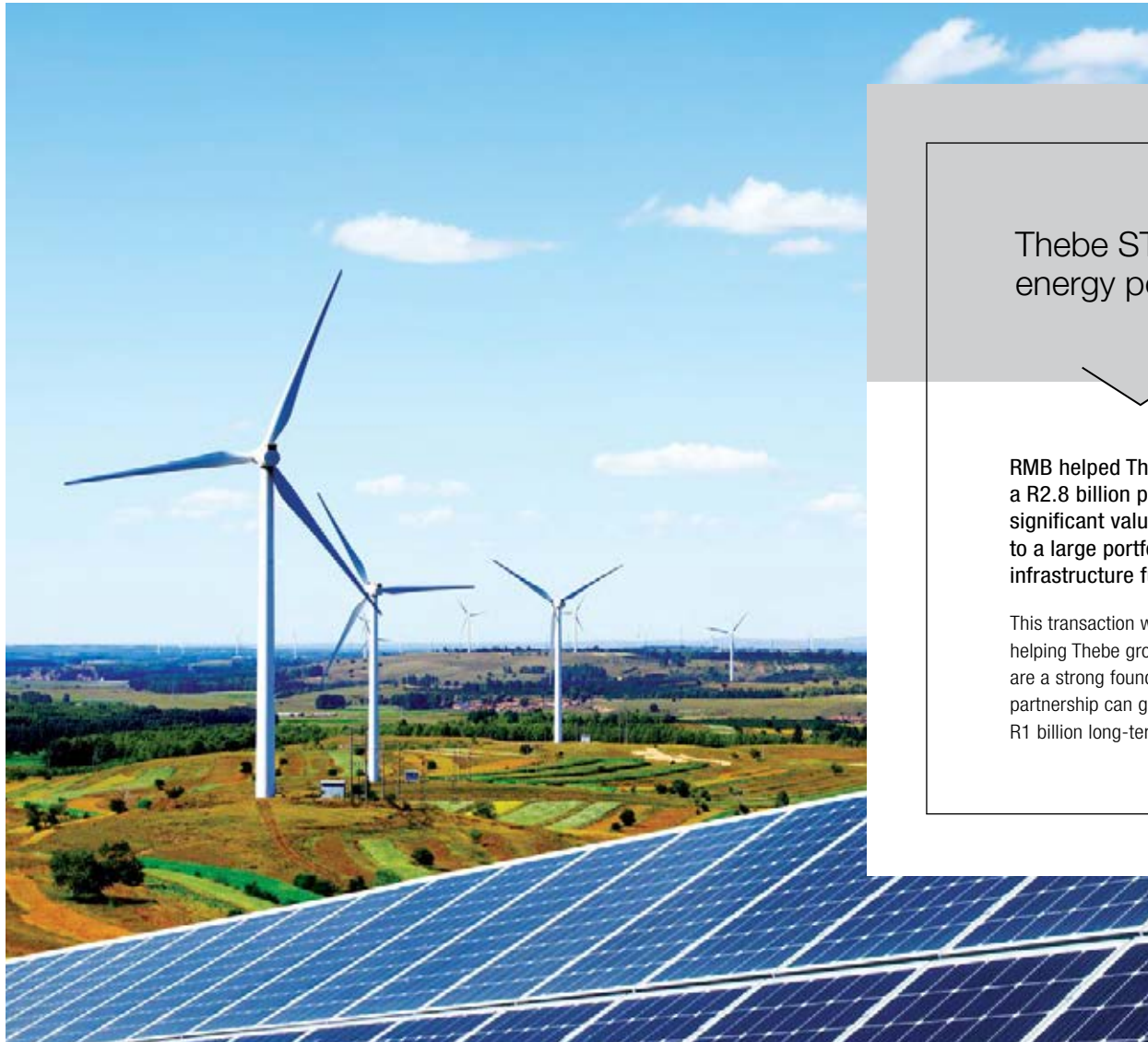
RMB acted as co-mandated lead arranger and lender to the Visser'shok waste management facility in the Western Cape. Visser'shok is a 50/50 joint venture between Averda South Africa (Pty) Ltd (Averda) and EnviroServ Waste Solutions (Pty) Ltd (EnviroServ). The company is managed and operated by EnviroServ.



The site is permitted to cater for both general and hazardous waste and is the only waste landfill site of this kind in the Western Cape. The deal is significant given the context of recent reports flagging that landfill sites near Cape Town are quickly reaching capacity, with a large proportion already closed. RMB's funding of the senior debt facility facilitated Visser'shok's acquisition of an additional landfill site, which will enable the responsible disposal of general and hazardous waste in the Western Cape region.



TRANSFORMATIONAL INFRASTRUCTURE CONTINUED



Thebe STANLIB renewable energy portfolio partnership

RMB helped Thebe Investment Corporation (Thebe) conclude a R2.8 billion partnership agreement with STANLIB, unlocking significant value for Thebe and providing STANLIB with access to a large portfolio of mature renewable energy assets for its infrastructure fund.

This transaction was arranged, structured, brokered and financed by RMB, helping Thebe grow its portfolio from six to 12 assets. These 12 assets are a strong foundation on which this fully empowered Thebe/STANLIB partnership can grow. RMB facilitated the transaction by providing a R1 billion long-term financing facility to the STANLIB infrastructure fund.





TRANSFORMATIONAL INFRASTRUCTURE CONTINUED

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 results in a home that is resource efficient, providing long-term utility cost savings and a better resell price.

Since December 2020, R500 million has been committed to green home loans.

EDGE CERTIFICATION

EDGE certification is an innovation of the IFC, a member of the World Bank Group. EDGE is a green building certification system and aims to help developers reduce their buildings' energy and water consumption as well as embodied energy in materials by 20% while lowering greenhouse gas emissions.

EDGE registration provides environmentally conscious buyers and tenants with the assurance that they are minimising their own environmental footprint while saving on utility costs over the long term.

Thaba Eco Village — providing affordable and environmentally friendly housing

In November 2021, FNB and Balwin Properties concluded a funding deal that will make R450 million available for the residential development of Balwin's Thaba Eco Village, currently under construction in Johannesburg South. This funding will be used for the first 480 apartments as well as infrastructure for the entire development which will include a total of 3 489 apartments alongside substantial infrastructure and amenities.

FNB is committed to facilitating the entrance of first-time homeowners into the formal housing market. With interest rates in South Africa at all-time lows, there is growing demand amongst first-time buyers.

Balwin is the largest sectional title developer in South Africa and specialises in large-scale residential estates in major growth nodes for South Africa's expanding low- to middle-income population.

The Thaba Eco Village will provide affordable, internationally green-certified homes. The partnership with Balwin presents exciting opportunities for customers. FNB's ability to provide cheaper credit to buyers as a result of Balwin's EDGE certification is an innovative model that will result in shared benefits through green bonds and lower interest rates.



EDGE CERTIFICATION

Balwin's developments are designed for EDGE certification by the Green Building Council South Africa (GBCSA). Balwin is targeting EDGE Advanced certification on the Thaba Eco Village apartments, which requires an energy consumption saving of 40%.

The apartments will qualify for additional interest rate discounts through the FNB Eco Energy Home Loan.



TRANSFORMATIONAL INFRASTRUCTURE CONTINUED

Comair debt restructure

In early 2020, the onset of the Covid-19 pandemic had a devastating impact on airlines globally. RMB's Aviation team in partnership with eBucks and FNB Structured Solutions ensured that Comair receive critical survival capital after the airline entered business rescue.

Alongside other lenders, lessors and creditor groups, RMB helped ensure that new investors provided equity into Comair to delist, streamline its fleet and become more efficient while protecting key skills and jobs for South Africans. The deal ensured that 3 000 Comair staff retained their jobs and South Africa retained a full-service airline.

The passenger airline industry in South Africa has an important role to play as the economy slowly emerges out of a recessionary environment.



Supporting economies recover

US\$3 billion Eurobond to support Ghanaian economy

In the largest Eurobond issuance in Africa in the past year, RMB arranged a Eurobond for the Ghanaian ministry of finance. To put the economy on a firmer footing, the Republic of Ghana needed to lower the average cost on the commercial portion of its public debt profile, which had risen due to outlay of funds in response to the Covid-19 pandemic and one-off structural interventions related to the bail-out of the financial sector and clean-up of energy sector arrears.

The ministry of finance looked to lower the cost of local debt by refinancing some of the short-dated expensive local debt with less expensive term funding from the global markets, off the back of a more stable currency and domestic macroeconomic environment.

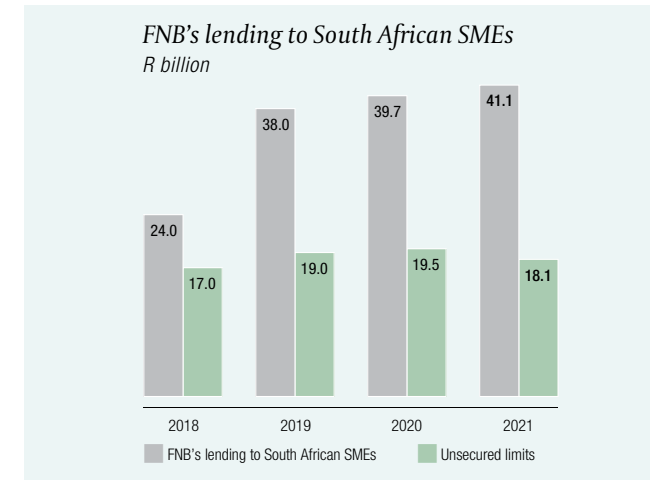
RMB assisted the Ghanaian government with this objective despite the difficult market conditions at the time, resulting in a US\$3.05 billion Eurobond which included a novel zero-coupon tranche. This will assist the Ghanaian government to create additional fiscal space to help the economy recover from the effects of the Covid-19 pandemic.





SUPPORTING SMEs

FNB contributes to economic development and employment by providing innovative funding solutions to SMEs.



Unsecured funding creates greater momentum for inclusive growth because there is no requirement for collateral, which can be a major constraint to financing SMEs that do not have capital to fund their early-stage growth.

To facilitate this, within appropriate risk frameworks, the SME funding team utilises an alternative credit scoring model. This model analyses behaviour – instead of audited financial statements – to understand financial and trading history, and applies automated processes that significantly simplify loan application and approval. The financing primarily facilitates working capital financing, which assists businesses to maintain healthy cash flow positions.



SUPPORTING ECONOMIES RECOVER CONTINUED

SME DEVELOPMENT

The group recognises that SMEs require a broad range of solutions to overcome obstacles to growth, optimise opportunities and improve business sustainability.

For example:

- + 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.
- + Ashburton's partnership with National Treasury's Jobs Fund has unlocked investments in SMEs.
- + The Vumela Fund (Vumela) was established in 2009 as a vehicle for FirstRand to implement its enterprise and supplier development objectives. Vumela focuses on the provision of growth finance to early-stage SMEs, and currently has a total of R454 million under active management.



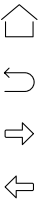
Ashburton impact investing – job creation through asset management

Ashburton has helped unlock investments in SMEs and intermediaries which traditional funders have considered risky. It partnered with National Treasury's Jobs Fund to develop a multimillion-rand facility that partially guarantees possible losses which may arise from these types of debt investments.

Ashburton Credit Enhanced Fund (ACEF) I and II resulted from this partnership. The funds have attracted over R1.6 billion of capital since inception in 2014, most of which has already been deployed for job creation initiatives.

The companies that benefited from the debt deployed by the funds have created more than 17 000 new verifiable jobs for previously disadvantaged people, of whom more than 91% were women. Approximately 75% of these jobs are in underserved provinces such as the Eastern Cape, Limpopo and North West.

These investments have generated positive, measurable social impacts without sacrificing financial returns. Since inception, the funds have produced benchmark-beating returns of approximately 9% per annum while exceeding job creation targets.





SME DEVELOPMENT CONTINUED

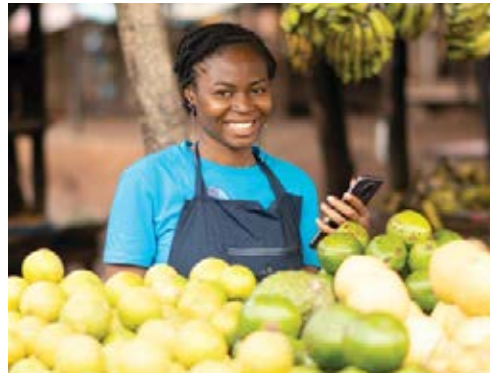
Assisting micro businesses

During the year, Ashburton, through the Ashburton Credit Enhanced Funds, collaborated with National Treasury's Jobs Fund to disburse grant funding to counter the negative effects of the Covid-19 pandemic on micro-entrepreneurs.

The Small Enterprise Foundation (SEF) was identified as an entity well placed to use the Covid-19 grant to assist its clients and ultimately preserve jobs. SEF qualified for the grant as an investee in the Ashburton Credit Enhanced Funds.

SEF is a South African non-profit microfinance institution focused on poverty alleviation. It currently serves over 200 000 women in remote parts of the country. SEF offers women access to capital for microbusinesses, along with financial and business skills. SEF's services are focused on the most vulnerable, with 79% of SEF's clients living below the poverty line and 39% below the food poverty line.

To date 99% of the identified beneficiaries have received one-off grants of R1 720 each. The recipients



are under no obligation to repay the funds. This intervention provided much-needed relief to entrepreneurs and helped preserve businesses and support livelihoods.

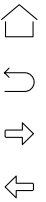
Ashburton was well placed to facilitate this process through its partnership with the National Treasury Jobs Fund. Over 20 000 jobs were protected through support provided to microbusiness. This positive impact is a testament to the effectiveness of a constructive public and private sector collaboration.

This initiative provided

R34.4 million
in grants to 19 996 identified beneficiaries.

Business development support for FNB SMEs

FNB has provided several SMEs with access to business development support. This involves funding suitable candidates on programmes designed to fit the profile of their SME (i.e. specific stage or type of business). These programmes focus on business health and sustainability, which are critical aspects for any SME but have become even more so during the challenging climate of the Covid-19 pandemic.





SME DEVELOPMENT CONTINUED

10Xe mentorship programme

10Xe is a business accelerator programme designed to support high-growth potential black-owned SMEs that have scalable business models and demonstrate the capacity for significant job creation. This programme has run for the past six years and addresses the particular challenges faced by scaling businesses.

The programme offers comprehensive SME support, including:

- + workshops focusing on content delivery and peer-to-peer networking;
- + practical toolkits;
- + specialist workshops focusing on strategy, human resources and fundraising;
- + providing additional capacity to deliver key business objectives;
- + mentoring by a seasoned CEO who has scaled a business;
- + coaching for the founder/CEO; and
- + assessments that identify business health and developmental areas.

Cohorts are sponsored annually with each cohort following a two-year programme. In 2021, a combined 22 SMEs from two cohorts representing diverse sectors completed the programme. Cohort 6 was severely impacted by the pandemic lockdown period as reflected in the key financial metrics. However, both groups showed a notable improvement in business maturity and produced a combined 247 new permanent jobs.

	Cohort 5	Cohort 6
Revenue growth	59%	0%
Profit growth	391%	(3 183%)
Business maturity improvement*	22%	14%

* As measured by the business maturity index (measures the level of sophistication of core business disciplines that are important in the scaling-up process).

Inoxico

Inoxico is an 84% black-owned business-to-business commercial credit information provider specialising in sourcing, verifying and analysing data on unlisted African businesses. Inoxico is a supplier to FirstRand. It participated in the 10Xe programme and also secured R10 million in equity funding through Vumela. This demonstrates the combined benefit of financial and non-financial business development support.

The 10Xe programme assisted Inoxico by simplifying business processes through proven methodologies. Subsequent to participating in the 10Xe programme

Inoxico's annual turnover increased from R25 million to

R35 million

and it has employed an additional five staff members, increasing the team to 70 people.





SME DEVELOPMENT CONTINUED

Social Entrepreneurship Impact Lab programme

Social entrepreneurship plays a valuable role in tackling socio-economic challenges through commercial business models. The FNB Social Entrepreneurship Impact Lab (SEIL) programme supports the growth of social entrepreneurs who are tackling pressing social, environmental and economic issues in South Africa.

This 18-month programme, which commenced in December 2019, supported 21 entrepreneurs through the provision of extensive entrepreneurial skills development, mentorship, connection to peers around the country, access to markets and finance, and access to tools and templates. During 2021, FNB granted R2.6 million to six high-potential social enterprises on the SEIL programme to help scale their growth.

Seventeen of the 21 enterprises completed the inaugural 2020 programme, which collectively resulted in 54 jobs sustained and 24 jobs created, while their combined turnover grew by 123%.

Participants on the programme also created lasting social benefit, providing:

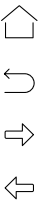
- + over 28 000 people with access to educational and training services;
- + 7 700 people with access to Covid-19 testing; and
- + over 3 300 people with access to a medical practitioner.

Kusini Water

More than six million people in South Africa lack access to clean drinking water. Kusini Water makes mobile, solar-powered water purification systems from locally sourced macadamia nut shells and nanofibres. It partners with local farmers, converting their off-waste macadamia nut shells into a carbon filtration system. In addition, Kusini Water uses solar power for distribution.

Kusini Water has installed water filtration systems in South Africa (including Muldersdrift, Cloetesville, Kayamandi, Kwa-Thema, Hammanskraal and Diepsloot), providing clean drinking water to local communities.

Since the start of the SEIL programme, Kusini Water has supplied over 3 million litres of clean drinking water per month to communities across the country. Despite Covid-19 impacting several of their sites, Kusini Water, which now operates in over 30 sites, improved its turnover by 149%, created five new jobs, and secured partnerships and contracts with DHL, the Oliver & Adelaide Tambo Foundation, the Beverage Association of South Africa, the US Embassy and DuPont.





SME DEVELOPMENT CONTINUED



Vumela

The Vumela Fund (Vumela) was established in 2009 as a vehicle for FirstRand to implement its enterprise and supplier development objectives. Vumela focuses on the provision of growth finance to early-stage SMEs.

Since inception, Vumela has committed over

R377 million

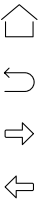
to more than 26 early-stage businesses, creating 6 472 jobs.

A total of R588 million was originally committed across three funds with different mandates. Fund 1 has been fully deployed and has closed, and there is currently R200 million under active management in fund 2.

Fund 3 has been in operation since the end of 2018 and is currently capitalised with R254 million to focus on the provision of supplier development funding across various stages of business growth – including short-term and long-term growth finance, debt and equity. Fund 3 is focused on funding SMEs in the FirstRand and other corporate supply chains.

Fund 3 achievements to date:

- + Eight investments
- + Commitment of R118 million
- + Deployment of R109 million to investees
- + Ninety-six new permanent jobs created



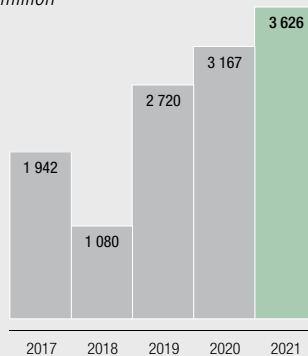


AGRICULTURE

Investment in agriculture is important for food security and industry transformation, and for ensuring the sector's sustainability given the size of its contribution to South Africa's GDP.

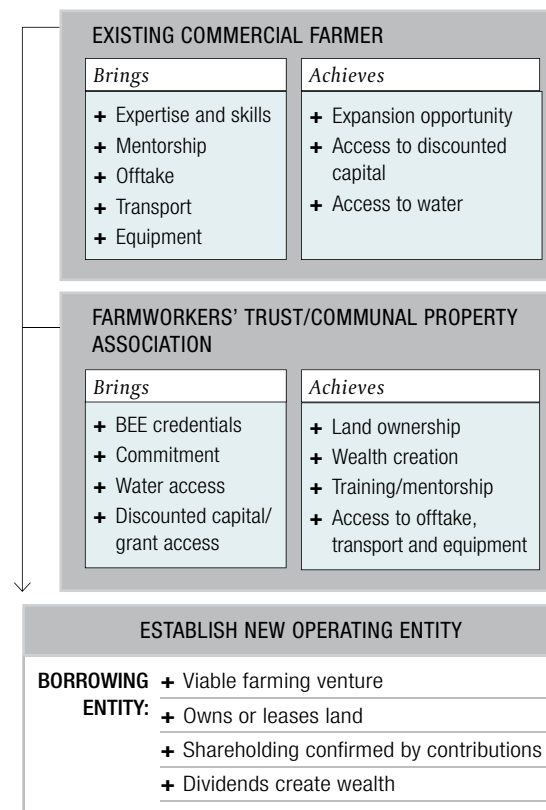
The group continues to focus on supporting the transformation of the industry and is committed to growing a larger base of black commercial farmers.

Lending to black-owned companies in the agriculture sector
R million



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. Below is an example of the most common black economic empowerment (BEE) structure, which highlights the value contributed and derived by each party.



FUNDING DEPLOYED THROUGH THESE STRUCTURES AT 30 JUNE:

Year	R million extended	Number of black farming enterprises
2019	539	Not measured
2020	669	126
2021	676	186



AGRICULTURE CONTINUED



Citrus Growers' Association

FNB Agriculture has partnered with the Citrus Growers' Association and the Jobs Fund to create an innovative economic transformation development programme that supports black citrus growers.

The programme aims to provide affordable funding for expansion, orchard rehabilitation and on-farm infrastructure development. The programme achieves this through blended finance incorporating grant and traditional loan funding. The programme also provides funding for skills development.

This programme is structured to overcome the two biggest challenges black farmers face: access to affordable credit lines and owners' equity contribution.

Programme objectives for the next three years:

- + Provide financial support to 30 black citrus growers
- + Create 329 permanent employment opportunities and 1 397 seasonal employment opportunities
- + Increase the total number of new hectares under production by 1 034 hectares.
- + Provide learnership, skills programmes and bursaries to 2 017 individuals, including those from the communities where labour is sourced
- + Increase revenue and contribute to exports

The current funding pool of R308 million has been provided by AgriSETA; the Department of Agriculture, Land Reform and Rural Development; the Jobs Fund; FNB Agriculture and the Citrus Growers' Association through their statutory levies.

Accordingly, the funding allocation is split:

- + 36% of the funding is a non-recoverable grant and acts as the farmers' equity contribution; and
- + 64% of the funding is a blended loan consisting of grant funding from the Citrus Growers' Association and low interest rate funding from FNB. This blended loan is provided at interest rates that range between prime and prime -3%, making the funding more affordable.

To date FNB has issued term sheets to four citrus projects situated in KwaZulu-Natal, the Eastern Cape and Limpopo to the value of R36.8 million, with R13.2 million representing the grant allocation and the farmers' equity contributions. The Citrus Growers' Association estimates that these four projects will generate 20 permanent and 65 seasonal employment opportunities.





AGRICULTURE CONTINUED

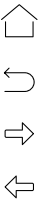
Rest of Africa

FNB Zambia supports small-scale farmers

The Farmer Input Support Program is an initiative implemented by the Zambian government that aims to provide small-scale farmers with agricultural inputs to increase crop yields and contribute to food security.

The programme was launched in 2002 with the goal of distributing subsidised agricultural inputs (e.g. fertiliser) to small-scale producers of maize, the country's staple food, as well as guaranteeing a minimum price at which the Food Reserve Agency would purchase maize, cassava and sorghum from farmers.

During the year after experiencing severe and challenging economic conditions, FNB Zambia provided a tailored trade finance solution to the ministry of finance. This solution ensures the timely supply of inputs to farmers with payments made to suppliers within acceptable terms, while allowing the ministry of finance an extended period to settle their obligation. The transaction ensured that small-scale farmers received their farming inputs in record time ahead of the farming season. The solution provides more efficient structures to cater to the agriculture sector, which contributes 11% to Zambia's GDP.





AFFORDABLE HOUSING

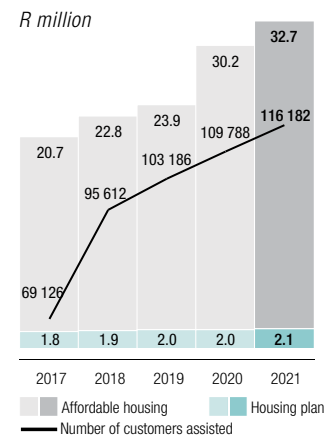
Owning a home gives individuals and households dignity and enhances quality of life by providing safety, improved living standards, economic empowerment, increased social cohesion, and improved educational outcomes and health standards. FNB has developed affordable housing products to facilitate home ownership by offering mortgages to low-income communities with limited access to collateral to grow their net asset value.

Key achievements so far include;

- + FNB's large and growing affordable housing book represents its focused strategy to assist low-income households to purchase homes in the primary and secondary markets.
- + FNB has integrated government subsidies into its affordable housing lending process to improve affordability for customers.
- + FNB is investigating ways to improve efficiencies throughout the property value chain to unlock cost efficiencies and stock backlogs.
- + FNB is piloting several programmes to regularise title deeds for low-income households, which will allow homeowners to leverage their properties.

The group's affordable housing book has grown to

R34.8 billion
representing 116 182 customers



Affordable housing represents mortgages and housing plan represents pension-backed lending.

Secondary market

Since 2018, FNB has provided R5.96 billion of funding to 14 000 low-income households (earning less than R26 100 gross monthly) that purchased already built properties in the secondary market. The accumulated equity is currently R1.19 billion and is available to these customers to leverage to start businesses, pay for their children's education or for additional home improvements.

Newly developed housing units

Since 2018, 8 434 households within the affordable housing subsegment received home finance for newly developed housing units valued at R5.8 billion. The accumulated equity is an estimated R1.2 billion (excluding secondary market business).

An estimated

35 000

job opportunities were created on the back of these advances.

Transformation of FNB's property valuation panel

As part of FNB's efforts to drive transformation in the mortgage sector, the representation of African, Coloured and Indian (ACI) individuals on FNB's property valuation panel has increased from 23% to 36% from the prior year. These selected suppliers are used to perform property valuations for customers applying for home loans. This is part of an ongoing programme to increase mentorship and training to candidate valuers.

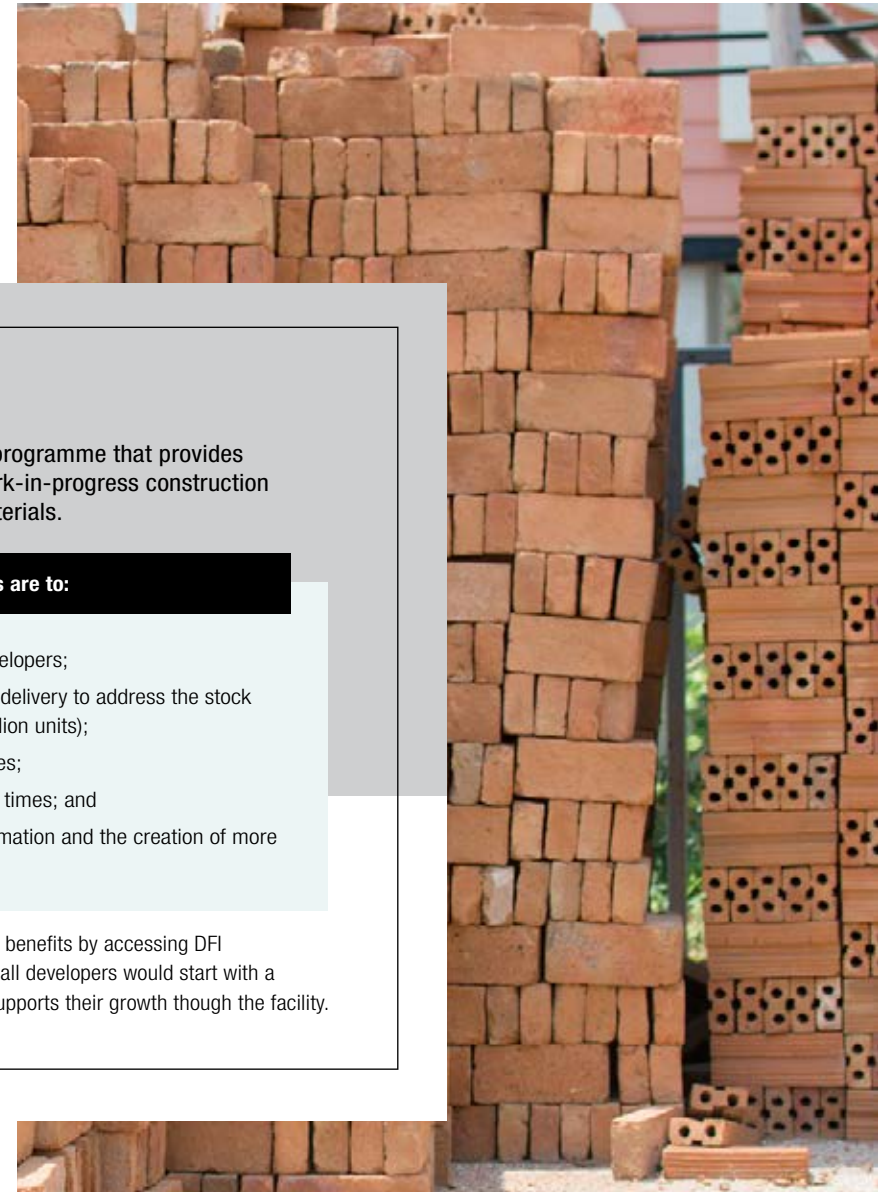




AFFORDABLE HOUSING CONTINUED

Affordability

The affordability of housing remains a significant challenge in South Africa. Up to 80% of South Africans are not able to afford an entry-level house based on their income and limited access to collateral. Another key pressure on affordability is the insufficient supply, especially in the affordable segment. Below are examples of how FNB Home Finance is contributing to improving access and affordability in this space.



FLISP

Finance Linked Individual Subsidy Programme (FLISP) is a government subsidy aimed at customers who earn too much to qualify for social housing and too little to afford a privately developed house. This subsidy can be used to augment a home loan, or to reduce it. FNB has embedded FLISP qualifying criteria into its business to enable affordability and improve customer experience.

FNB is the number one bank in terms of FLISP disbursements, with over R226 million of home loans advanced, leveraging R29 million of FLISP disbursements for the period June 2020 to May 2021.

BuilderConnect

BuilderConnect is an FNB pilot programme that provides emerging developers with a work-in-progress construction facility for direct labour and materials.

The programme's objectives are to:

- + grow emerging property developers;
- + increase affordable housing delivery to address the stock backlog (currently at 2.2 million units);
- + remove inflation of land prices;
- + reduce construction delivery times; and
- + contribute to sector transformation and the creation of more stable construction capacity.

FNB can increase housing ecosystem benefits by accessing DFI concessionary funding for clients. Small developers would start with a limited portfolio and FNB thereafter supports their growth through the facility.



AFFORDABLE HOUSING CONTINUED

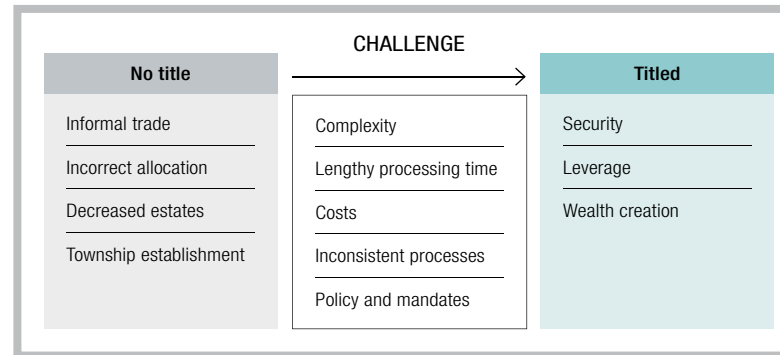
Property unlock

Home ownership is a crucial component of household wealth and can be used as a leverageable asset if formal title exists. "Dead capital" is the term used to describe property which is informally held and not legally recognised, and which therefore cannot be exchanged for financial capital.

The value of dead capital in South Africa is estimated at R1.5 trillion, affecting between 4.5 million and 10 million homes. Households with untitled properties have limited access to finance as they are unable to leverage their properties, which may lead them to access more expensive unsecured debt. In addition, properties at the low end of the market, particularly social housing units, tend to trade informally and below their true value.

Dead capital disproportionately affects low-income households for several reasons. It includes properties built pre-1994 that were never transferred, and the rollout of Reconstruction and Development Programme housing post-1994, where beneficiaries may not have received title deeds.

There are many barriers that have prevented this value from being unlocked, such as the formal property sales process being expensive, complex and lengthy. Coupled with this inconsistencies in the Deeds Office and municipal administration systems exist. Consequently, many homes are traded informally with title deeds incorrectly allocated.



FNB has partnered with multiple stakeholders, including the national government, to address this systemic challenge. The potential exists to unlock approximately R220 000 of value per household that is helped. If scaled this can be transformational, leading to increased household wealth, improved recovery of municipal levies and growth of local economies.

The following are examples of FNB-supported pilot projects that aim to unlock dead capital

Khaya Lam (My Home) land reform project

Khaya Lam is an initiative of the Free Market Foundation co-created with FNB in 2008. The aim of the initiative was to create a scalable model to give access to tradeable title to low-income households at an accessible price point. Since then, Khaya Lam has crowded in other private and public sector players and facilitated more than 30 000 titles directly and a further 100 000 indirectly.



A pilot project carried out in the Free State's Ngwathe Local Municipality has unlocked 100 title deeds and injected more than R30 million of previously "dead capital" into the local economy.



AFFORDABLE HOUSING CONTINUED

Transaction Support Centre

The Transaction Support Centre (TSC) is a not-for-profit organisation that helps customers obtain their title deeds, assists with deceased estates and helps to regularise informal transactions where the owner is not the documented beneficiary.

The TSC, with the help of FNB, has set up a walk-in office located in Khayelitsha, Cape Town, to assist clients who have problems with title deeds or other property-related issues. It also facilitates access to finance and subsidies for buyers. The TSC has proactively assisted households in Khayelitsha where no primary transfer has taken place (i.e. title deeds have not yet been registered).

Beyond assisting clients, the TSC and its partners carry out research to find scalable solutions to be used nationwide.

SINCE INCEPTION IN 2018

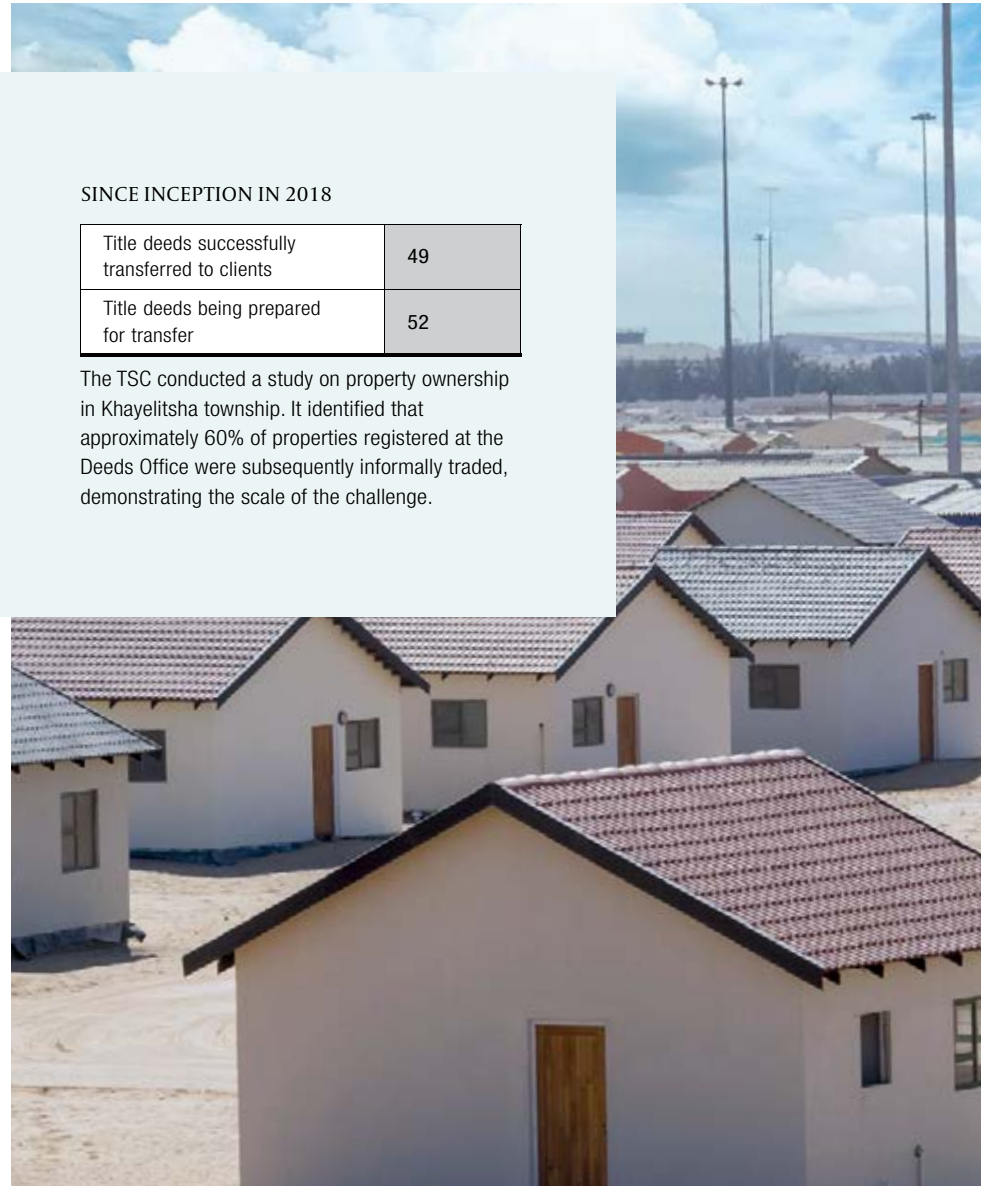
Title deeds successfully transferred to clients	49
Title deeds being prepared for transfer	52

The TSC conducted a study on property ownership in Khayelitsha township. It identified that approximately 60% of properties registered at the Deeds Office were subsequently informally traded, demonstrating the scale of the challenge.

Bitprop

Many existing homeowners in low-income areas are not able to access asset financing due to the lack of formal ownership. FNB has partnered with Bitprop to provide access to finance for small property owners to build rental units on their land e.g. backyard rentals. Bitprop also assists homeowners with the title deed process and the construction of the rental units. The rental units provide new landlords in these areas with an asset and a source of income.

- + Bitprop has built 58 flats on 10 properties across Khayelitsha, adding over R4 million in property value and creating R48 500 in monthly income for homeowners.
- + A pilot with 50 FNB customers that aims to add between R250 000 and R400 000 in value to these households will go live in early 2022. It will enable them to earn as much as R8 000 a month in rental income.





UK BUSINESSES

Aldermore and MotoNovo represent FirstRand's activities in the UK, comprising mortgages, buy-to-let, and vehicle and SME financing.

Aldermore: Assisting first-time home buyers

The barriers to asset ownership for young adults in the UK are high, particularly the level of deposit and income required. This makes home and vehicle ownership unattainable for many first-time buyers. As a young adult with little credit history, it is also difficult to obtain finance.

Aldermore uses its innovative approach to assist first-time home buyers to enter the property market by allowing greater flexibility for borrowers looking to maximise affordability through providing loan to value of up to 95%.

Aldermore's individual approach to underwriting remains its key strength in the market and sets it apart from high street lenders.

Year	% of new owner-occupied lending consisting of first-time buyers	Lending to owner-occupied first-time buyers
2019	31	£641 million
2020	42	£788 million
2021	42	£198 million



UK BUSINESS CONTINUED

Mortgage payment breaks customer survey

Aldermore's customer franchise reflects its proposition to help customers build their lives and realise their dreams through both good and challenging times. Many customers needed Aldermore's support during the economic challenges caused by Covid-19. Aldermore developed a range of support, including payment deferrals and other repayment options.

In total 13 064 mortgage customers were supported with a payment break, which is approximately a quarter of mortgage customers. The majority of customers have resumed full repayment, with 96% and 98% being owner occupied and buy to let customers respectively.

Aldermore conducted a customer survey to see if customers received the support and information they needed for Covid-19 mortgage payment breaks, specifically whether its communications were clear and easy to understand.

RESULTS

Net promoter score	72.2%
Overall satisfaction	86.9%
Likelihood to recommend	70.0%
Ease of application – score 8/10	88.0%
Ease of understanding – score 8/10	88.0%

Invited 2 811 customers to complete the survey – 13.5% response rate – 25 January 2021.





UK BUSINESS CONTINUED

Commercial mortgages: supporting one of the UK's largest private student accommodation providers

- + Aldermore provided a £29.3 million commercial residential investment facility to Kexgill Group, which was used to refinance 174 residential units consisting of 857 bedrooms. The units formed a substantial part of the University Quarter in Hull.
- + Aldermore further supported Kexgill Group through a subsequent £16 million interest only commercial residential investment loan, which brought Aldermore's total lending with Kexgill to £46 million. The latest facility was used for the refinance of nine student accommodation properties in Nottingham and one in Liverpool, the residential units of which make up 369 bedrooms in total.

Property Development – backing a low-carbon property developer to deliver sustainable homes

Aldermore provided Citu Group, a Yorkshire-based sustainable developer specialising in the use of modern methods of construction (MMC), with a £8.4 million property development finance loan.

MMC involves delivering buildings with improved safety, sustainability, quality and social value.

The facility will be used to fund part of Citu's new Kelham Central scheme in Sheffield. The loan will help deliver 46 residential units out of 120 in total.

Using sustainable technology, Citu is able to create high-quality homes that vastly reduce construction time and reduce homeowners' carbon footprint once occupied.





Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

How the group's products and transactional platforms deliver financial inclusion to broader society

Treating customers fairly

Addressing transformation and employment equity

Providing an enabling environment for employees

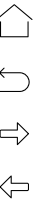
A CSI strategy designed to contribute to upliftment

Managing the group's environmental impact



"The best time to plant a tree was 20 years ago. The next best time is now."

Chinese proverb





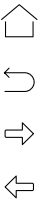
How the group's products and transactional platforms deliver financial inclusion to broader society

Rapid technological developments have allowed financial institutions to reach previously unbanked and under-banked segments of the population. Financial inclusion for individuals and SMEs is vital to transform and scale the informal economy.

The group has several financial inclusion solutions, including:

- + **eWallet:** allows FNB customers to send money to recipients who may not have a bank account.
- + **Easy Zero:** an entry-level transactional bank account with no monthly account fees.
- + **First Business Zero:** a digital SME business bank account with no monthly account fees.
- + **Cash Plus:** FNB partners with merchants in Zambia, Botswana, Eswatini, Lesotho, Ghana and Namibia, who act as agents of the bank, to provide day-to-day banking services to customers through the Cash Plus channel.
- + **FNB's funeral and Life Simplified micro insurance products:** provide affordable entry-levy insurance products.





eWALLET

Before the introduction of digital technology, the main method for domestic remittances was cash, which included paying someone to physically transport cash across the country. Introduction of services such as eWallet created a safe, instant and convenient way to remit money.

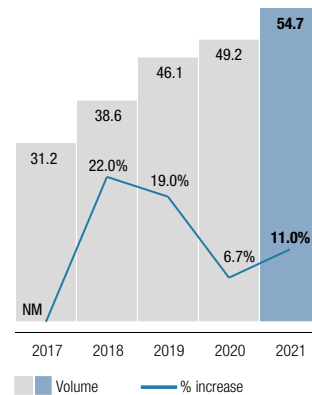
eWallet allows FNB customers to send money to recipients who may not have a bank account. The money can be withdrawn from FNB ATMs or selected SPAR stores countrywide.

eWALLET RECIPIENTS

The reach of eWallet services across different geographies and income groups was explored using geolocation on ATM withdrawals. The classifications and analysis of income groups were aligned with the Council for Scientific and Industrial Research and Stats SA. The results showed that since 2015 usage of eWallet has grown steadily at similar rates in metro, urban and rural areas.

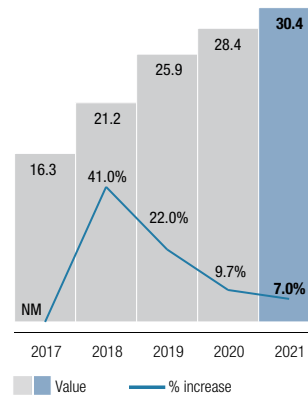
THE USE OF THE SERVICE HAS SHOWN STRONG GROWTH IN RECENT YEARS:
for year ended 30 June

Send money (volume)
Million



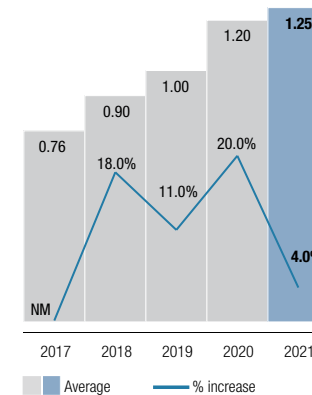
NM – not measured

Send money (value)
R million



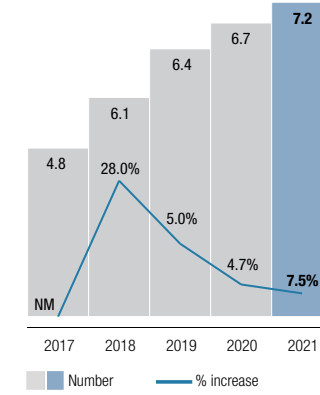
NM – not measured

Monthly senders (average)
Million



NM – not measured

Active base as at 30 June
Million



NM – not measured



EASY ZERO

Easy Zero, an entry-level transactional bank account, has seen significant growth, further increasing financial inclusion. Easy Zero offers accessibility through a simple USSD account-opening process, requiring only a person's name, surname and ID number.

This product provides the functionality required by those individuals who often receive low or irregular income. It allows them to save and have access to basic banking transactions without having to worry about transaction fees, monthly account fees or rogue debit orders.

Easy Zero has:

- + No monthly account fees.
- + No debit orders.
- + A Visa card enabled to allow for wide access.
- + An option to use a virtual card for FNB Pay (Tap to Pay, Scan to Pay).
- + Allows recipients to:
 - » receive money from or send money to any other bank;
 - » deposit into an account at an ADT;
 - » withdraw money at ATMs;
 - » buy prepaid airtime/data bundles and electricity; and
 - » swipe a Visa card.

SINCE ITS LAUNCH IN 2019, EASY ZERO HAS SHOWN GOOD TRACTION for year ended 30 June

Year	Volume of transactions (customer initiated)	% increase	Value of transactions (customer initiated)	% increase	Active base	% increase
2019	2 million	—	R712 million	—	140 000	—
2020	3.9 million	95%	R1.3 billion	83%	292 000	>100%
2021	11.6 million	>100%	R3.3 billion	>100%	721 600	>100%

* The year-on-year increase is attributed to upgrades from eWallet into a product that offers more functionality, and strong customer demand for a more cost-effective transactional account.





FIRST BUSINESS ZERO

First Business Zero is designed specifically for sole proprietor businesses with an annual turnover of up to R5 million. The account can be opened on the FNB app or online within a few minutes using FNB's "selfie" process to prove identity and verify the user.

The key features of the First Business Zero proposition include no monthly account fee, unlimited free point of sale card swipes, an interoperable QR code for accepting payments, a linked business call account to ring-fence savings and earn interest, and an FNB Connect SIM card that includes free* data, minutes and SMSes.

Customers also have access to certain free FNB value-added services, including Fundaba (entrepreneurship e-learning programme), Instant Accounting, Invoicing, Cash Flow and Payroll software. Assistance is freely available via Secure Chat on the FNB app and the 24/7 Business Desk.

* The FNB app carries no data costs for banking functionality only.



FIRST BUSINESS ZERO HAS SEEN STRONG GROWTH SINCE ITS LAUNCH LAST YEAR:
for year ended 30 June

Year	Volume of transactions (customer initiated)	% increase	Value of transactions (customer initiated)	% increase	Active base	% increase
2020	251 000	—	R0.3 billion	—	5 600	—
2021	1.7 million	>100%	R2 billion	>100%	11 700	>100%



CASH PLUS IN FNB REST OF AFRICA SUBSIDIARIES

Africa is a largely cash-based economy, with the general population still preferring cash over digital options. According to a study published by the World Bank less than a quarter of all adults in Africa make use of bank accounts from formal financial institutions and 90% of all consumer payments are conducted in cash.

Some of the main reasons for the largely unbanked population in Africa is the limited infrastructure, poor GSM¹ network coverage, smartphone unaffordability and geographical inaccessibility experienced by many people outside the major metropolitan areas. Traditional bank branches and ATMs tend to be concentrated in urban areas, leaving rural communities without service or education on formal banking.

FNB aimed to deal with many of these challenges through its agency and merchant strategy in Zambia, Botswana, Eswatini, Lesotho, Ghana and Namibia.

¹ Global System for Mobile Communications (GSM) is a standard developed by the European telecommunications Standards Institute (ETSI) to describe the protocols for second-generation (2G) digital cellular networks used by mobile devices such as mobile phones and tablets.

From the first pilot launched in Zambia in early 2017, Cash Plus has proved to successfully improved financial inclusion for communities and has enabled growth for SMEs.

FNB partners with merchants, who act as agents of the bank, to provide day-to-day banking services to customers through the Cash Plus channel. FNB sets the merchants up on the FNB platform and supports them with training (compliance, business and product), as well as marketing and branding material for use in their stores and areas of business.

Customer and merchant transactions are completed easily, securely and in real time via the FNB app or FNB mobile banking (USSD). FNB currently provides cash-in services, cash-out services and airtime and electricity purchasing services.

For year ended 30 September

Year	Active agents/ merchants	% increase	Customers	% increase	Customer turnover	% increase
2019	498	NM	50 500	NM	R100 million	NM
2020	1 115	>100%	140 000	>100%	R288 million	>100%
2021	2 065	85%	309 000	>100%	R818 million	>100%

* Amount of customer turnover passed through Cash Plus channel.

NM – not measured

FNB Cash Plus is fast becoming the dominant FNB point of presence in all six African countries where FNB has a presence. FNB currently has three times more Cash Plus agents than ATM and branch locations there.

Thirty per cent of Cash Plus agents are based in rural communities, improving access to financial services for many previously under-banked customers.

- + Cash Plus is a trusted community banking channel that is transforming banking, making it more convenient, accessible and cost effective for both customers and businesses.
- + Customers no longer need to travel far to deposit or send money to their families. They can simply do their banking in their local store – saving them time and money.





CASH PLUS IN FNB REST OF AFRICA SUBSIDIARIES CONTINUED



This Cash Plus strategy brings several benefits to both customers and merchants.

BENEFITS TO CLIENTS

Access to formal banking transactional services to all customers, no matter where they live.

The merchant network allows FNB to be represented in local neighbourhoods across African subsidiaries without needing a formal branch environment, saving customers time and money that would otherwise have been spent travelling to physical facilities in towns.

The familiarity and security of dealing with a local agent in their community.

An alternative to dealing with large amounts of cash, thereby introducing a digital-friendly banking system to those in rural areas.

Promotion of personal savings and independent money management.

FNB customers can send money to recipients in rural areas via the FNB eWallet service and the money can be withdrawn at the nearest agent.

BENEFITS TO MERCHANTS

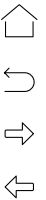
FNB recognises that the merchants are SMEs with growth potential. Cash Plus could potentially increase the number of walk-in customers for approved FNB merchants.

Allows cash to be recycled in the market by reducing the amount of cash that merchants need to constantly reconcile, secure and bank, saving them time and money.

Merchants have an additional revenue stream by way of FNB commissions for the transactions they perform for FNB clients.

Employment opportunities are created in the community, as most merchants typically employ one to two cashiers per agency to serve customers on the Cash Plus channel.





FNB HELPING CUSTOMERS PROTECT THEMSELVES, THEIR FAMILIES AND THEIR INCOME

In South Africa, a vast proportion of the population cannot afford traditional insurance products, leaving them financially vulnerable to unforeseen life events. Micro insurance offers the entry income segment lower premiums and cover amounts to help protect customers against adverse events.

FUNERAL INSURANCE

Over the past few years FNB has focused on offering more affordable and inclusive insurance products that cater for the whole family. This has been especially important as customers face severe financial pressures due to the pandemic and other macro- and microeconomic factors.

In South Africa funerals are culturally important and consequently there is a significant need for financial support with funerals. With over 20 million funeral plans in South Africa, FNB recognised the need for more affordable and easily accessible cover for a customer's entire family.

FNB launched its funeral plan in 2015 offering customers between 30% and 50% lower premiums than the industry. The funeral plan is currently FNB's most accessible insurance product, available across a multitude of channels such as branches, call centres, USSD, FNB.mobi, FNB Online Banking, the FNB app and ATMs.

FNB's inclusive funeral offering currently provides over 1.3 million policyholders cover for over 3.7 million lives.

FUNERAL PLAN CLAIMS

76% of funeral claims

paid out in less than 24 hours

FINANCIAL INCLUSIVITY

Over 3.6 million

lives covered under FNB's funeral plan

LIFE INSURANCE

South Africa has a diverse life and funeral insurance landscape. The country has a mature advisor-driven life insurance industry supporting the upper-income segments. At the lower end of the spectrum, it has one of the largest funeral insurance markets in the world.

As such many lower-income customers wishing to leave their families with more than funeral cover to support their children's education or to pay towards a home but requiring cover that is less complex and more accessible than traditional life insurance, are underserved.

FNB introduced Life Simplified in 2017. Life Simplified is a semi-underwritten life product that allows customers to take up life cover of up to R1 million by simply answering five questions. It further helps clients by including Spend Protect and a R30 000 funeral benefit that pays out in 24 hours, at no additional cost.

FINANCIAL INCLUSIVITY

Over 96 000 lives covered with FNB Life Simplified



FNB HELPING CUSTOMERS PROTECT THEMSELVES, THEIR FAMILIES AND THEIR INCOME CONTINUED



Mortality is not always a topic easily discussed at home and FNB has seen that many of its life insurance beneficiaries are unaware that their deceased family members held a policy. By regularly checking all its life and funeral policies against the Department of Home Affairs, FNB has been able to proactively reach out to beneficiaries and pay out their claims, ensuring the intentions of the deceased are met.

MORTALITY CLAIMS

R1.5 billion in death claim payouts* impacting over **50 000** lives

R150 million in death claims paid out proactively

* Including funeral and Life Simplified payouts.

LIVING BENEFITS

Apart from having to financially plan for death, consumers also wish to protect their income against life-altering events should they no longer be able to work and provide for their families. FNB offers a wide range of living benefits across its portfolio to protect customers financially for when loss of income, critical illness or disability events occur.

To allow for greater inclusion of customers' financial needs, FNB plans on introducing lower cover amounts for multiple products allowing customers to insure themselves and their dependants at even more affordable monthly premiums.

LIVING BENEFIT CLAIMS

Over R388 million in living benefit claims paid to over **29 000** policyholders

Of which R324 million relates to inability to earn and retrenchment payouts





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OTHER PLATFORM SOLUTIONS DESIGNED TO SOLVE CUSTOMER NEEDS CONTINUED

FNB'S NAV>>

FNB's Nav>> was launched five years ago. It provides innovative "life tools" housed on the FNB app and aims to make life simpler and help customers make smart financial decisions for themselves and their businesses.

Nav tool	Description	At 30 June 2021
nav» Home	Assisting customers to buy and sell their homes. Customers can also search nearby properties, receive a free instant property value estimate, speed up the process with instant pre-approval on home loans, track applications, and calculate monthly repayments.	Since inception in May 2016: + R26.8 billion in payouts to 22 777 customers, helping thousands of families with both home buying and selling (18% growth on the prior year)
nav» Car	Provides discounted deals on vehicles as well as access to pre-approved finance from WesBank, all in one place on the FNB app. Once the customer has purchased a new car, it is auto-populated in the nav» Car garage. The garage digitally stores a customer's car details and provides easy access to other tools such as fine payments, licence renewals and value estimates. Customers also have access to scratch, dent and first warranty products to maintain their vehicles.	Since inception in April 2017: + 667 000 vehicles (net of deletions) have been loaded on the FNB app (89% growth on prior year) + 171 669 fines paid (with 71 127 fines paid in 2021, and of those 41% were done on the app) + 107 454 vehicle licences renewed and delivered (with 68 000 licences renewed in 2021)
nav» Money	Assists customers to improve their financial health and budget appropriately. Includes saving goal prompts, free credit status updates, automatic categorisation of monthly spend to enable smart budgeting with limit alerts, and other money management coaching tools. In November 2021, My net worth (MNW) was launched. It provides an auto-populated snapshot of a customer's net asset value, with the ability for customers to add assets and liabilities for a complete picture. MNW also provides helpful tips to coach customers to a positive net worth.	Since inception of nav>> Money in May 2018: + 2.1 million users + 14 000 active saving goals have been set up to the value of R528 million + 625 000 users have engaged with their credit status Since launch of money management coaching in April 2020: + 313 000 customers have received money management coaching Since launch of smart budgeting: + 38 000 customers have set up budget categories + 227 000 budget alerts set up to help customers stay within budgets Active* users' financial health (over a 12-month period): + 23% more likely to improve credit status + 30% more likely to honour their debit orders + 16% more likely to start or increase savings on hand <i>* Customers who have engaged at least six times over the 12-month period.</i>





OTHER PLATFORM SOLUTIONS DESIGNED TO SOLVE CUSTOMER NEEDS CONTINUED

Nav tool	Description	At 30 June 2021
nav» Wellness	<p>The offering focuses on positive health, nutrition, fitness and mental wellness outcomes. It includes Click and Collect medication, personalised wellness scores and goals, virtual fitness events and guaranteed monthly discounts with fitness, nutrition and health partners.</p> <p>Click and Collect medication enables customers to upload their medical script on the FNB app, select their closest pharmacy and collect their medicine after two hours.</p>	<p>Since inception in 2019:</p> <ul style="list-style-type: none"> + 168 101 profiles set up + 202 127 completed questionnaires <p>Click and Collect</p> <p>To date 1 007 scripts have been loaded and 754 scripts have been collected. Currently, Click and Collect is only available from Dis-Chem, however discussions with other pharmacy groups are under way.</p> <p>Vaccine drive</p> <p>The nav» Wellness vaccination drive was launched in early October 2021, providing financial incentives of up to R18 million over three months for customers who get a Covid-19 vaccine.</p>
nav» Marketplace	<p>nav» Marketplace is a single marketplace to help customers and businesses list and search for cars, homes and services.</p> <p>Home</p> <p>Customers can list to sell their property in minutes, either with an FNB "business banked" real estate agent or privately. Customers also have access to thousands of potential pre-approved FNB buyers.</p> <p>Car</p> <p>Car Marketplace (peer to peer) was launched in February 2021. The marketplace has been expanded so that customers can now search or list a car privately, making the listing available to thousands of potential WesBank pre-selected customers on FNB's secure banking app.</p> <p>Home Services</p> <p>Customers who need help renovating or maintaining their property can use FNB's Home Services solution, which allows them to search for pre-approved and highly rated FNB banked businesses (e.g. plumbers, electricians and security and even renewable energy providers). It only takes minutes for FNB banked customers to list their businesses on Home Services, gaining exposure to up to 3 million active FNB app users.</p>	<p>Since inception of Home Marketplace in May 2020:</p> <ul style="list-style-type: none"> + 118 estate agents with 383 active listings + 970 active listings (include properties listed both privately and with estate agents) with 507 000 views <p>Since inception of Home Services Marketplace in May 2020:</p> <ul style="list-style-type: none"> + 2 756 suppliers have registered <p>FNB believes the digitised Home Services Marketplace will allow businesses to build their profiles, key skills and location coverage while boosting their income, and over time Home Services could become a key revenue line in their daily business.</p>





OTHER PLATFORM SOLUTIONS DESIGNED TO SOLVE CUSTOMER NEEDS CONTINUED

Nav tool	Description	At 30 June 2021
nav» Care	<ul style="list-style-type: none">+ nav» Care was launched as a pilot for employees in July 2020 and was officially launched to customers in November 2021.+ Users can donate cash or eBucks to a cause of their choice. The funds are then disbursed to vetted organisations.+ 5% of all donations goes towards the selection and management of grant recipients, ensuring the funds are put to good use and the resulting social impact is measured.+ Donors receive section 18A tax certificates for their donations.+ Reports are provided to donors on the fund allocation and impact of their donations.	<p>Since inception in July 2020:</p> <ul style="list-style-type: none">+ Over R1.5 million has been donated through nav» Care (R1 million raised during the employee pilot).





OTHER PLATFORM SOLUTIONS DESIGNED TO SOLVE CUSTOMER NEEDS

FirstRand continues to build solutions that promote financial access and well-being for individuals and commercial enterprises, and that help corporate and institutional clients improve their ESG performance.

This has been facilitated through various initiatives, including:

- + FNB's consumer e-commerce platform eBucks
- + FNB's Nav>>>: provides innovative "life tools" housed on the FNB app
- + FNB Shares Zero: allows broader market access to Top 40 JSE-listed shares, with no monthly account fees and zero brokerage fees
- + ESG and climate-related ETNs: allow broader market access to water and clean energy indices
- + RMB's Sustainable Investment Analytics offering: allows institutional clients (institutional investors and hedge funds) to independently assess the ESG risk and performance of their portfolios

eBUCKS

eBucks rewards is one of South Africa's leading rewards programmes.

Since inception 21 years ago, eBucks has paid out over R15.9 billion in rewards to members, with more than R14.3 billion spent. During the 2021 financial year, eBucks paid out R1.9 billion in rewards to customers.

The eBucks rewards programme is free to join, members pay no monthly subscription fees and eBucks never expire.

The programme is open to FNB and RMB customers and allows members to utilise eBucks to supplement household income. Members can spend their eBucks at over 30 online and in-store partners and can also choose to pay their bank fees using their eBucks.

The programme is designed to encourage good money management by rewarding customers when they practise responsible banking behaviour.

For example, members earn reward level points for having an FNB savings or investment account, maintaining a healthy credit status

with nav> Money on the FNB app, and for using Cash@Till withdrawals, which are more cost effective than ATM and branch withdrawals.

Tools on the FNB app such as Track my rewards and Earn more eBucks allow members to track their current banking behaviour daily and make changes to move up a reward level and earn more eBucks.

eBucks rewards are offered to all segments. Entry-level Pay-As-You-Use customers can earn rewards in the form of weekly grocery coupons.

During tough financial times such as the pandemic and lockdowns, customers have turned to eBucks rewards to help extend and better manage their finances.

In 2021 eBucks won two South African Loyalty Awards:

- + **Best Loyalty Programme:** Financial Services for the third year running
- + **Most Innovative Use of Technology for Loyalty**





OTHER PLATFORM SOLUTIONS DESIGNED TO SOLVE CUSTOMER NEEDS CONTINUED

Digital stokvel

FNB officially launched the digital stokvel* product in September 2020 after running a 10-month pilot programme.

The solution is designed to improve financial transparency, increase interest earned by members, decrease the banking costs for members and provide the added convenience and security of digital banking.

The solution provides a platform that allows stokvel members to check their contributions without visiting an FNB branch. It also allows stokvel signatories to digitally invite members to join and make payments directly to members' nominated bank accounts.

Value-added offering available to digital stokvels:

- + Group buying via home finance stokvels can purchase properties jointly, which contributes to long-term investments and wealth building for members.

* A type of club in which a group of people enter into an agreement to contribute a fixed amount of money over a specific period for a common purpose. Adopted definitions: Andrew Lukhele, founder and president of the National Stokvel Association of South Africa.

Upcoming enhancements of the stokvel solution:

- + Digital account opening: the ability to open a stokvel account via the FNB app, which eliminates travel to branches and simplifies the account opening process.
- + Investment in various asset classes: FNB will open the full investment spectrum to stokvels, enabling them to invest in unit trusts, money market funds, share trading and other investment instruments that will assist in building long-term wealth for members.

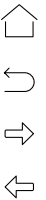
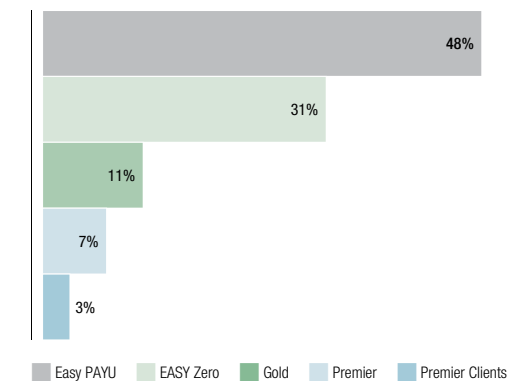
Metric	As at 30 September 2021
Number of stokvels registered on the digital platform	14 188
Number of stokvel members registered on digital platform	44 108
Initial deposits	R100 million
Balance of group savings	R363 million
Percentage of new to bank transactional accounts from stokvel members	43%
Average interest rate earned	2.81%

Of the 44 108 stokvel members on platform, 18 844 (43%) of them opened up a transactional account as a direct result of the digital stokvel solution. These customers are new to the FNB ecosystem, illustrating how the stokvel solution is getting members to become FNB customers and growing the group's retail market share.

Uptake of the offering has mainly been by low-income segments (Easy PAYU and Easy Zero). However, uptake has taken place across the income spectrum, indicating that stokvels are an important saving mechanism in South Africa.

VIEW OF THE CUSTOMER SEGMENTATION OF STOKVEL MEMBERS WITHIN FNB RETAIL AND PRIVATE BANKING

% Member subsegments





OTHER PLATFORM SOLUTIONS DESIGNED TO SOLVE CUSTOMER NEEDS CONTINUED

Emerging farmer grant management programme

Historically, government made grant payments directly to emerging farmers who were expected to manage large sums of money without any formal financial support or mentorship. Most agricultural projects failed, resulting in government having to refinance projects multiple times.

In partnership with the Department of Agriculture, Land Reform and Rural Development, FNB Agriculture developed a solution using FNB's 3PIM* platform:

- + Allows government to transfer grant funding to each individual farmer ensuring that ownership sits with the farmer.
- + FNB validates the account number with the National Treasury database.
- + The farmers do not have access to the grant funding account. FNB makes payments to approved suppliers directly from the grant account against validated invoices on behalf of the farmers, in line with approved budgets.
- + Non-standard call accounts are used to ensure immediate availability of funding and to generate better interest rates.

- + 3PIM provides a full audit trail with bank statements enabling financial control and enhanced reporting.
- + Instant accounting is provided (an automated solution that assists farmers to build a financial track record).
- + FNB onboards each farmer and assists them with digital banking.
- + As part of the programme, farmers are partnered with mentors who assist with financial education. FNB is looking to enhance this by offering financial wellness and SME training.
- + A one-off management fee of R1 000 per farmer is charged.

Since inception in March 2020	At 30 October 2021	At 30 October 2020
Emerging farmers onboarded with access to FNB banking facilities	150	140
Validated grants balances under management	R940 million	R728 million
Interest earned by the farmers on the grant funding under management, for their own benefit	R29 million	R10 million
Value of payments made directly by FNB Agriculture to suppliers on behalf of emerging farmers	R461 million	R31 million





OTHER PLATFORM SOLUTIONS DESIGNED TO SOLVE CUSTOMER NEEDS CONTINUED

Home Affairs partnership

In 2016 FNB initiated a project with the Department of Home Affairs (DHA) in partnership with other banks and the Banking Association of South Africa (BASA) to assist the DHA with additional points of presence and capacity for the efficient rollout of smart IDs and passports.

The partnership allows customers to book appointments for their smart IDs and passports online and to collect them at one of seven FNB branches located in Gauteng, Cape Town, Durban and Limpopo.

FNB has issued over 287 000 smart IDs and passports since inception of the partnership, with 87 000 issued in 2021.

FNB Shares Zero – allows broader market access

The group launched FNB Shares Zero, a new investment account whereby clients can access exchange-traded funds, ETNs and Top 40 JSE-listed shares, with no monthly account fees and zero brokerage fees, when buying any FNB or Ashburton exchange-traded product.

ETNs make it easy to gain exposure to international shares without actually investing directly in those shares. A customer can purchase an ETN from FNB, from as little as R10, a local investment instrument that directly tracks the movement of a global shares like Amazon, Netflix, Apple and Microsoft, or a collection of shares. This means any South African can add a global investment component to their personal money management.

This creates a micro investment ecosystem that removes the costs associated with investment. This product promotes equal access to financial products and financial markets, driving financial inclusivity.

ESG and climate focused investment products

The group launched three ESG and climate-related ETNs tracking water and clean energy indices. The ETNs support shifts in market behaviour towards investment that yield both financial returns and positive societal impacts.

These ETNs give investors access to a basket of global organisations that are leaders in the sustainable development fields of clean energy, water supply and security, and low carbon emissions – from a minimum investment of just R10.

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.

These platforms use ESG metrics from global ESG data providers, and benchmark ESG ratings allowing clients to easily assess whether those scores are improving or worsening. The platform drills down to ESG component, sector and instrument level providing insight into the key drivers of an overall portfolio ESG score. The platform also enables peer benchmarking for better industry insights.





Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

How the group's products and transactional platforms deliver financial inclusion to broader society

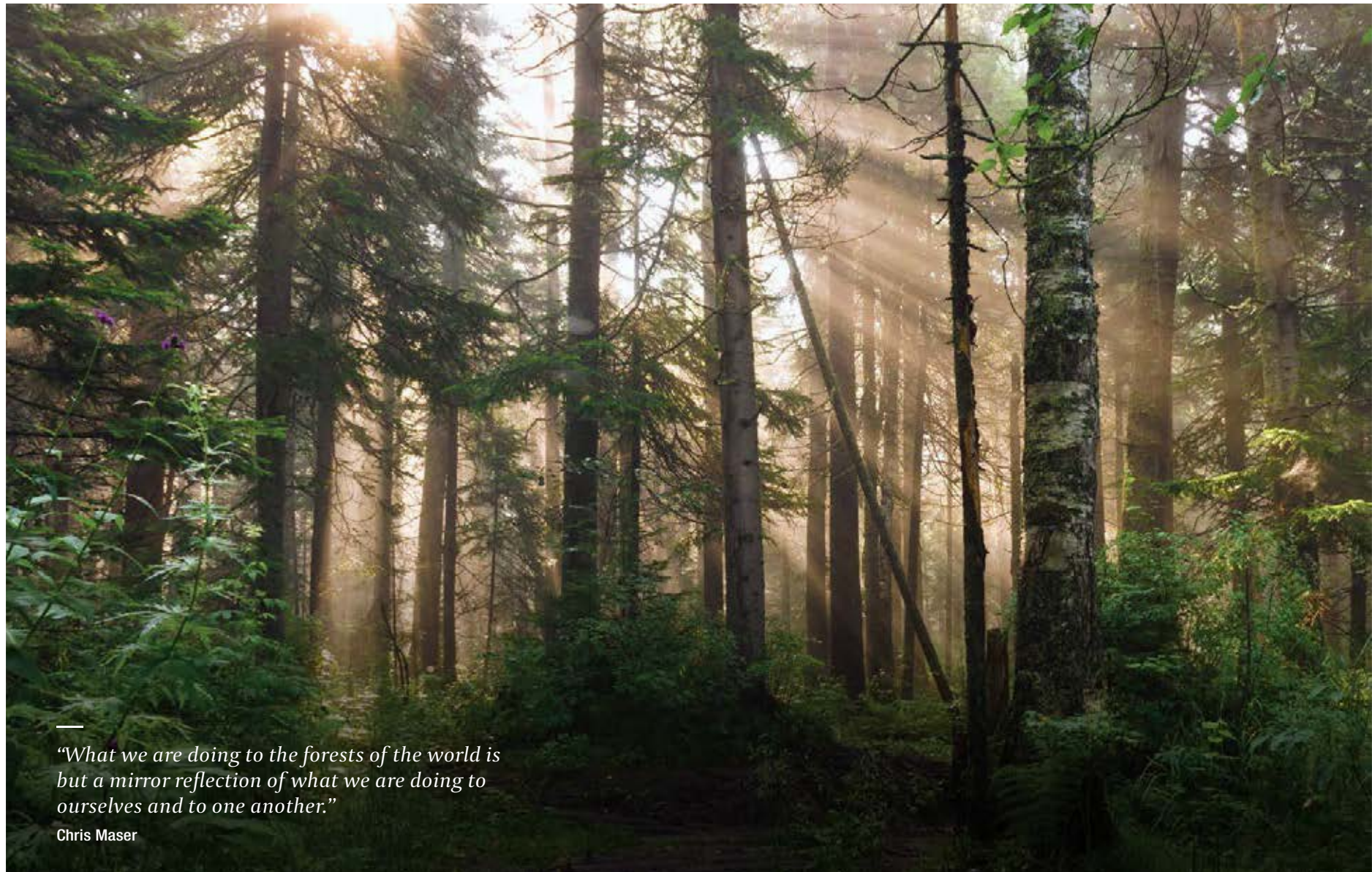
Treating customers fairly

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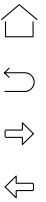
A CSI strategy designed to contribute to upliftment

Managing the group's environmental impact



"What we are doing to the forests of the world is but a mirror reflection of what we are doing to ourselves and to one another."

Chris Maser





Treating customers fairly

This section provides detail on the group's philosophy on and governance of treating customers fairly, and provides insight into the financial literacy education programmes that help existing and potential customers make informed financial decisions.

The fair treatment of customers is foundational to the group's business strategy. The group has strengthened governance frameworks, policies and processes over the past few years to support this objective.

THE PRINCIPLES OF TREATING CUSTOMERS FAIRLY (TCF) ARE IMPORTANT THROUGHOUT THE PRODUCT LIFE CYCLE.

CULTURE AND GOVERNANCE

01

The board of directors and senior executives are held accountable for ensuring a culture of doing the right thing. This is achieved through ongoing discussions at all levels of the organisation, which focus on applying TCF principles throughout the product and financial service life cycle. 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.

THE GROUP:

- + captures its TCF values internally through its policies and procedures;
- + chooses its partners carefully, taking care to mitigate potential conflicts of interest; and
- + has implemented internal controls to proactively detect and mitigate risks.

PRODUCT DESIGN

02

Customer centricity is at the core of the group's business model, products and services. Constant innovation ensures that products drive financial access and inclusion, positive customer experience and value for money.

PRODUCT REVIEWS HAVE FOCUSED ON:

- + dormant accounts;
- + low-cost banking; and
- + product design and ongoing product reviews.

CLEAR DISCLOSURE

03

The group continues to invest significantly in consumer education initiatives. Dedicated teams review business documents to ensure that information provided is clear, simple and easy to understand. Ongoing quality assurance measures have been implemented to independently evaluate whether the group is providing correct and appropriate product information to customers.

THE GROUP CONTINUES TO FOCUS ON:

- + staff training; and
- + clear and plain language in documentation.

SUITABLE ADVICE

04

TCF and market conduct outcomes are considered within performance scorecards.

Staff are trained to assess and provide products which meet the needs of the customer and offer appropriate benefits.

The quality of advice provided is continually evaluated by business. Financial Advisory and Intermediary Services product-specific training modules ensure staff are aware of product features, benefits and pricing and can easily explain these to customers. Continued professional development ensures ongoing learning and upskilling.

SERVICE LEVELS AND PRODUCT PERFORMANCE

05

Products are reviewed on an ongoing basis to ensure that they continue to deliver fair value. This evaluation process ensures that investment product decision-making is aligned to customer mandates and risk profiles.

The group proactively monitors service levels and addresses service failures. Service concerns in the value chain that may result in product failures are promptly dealt with.

NO BARRIERS TO CLAIM OR COMPLAIN

06

Customers are informed of the channels to submit claims or complaints.

Claims and complaints are handled through both face-to-face and electronic channels. Dedicated teams manage complaints and engage with business units to resolve. Complaints are tracked and analysed at the various business unit executive committees. Escalation procedures to senior management exist to ensure the impartial and fair handling of customer complaints.

Claims paid and rejected are monitored to ensure TCF principles are applied, and where necessary, product benefits and/or pricing is revised.





Embracing the regulator's themes for TCF product success story

In June 2020 MotoNovo Finance launched a risk-based pricing proposition in response to the UK Financial Conduct Authority's new TCF rules, and to create a clearer customer journey based on individual customers' credit scores.

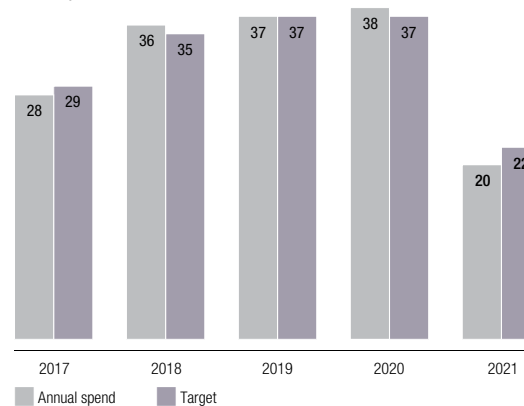
- + MotoNovo Finance was first in the UK market to nationally launch a pricing product fully compliant with the new commission-based rules in the vehicle financing market.
- + By July 2021, 77% of all new business was transacted on this product.
- + As a result, MotoNovo Finance is leading the way within the industry to lower the cost of financing a used vehicle, with the average MotoNovo Finance consumer annual percentage rate lowering from 10.8% to 10.2%.

FINANCIAL LITERACY: EDUCATION SPEND AND PROGRAMMES

Financial literacy levels in certain customer segments in South Africans continues to remain low, requiring new and innovative approaches to financial education.

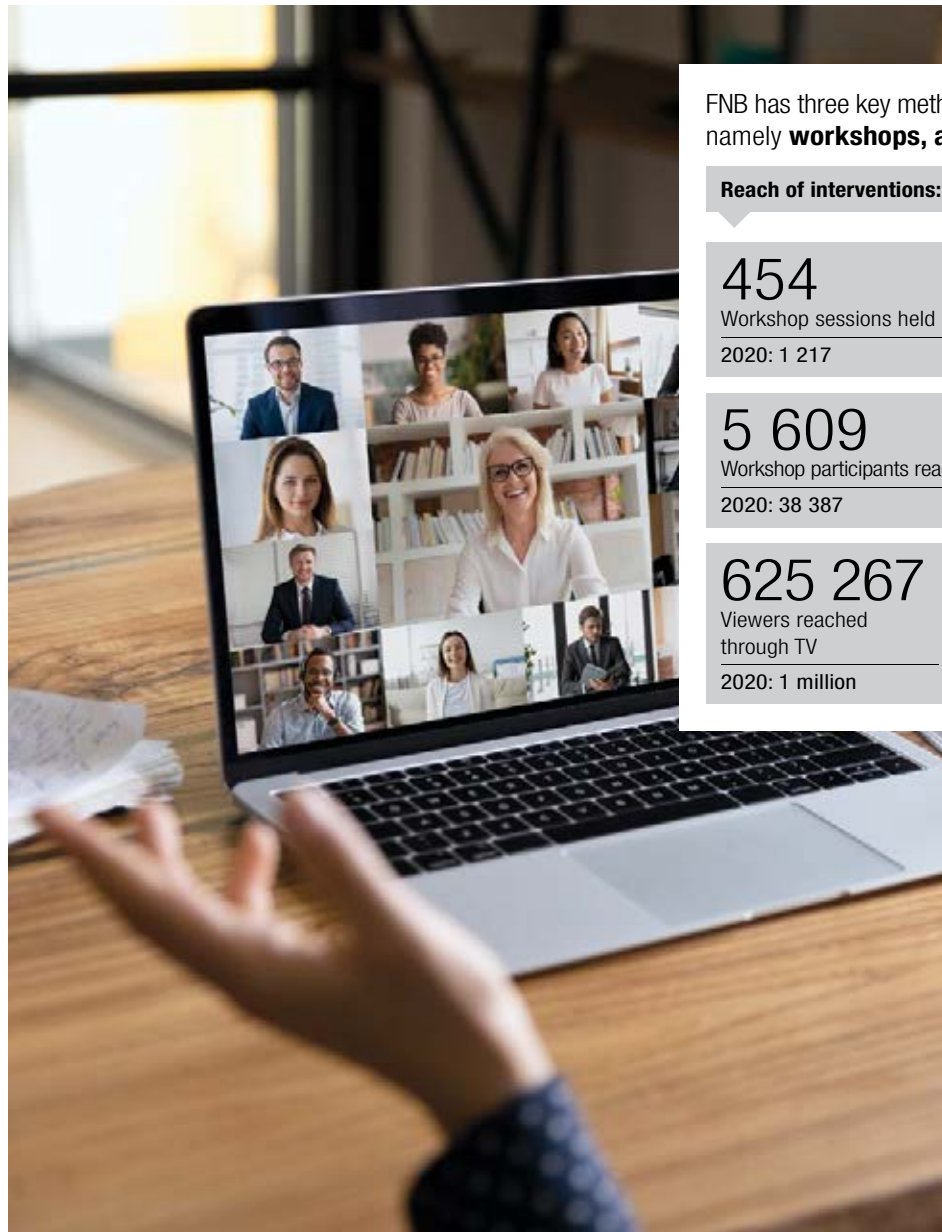
FNB, WesBank and DirectAxis conduct financial education initiatives which target the low-income market. The programmes aim to help consumers make informed financial decisions. An ongoing focus is providing basic financial literacy education on digital platforms.

Annual spend on consumer financial education
R million



The target for annual consumer financial education is calculated in accordance with the Financial Sector Code (FSC) and is based on 0.4% of the previous year's retail banking net profit after tax (NPAT). Due to the negative impact of Covid-19 on FNB's 2020 retail profits, this translated into a significantly lower amount being spent on consumer education during 2021.

FNB has developed content that focuses on financial literacy, savings, credit and debt management, and the benefits of digital banking channels. The content has been integrated across all channels: face-to-face workshops, the ten-week #HelpYourself television series, radio reach, and digital presence through www.fnb.co.za/education and Facebook.



FNB has three key methods of delivery for consumer education – namely **workshops, above-the-line** and **digital**.

Reach of interventions:

454

Workshop sessions held
2020: 1 217

5.9 million

Listeners reached by radio
2020: 6.8 million

5 609

Workshop participants reached
2020: 38 387

25.5 million

Individuals reached through digital channels
2020: 7.2 million

625 267

Viewers reached through TV
2020: 1 million

Workshops

The Covid-19 pandemic and resultant social distancing and lockdown measures required a different approach. Face-to-face interventions have largely been replaced with virtual workshops using online video conferencing facilities. While some traction was achieved, barriers such as data costs and technology access for low-income communities continue to present challenges.

FNB was able to deliver long-format and repeat workshops reaching 5 609 consumers. The drop in reach through workshops is significant and is a direct result of the shift from in-person to virtual workshops.

Specifically, the target audience has difficulty with data and device accessibility. As this was a new delivery channel for the group, it took time to adjust content to be compatible with delivery on the platform and to upskill educators on virtual facilitation.

Radio and digital campaigns

Despite the challenges with workshops, the delivery of consumer education through above-the-line and digital channels increased.

The radio campaign focused on financial literacy topics pertinent to the challenges faced by consumers during this period:

- + Basics of budgeting and cutting back on expenses to help consumers deal with income instability.
- + Digital literacy to help consumers better understand digital banking platforms in terms of how to use platforms and how to protect themselves against digital fraud.
- + Demonstrating the importance of saving for emergencies and how to start saving.

The digital campaigns focused on delivering financial literacy content at no cost or low cost to under-served communities.

WesBank's successful online gaming platform called Ib'Umdlali has 5 852 registered users.

During 2021:

- + 94% of players were black African
- + 93% of players earn less than R10 000 per month
- + 25 – 35 was the most common age group
- + 225 654 games have been played

The Ib'umdlali Android app is a free, educational game that enables people to learn financial concepts in small, digestible units while appealing to their competitive nature through the quiz set-up. The app is a good platform to reach youth audiences and now provides content in three languages (English, Sesotho and isiZulu).





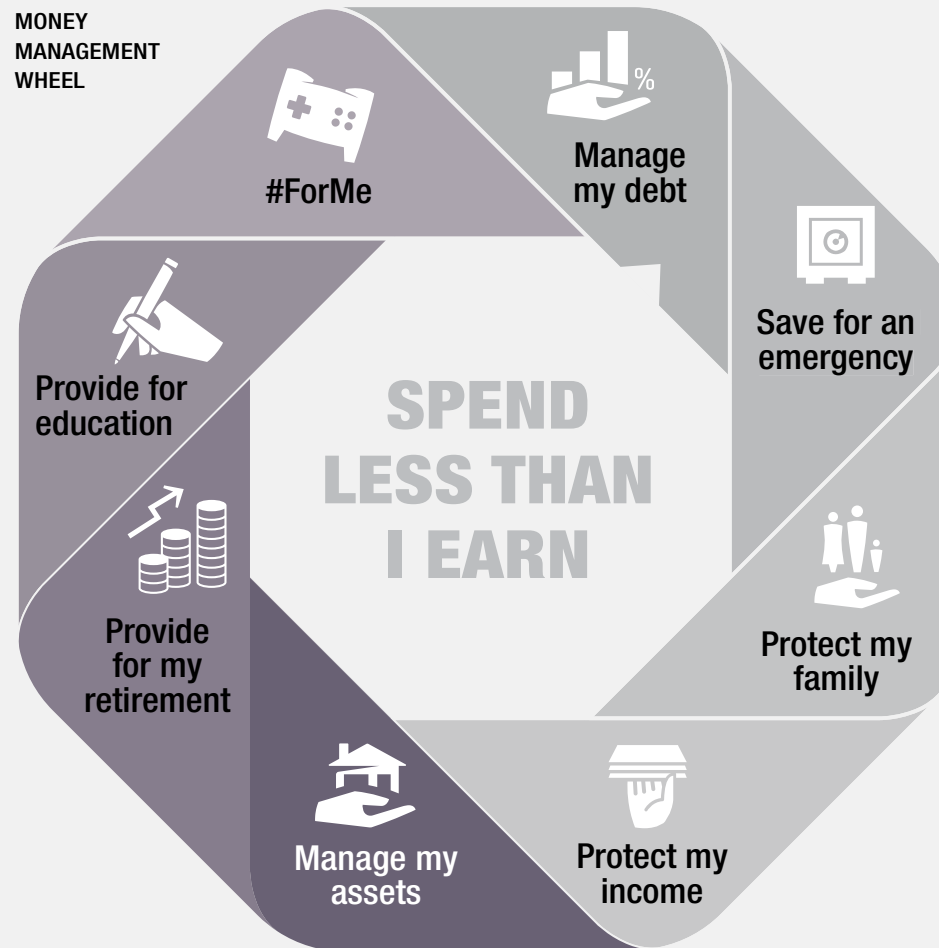
Money management

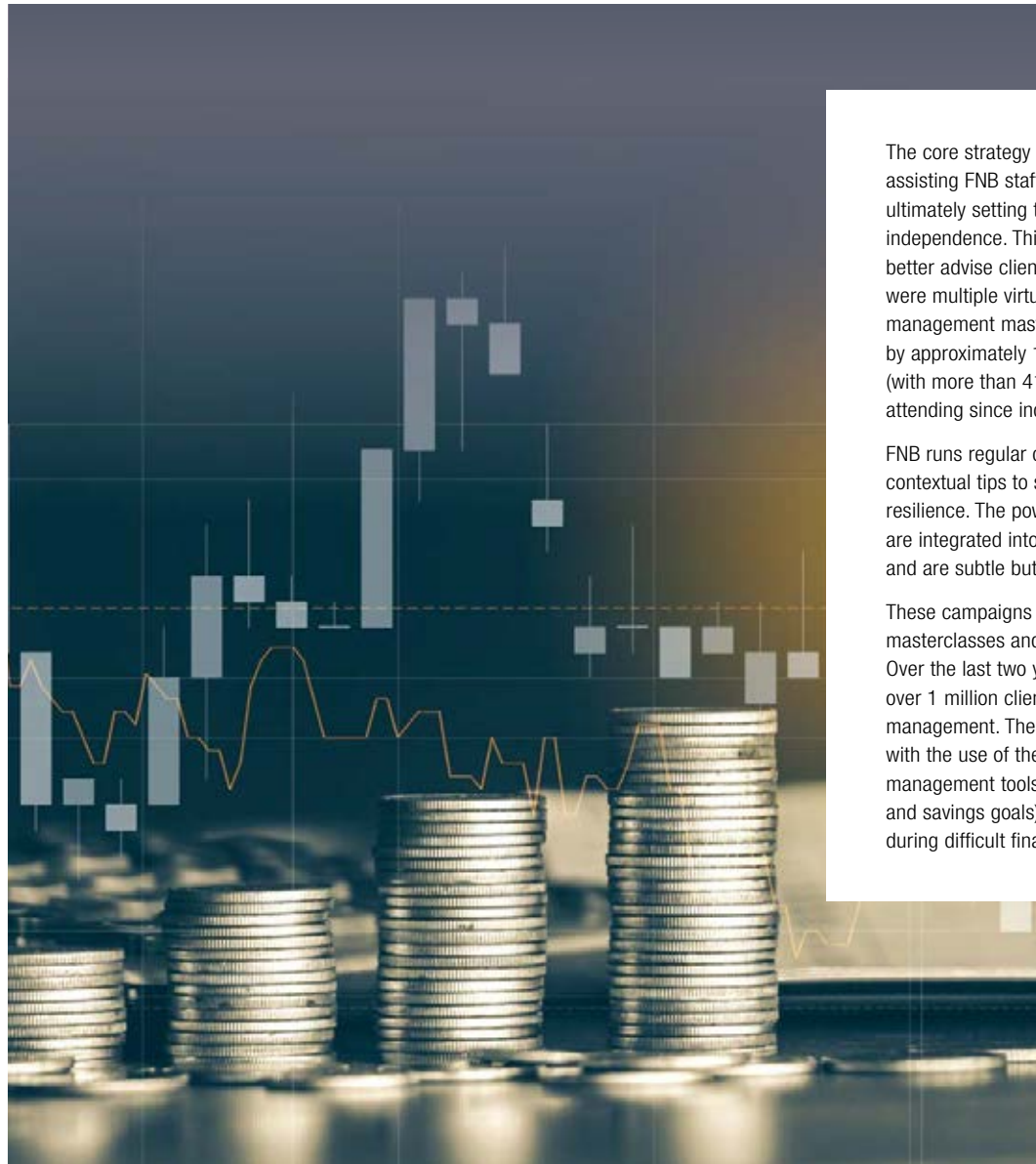
FNB is focused on helping individuals and communities achieve and maintain financial wellness by encouraging and educating clients to make positive changes in their financial behaviour.

The money management strategy holistically covers all aspects of personal financial well-being as depicted in the diagram:

OVER THE LAST TWO YEARS, THERE HAVE BEEN OVER 1 MILLION CLIENT INTERACTIONS ON MONEY MANAGEMENT.

MONEY MANAGEMENT WHEEL





The core strategy has included upskilling and assisting FNB staff in managing their money, ultimately setting them up for financial independence. This will enable them to also better advise clients. During the year, there were multiple virtual employee money management masterclasses, attended by approximately 16 000 staff members (with more than 41 000 staff members attending since inception in May 2020).

FNB runs regular client campaigns, giving contextual tips to set clients up for financial resilience. The power of these tips is that they are integrated into everyday banking activity and are subtle but relevant.

These campaigns include mailers, masterclasses and frontline interactions. Over the last two years, there have been over 1 million client interactions on money management. These interactions, combined with the use of the FNB app money management tools (Nav money, smart budget and savings goals), have assisted clients during difficult financial times.

Project Lekelele

During the 2020 lockdown, Project Lekelele was launched to support customers' financial resilience and the repayment of Covid-19 cash flow relief loans.

Over a five-month period, 37 070 contextual money management conversations were conducted with affected clients and 470 204* emails were sent. As a result:

- + There was a **50% reduction in** roll rate to collections (where FNB had a successful conversation with the customer compared to those that were uncontactable)
- + **R1.7 billion in advances** was protected
- + **R160 million in impairment costs** were saved

* Personalised mailers and email invitations for money management masterclasses.





Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

How the group's products and transactional platforms deliver financial inclusion to broader society

Treating customers fairly

Addressing transformation and employment equity

Providing an enabling environment for employees

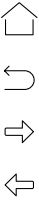
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“Learn character from trees, values from roots and change from leaves.”

Tasneem Hameed





Addressing transformation and employment equity

FirstRand is proud to have achieved a Level 1 broad-based black economic empowerment (B-BBEE) rating under the FSC scorecard for the past four financial years. Notwithstanding this achievement, the group acknowledges that true transformation is much broader than scorecards and that it still has more work to do.

FirstRand's 2021 B-BBEE certificate can be viewed [here](#).

B-BBEE, as defined in legislation, means the economic empowerment of all ACI South Africans.

The group considers transformation to be a critical strategic imperative for its business and for the societies it serves. It focuses its strategy in the six pillars outlined below.

A better macro environment

The group strives to support economic development through leveraging its key competencies to achieve positive social and financial outcomes for a broad set of stakeholders. This includes the grants allocated by its foundations.



Investment imbalances

FirstRand helps redress investment imbalances by financing development infrastructure, affordable housing and agriculture, as well as by providing cost-effective and innovative access to financial services to previously disadvantaged people in geographic locations where services were not previously accessible.



Employment equity

The group aims to recruit and promote a disproportionately large number of black individuals, and expose them to an empowered and diverse environment. The group encourages employees to develop their skills, and we offer leadership and women development initiatives to build future leaders.



Development of black business

The group procures from BEE-rated companies and has a special focus on procuring from black-owned and black women-owned entities. Various business units within the group offer financing/investment to small black businesses at preferential rates. There is also support for black fund managers. Mentoring is provided through the group's enterprise development initiatives. Supplier development initiatives are implemented at group level.



Scorecard

The generic FSC BEE scorecard has the following components:

- + ownership;
- + management and control;
- + skills development;
- + preferential procurement;
- + empowerment financing, supplier and enterprise development including black business growth financing (BBGF);
- + SED and consumer financial education; and
- + access to financial services.

Equitable ownership

FirstRand's direct black economic interest is 30.10% and its black female economic interest is 13.96%. The group continues to facilitate the financing of ownership transfer of other companies through BEE transactions by RMB. Over the past decade, RMB has been known as a leader in both financing and advising on BEE deals.

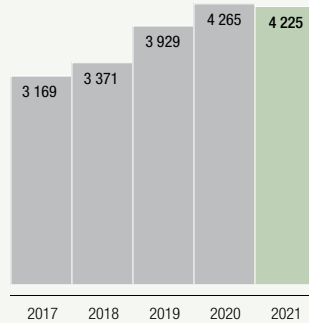




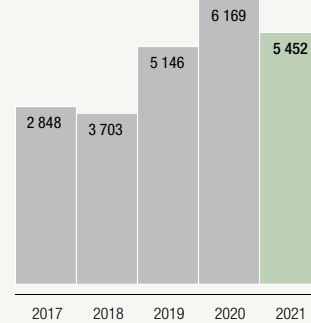
PREFERENTIAL PROCUREMENT

An organisation's procurement can play a powerful role in addressing some of the country's socio-economic challenges through its purchasing strategies and the transformation of supply chains.

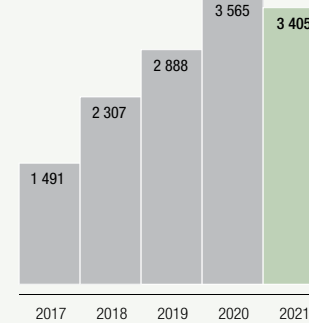
Preferential procurement spend – SME
R million



Preferential procurement spend – black-owned
R million



Preferential procurement spend – black women-owned
R million



* The above numbers have been verified by a South African National Accreditation System-accredited B-BBEE verification agent.

Despite the challenging economic conditions created by the Covid-19 pandemic, the procurement team executed on its mandate by sourcing fit-for-purpose goods and services at the most appropriate price without compromising its transformation mandate.

While total procurement spend decreased by 8% from the prior year, the group focused on maintaining spend with

SME suppliers to mitigate the risk of job losses. Spend with SME suppliers decreased marginally by 1% as illustrated in the graph above. Included in SME spend is spend with black-owned SME suppliers, which increased by 1% in absolute terms.

The group continues to focus on transforming its supply chain, specifically focusing on increased spend with:

- + SMEs to create jobs.
- + Black-owned suppliers to contribute to a more inclusive economy.
- + Black women-owned suppliers to enhance gender participation in the economy.





Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

How the group's products and transactional platforms deliver financial inclusion to broader society

Treating customers fairly

Addressing transformation and employment equity

Providing an enabling environment for employees

A CSI strategy designed to contribute to upliftment

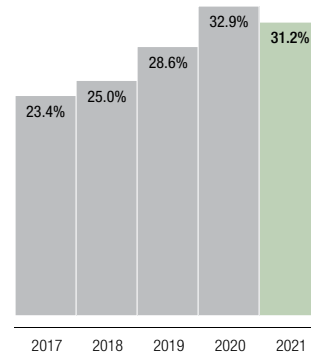
Managing the group's environmental impact

PREFERENTIAL PROCUREMENT CONTINUED

SMEs

As a vehicle to create jobs, FirstRand is committed to supporting SME suppliers.

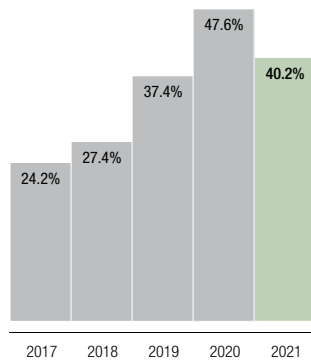
% of the group's total procurement spend with SME suppliers



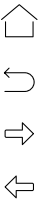
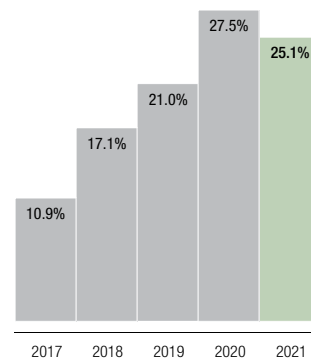
Inclusiveness

The group's procurement strategy seeks to contribute to a more inclusive economy from a race and gender perspective.

% of the group's total spend with black-owned suppliers



% of the group's total spend with black women-owned suppliers



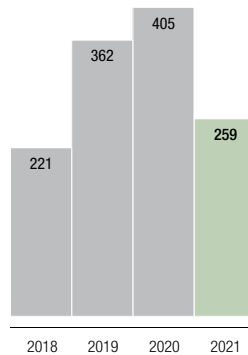


SUPPLIER DEVELOPMENT PROGRAMME

As one of the contributors towards the group's transformation objectives under the FSC, FirstRand's supplier development programme is well positioned to develop black-owned small businesses that are in the group's supply chain. Suppliers are upskilled to make possible an increase in their service offering and quality of service to the group and other clients.

The programme integrates with the group's preferential procurement strategy by promoting the development of businesses in key commodity areas, with the intention of creating positive benefits for the group and the SMEs.

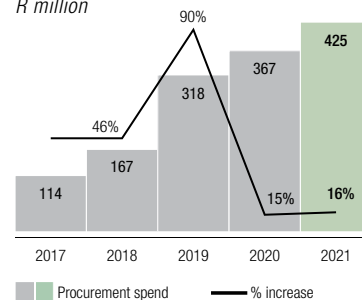
*Supplier development spend**
R million



* Includes spend on supplier development programmes, mentorships, advisory support services, etc.

Participating SMEs are selected based on their ability to support localisation and/or job creation with a focus on bank-critical commodities. These strategic commodity groups include infrastructure, debt collection, valuation services, consulting services and information and communications technology (ICT) hardware providers.

Procurement spend with suppliers participating in the group's supplier development programme
R million





Makwa IT Technologies

Unlocking opportunities for SMEs in the ICT sector.

It can be challenging to find SME suppliers of ICT services. Due to the nature of these services, they are typically provided by large international companies. Three years ago, Cisco Systems introduced Makwa IT Technologies (Makwa) to FirstRand. At that stage Makwa's turnover was less than R10 million per annum.

Over the past three years, FirstRand has sourced its required Cisco, HPE and Verint products and professional IT services through Makwa at market-related prices. Makwa is currently participating in FirstRand's 10Xe supplier development programme and its turnover has increased to over R300 million per annum within three years.

Makwa also achieved the following milestones in the 2021 financial year:

- + The only 100% black-owned and youth-owned Cisco Gold Partner in South Africa.
- + Created 20 new jobs.

Keeping suppliers afloat

To assist all FirstRand suppliers weather the Covid-19 pandemic, FirstRand forfeited all payment terms during 2021 to support suppliers' working capital positions. FirstRand settled all invoices immediately once they became available for payment, with payable days decreasing from 30 to 12 days.





EMPOWERMENT FINANCING – BLACK BUSINESS GROWTH FINANCING

BBGF is a revised category under the amended FSC and replaces the previous categories of black-owned SME lending and BEE transactions.

The objective of BBGF is to support new and existing black-owned companies that have direct black management and control to become financially sustainable businesses. BBGF criteria encourage preferential lending terms and conditions. For example, BBGF includes financing black-owned SMEs, committing funds to black-owned fund managers and equity, and asset financing at preferential rates.

Lending to BBGF initiatives



WesBank – supporting black SMEs

As specialist leaders in asset and vehicle finance, WesBank can play an important role in enabling small businesses to thrive.

Understanding that the single biggest challenge faced by SMEs in South Africa is access to finance, WesBank has focused on minimising the documentation required to access credit, as well as simplifying the process for faster decision-making.

For example:

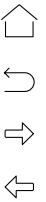
No financials are required for borrowing up to **R1 million**

Applications can be made online and the reply is instantaneous

Furthermore, customers sign their contracts online using highly protected **i-contracting technological capabilities**

This simplified process enabled **7 500 SMEs to obtain finance in 2021.**

In 2021, WesBank concluded over R2.5 billion of vehicle and other asset finance for ACI SMEs. Whilst this represents a 0.54% decline from the previous year, it still demonstrates how resilient black-owned SMEs have been amid the devastating effects of the Covid-19 pandemic. The low interest rate environment has also made it easier for customers to service their debt.



EMPLOYMENT EQUITY

South Africa remains the group's primary market, with 38 854 permanent employees (39 516 including temporary employees). ACI employees make up 80% of the South African workforce.



The group remains focused on addressing legally mandated employment equity requirements. Equally important, the group promotes the cultural benefits of diversity and inclusion and creates an environment that values differences for the benefit of all stakeholders – employees, customers, society at large and shareholders.

FirstRand has an employment equity (EE) plan, a regulatory requirement of the Department of Employment and Labour. The group is currently reviewing its people policies, practices and procedures in preparation for the development of the group's 2022 – 2025 EE plan. The group's objective is to ensure appropriate representation of women, black people and people with disabilities in the workplace. The group's EE plan focuses beyond merely complying with legislation, but rather seeks to influence a culture of inclusion.



EMPLOYMENT EQUITY CONTINUED

FirstRand is committed to fostering an inclusive workforce where all voices are heard. In 2017, FirstRand launched its group LGBTQIA+ affinity group Purple, followed by affinity groups in its divisions in 2020. The group aims to advocate for inclusivity and be visible as an employer of choice for LGBTQIA+ talent. FirstRand has also participated in the South African Workplace Index (SAWEI) for the first time this year. SAWEI is the only corporate LGBTQIA+ inclusion benchmark on the continent.

Lotus, the group's other flagship gender diversity programme, is in its sixth year. The objective of the seven-month programme is to encourage women to grow as leaders by:

- + tackling the corporate and personal challenges faced by high-achieving women;
- + equipping delegates to make purposeful choices that will expand their impact and influence;
- + providing practical tools to manage their careers in a more authentic and powerful way; and
- + providing networking opportunities.

During 2021 there was an uptake of 76 women on the Lotus programme. All classes were held virtually with delegates from across the group, including UK and rest of Africa subsidiaries. The 2021 programme also provided the participants with a safe, uplifting space to speak about the challenges and losses experienced due to Covid-19.

In addition, the group is focused on entrenching gender parity by addressing unconscious bias, offering flexible working options and support for parents and employees with family responsibilities. The group annually reviews and corrects income differentials for gender and race disparities.

The group's policies are non-discriminatory and are reviewed for bias against diversity and inclusion. A review was completed in October 2021 and group policies were found to be non-discriminatory. The employment equity team is in the process of engaging key stakeholders on recommendations for improvements.





Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

How the group's products and transactional platforms deliver financial inclusion to broader society

Treating customers fairly

Addressing transformation and employment equity

Providing an enabling environment for employees

A CSI strategy designed to contribute to upliftment

Managing the group's environmental impact

EMPLOYMENT EQUITY CONTINUED

The group aimed to achieve the following targets by 2022:

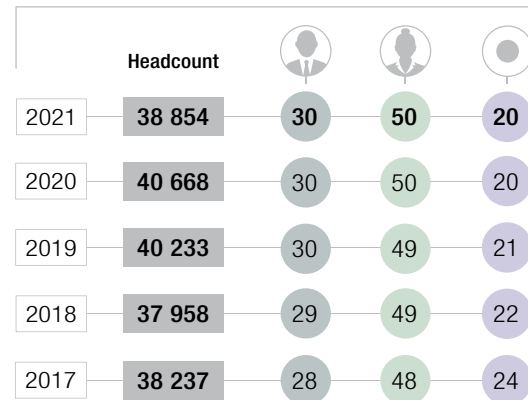
Female representation targets by 2022	Actual
33% at top management	Not achieved, currently 25%
38% at senior management	Achieved
49% at middle management	Achieved
56% at junior management	Exceeded, currently 68%

ACI representation targets by 2022	Actual
42% at top management	Exceeded, currently 50%
51% at senior management	Not achieved, currently 44%
72% at middle management	Not achieved, currently 70%
87% at junior management	Achieved

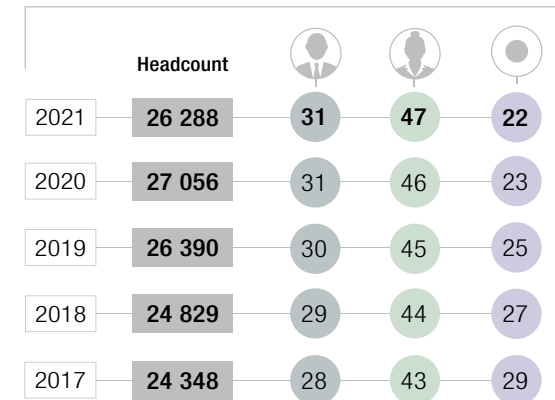
The 2022 – 2025 EE plan targets have not yet been set, however they will be aligned to the finance and business sector targets.

The analysis below provides workforce diversity information for the group's South African operations and is disclosed on a financial year basis as reported for the Department of Employment and Labour and FSC purposes.

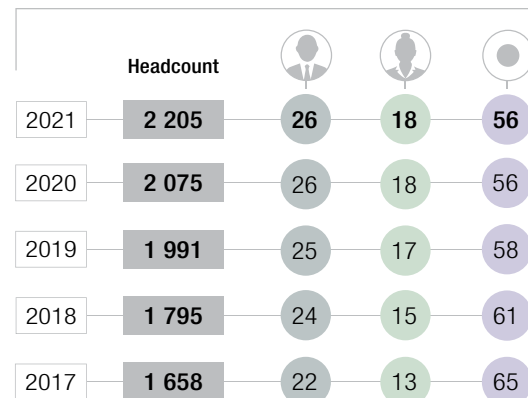
SA WORKFORCE



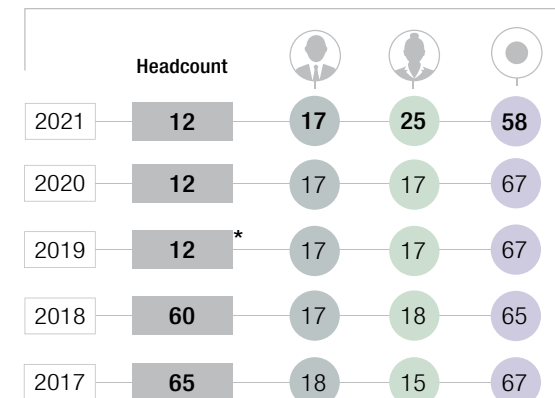
JUNIOR AND MIDDLE MANAGEMENT



SENIOR MANAGEMENT



TOP MANAGEMENT



ACI male %
 ACI female %
 White and foreign national %

* In 2019, FirstRand aligned its classification of top management with the EEA9, which provides guidance on grading systems and equivalent levels for EEA2 and EEA4 reporting. This has resulted in only Stratco (FirstRand group executive committee) being reported as top management.





Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

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Addressing transformation and employment equity

Providing an enabling environment for employees

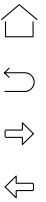
A CSI strategy designed to contribute to upliftment

Managing the group's environmental impact



"Until you dig a hole, you plant a tree, you water it and make it survive, you haven't done a thing. You are just talking."

Wangari Maathai





Providing an enabling environment for employees

The group's strategic intent is for employees to experience an innovative environment that encourages diversity of thought and contribution, and in which individual well-being is cared for.

The group acknowledges that its employees are its most important resource, and that they are key to delivering on strategy. As such, over the past two years helping employees navigate the stress and uncertainties of the Covid-19 pandemic and lockdown was a priority.



Enabling employees to thrive in the way that they live and work

After more than 18 months of remote working caused by the Covid-19 pandemic, FirstRand continues to empower employees to be resilient by taking a proactive and holistic approach to managing their well-being. During this challenging time, leadership focused on the mental health risks faced by employees.

The group's holistic approach of BeingWell is data-driven and built on scientifically led principles that enable employees to perform at their best and live their best lives.

Strategic forums that were established to manage the needs of employees during Covid-19 have remained in place and continue to meet frequently to address issues such as operational resilience, provision of appropriate medical and wellness support to employees, and to recommend proactive steps to mitigate risks.



ENABLING EMPLOYEES TO THRIVE IN THE WAY THAT THEY LIVE AND WORK CONTINUED



During the year, several well-being interventions were implemented with a focus on mental health:

MENTAL WELL-BEING

The stress, anxieties and uncertainty caused by the pandemic, various levels of lockdown, and multiple waves of Covid-19 infections have resulted in very real and long-lasting effects. As the world slowly opens up again and economies return to a level of normality, anticipatory anxiety and feelings of uncertainty about the present and the future continue to weigh on people's mental well-being.

Research has shown that "languishing" is the mood of 2021. While languishing is not a mental illness, symptoms include a lack of motivation and numbness, and can include burnout. FirstRand aimed to assist employees navigate from a state of languishing to thriving through awareness, education and support, and by offering professional programmes where required. Some initiatives included:

- + Over 17 000 employees were trained from March 2020 to August 2021, with the highest attendance at the "Protect your mental health", "Investing in yourself" and "From burnout to balance" sessions.
- + Various conversation cafés were held, creating a safe and informal space for employees to connect with others across FirstRand and to start conversations across a range of different perspectives on how to be well in an ever-changing world.
- + A 21-day mental health series was created to help employees find meaning and purpose in loss and recovery. FirstRand employees could join a daily 30-minute session online to simply stop, take a breath and feel connected. In addition, special sessions were hosted for colleagues impacted by the KwaZulu-Natal and Gauteng social unrest in July 2021.

The services that are provided within the employee well-being model continue to leverage medical scheme benefits, the employee assistance programme, human capital teams and business to collectively maximise the value to both the employee and the employer. This holistic well-being approach was applied during the various Covid-19 lockdown levels, with targeted interventions at an organisational, regional hotspot, affected team and individual level.

Engagement channels include:

- + Independent Counselling and Advisory Services (ICAS) push notifications and 24/7 access to virtual counselling;
- + line manager psychological fitness training;
- + mental well-being talks by affiliated psychologists;
- + mental health screening;
- + Covid-19 medical Q&A sessions with doctors;
- + Covid-19 intranet portal and vaccination hub (easily accessible portal with up-to-date Covid-19-related information and resources);
- + daily mindfulness sessions during specific periods; and
- + Covid-19 employee engagement survey and feedback sessions to drive a data-led approach to targeted interventions.

FirstRand has continued to strengthen its response to gender-based violence and harassment (GBVH). Incidents of GBVH increased during the Covid-19 pandemic and continue to be another silent pandemic and barrier to gender equality.

The GBVH stream, comprising representatives from employee well-being, communications, reward and benefits and security, have developed a refreshed policy to tackle GBVH in the workplace with an accompanying guide on how employees can seek support for themselves, for a colleague or for a family member. This work leverages existing support and benefits and extends to providing real-time physical and emotional assistance.





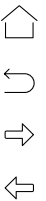
ENABLING EMPLOYEES TO THRIVE IN THE WAY THAT THEY LIVE AND WORK CONTINUED

OTHER SPECIFIC COVID-19 INTERVENTIONS

- + **Covid-19 antigen testing stations at Sandton, Fairland and Bank City campuses:** For employees to receive two free antigen tests to ensure a safe working environment.
- + **Self-love workbook:** A resource that explains the value of true self-worth, how to build self-worth and why so many people don't feel worthy.
- + **Workshops on loneliness, grief and loss:** Workshops were held that addressed loneliness and how to handle grief and loss from losing family members, friends and colleagues to Covid-19.
- + **Oxygen concentrators:** FirstRand purchased 13 oxygen concentrators that served as bridging oxygen until employees could access this benefit through their respective medical schemes.
- + **Legacy of a Man:** A workshop aimed at enabling male employees to access various tools to address mental health issues specifically affecting men.
- + **Women's Day event:** An event targeting women's health and well-being.
- + **Retirement workshops:** FirstRand hosted retirement workshops addressing the importance of saving towards retirement and the psychological impact this may have on employees retiring or due to retire in the near future.
- + **Employee safety:** Crime has increased due to strained economic conditions. To enhance employee safety, the group pays the monthly fee for every South African employee to have access to real-time armed response if they need help. Employees can access the benefit via a mobile app 24/7 nationally and may use it at home, at work or while on holiday, anywhere in South Africa. In future the group will roll this out to the African subsidiaries.
- + **Quarterly mindfulness sessions:** A quarterly mindfulness challenge was run over 14 or 21 days. These afforded employees 30-minute daily mindfulness sessions to prioritise self-reflection. The themes covered included (1) lockdown challenge, (2) mental and physical resilience, (3) finding your centre and (4) burnout to breakthrough.



- + **Mindfulness studio:** An online, interactive, self-service mindfulness studio was created on the intranet to equip employees with information on proactive mental health self-care.
- + **Enhanced permanent health insurance (PHI):** The PHI offering was enhanced to provide employees with peace of mind should they become incapacitated and unable to work due to long-term sickness. Changes included:
 - » access to full benefits without linking them to a rewards programme status, i.e. Vitality status, to unlock benefits;
 - » added an ICU lump sum benefit;
 - » one-off capital disability lump sum payout on permanent disability; and
 - » an increase in free cover limit.
- + **Employee death benefits:** If an employee passed away during the pandemic, access to funds for their families would be delayed. To mitigate this and assist families who may be under financial strain due to the pandemic, the group negotiated benefits and access to funds for the families. This included:
 - » an additional month's salary;
 - » a lump sum from the estate; and
 - » extended medical aid benefits while the deceased estate is wrapped up.
- + **Live sessions with epidemiologists:** FirstRand hosted four one-hour interactive discussions addressing important topics on Covid-19 vaccinations. Presenters shared information on vaccine science and facts, addressed vaccine misinformation, tackled concerns about safety and side effects, and facilitated conversations about personal experiences of taking the vaccine. Each session featured an expert epidemiologist and well-known celebrities and influencers who shared their views and experiences, and answered employees' questions.





Aldermore's colleague support throughout the pandemic

During the year, Aldermore took a range of steps to ensure colleagues were provided with regular guidance and information to navigate the Covid-19 crisis:

- + Weekly and monthly organisation-wide colleague newsletters.
- + Intranet articles to share best practice, colleague hints and tips, and lockdown experiences.
- + Established a CEO townhall programme and held regular CEO all-colleague briefings.
- + Weekly well-being and mindfulness sessions.
- + Manager Monday sessions aimed at managers, addressing the key challenges faced in the new virtual working environment.

Supporting employees through trauma

The unrest and looting in South Africa in 2021 impacted FirstRand operations, infrastructure and the safety of employees, family members and customers. Various initiatives were launched to support affected employees navigate the traumatic experience.

- + A series of live events were made available on Microsoft Teams to equip employees with coping mechanisms to navigate through trauma. The content was also circulated on the FNB app, which was zero-rated so that no data costs would be incurred when streaming. In addition, by making the events available on Sync, employees were able to watch these sessions with family and friends.
- + Employees were assisted with access to their chronic medication by prescriptions being filled through a FirstRand-designated health service provider.
- + Employees were deployed to other branches to assist operational branches that were affected by increased footfall.
- + FNB supported employees with food hampers, which were distributed from the KwaZulu-Natal campus, Acacia House. Eight hundred and forty-eight FNB branch employees were invited to collect food hampers from various points in Pietermaritzburg, Durban and Port Shepstone.





Productive Me: enabling work-from-home

The FNB Productive Me journey, launched to utilise space efficiently and offer staff the ability to work from any location, started in 2018. This was a significant enabler for employees to remain productive during the Covid-19 pandemic and lockdown. The Productive Me capability aligns FNB's physical workspaces with its principles of digitisation and agility to meet the evolving needs of customers and employees.

While remote working has become a feature of the working environment, blended interactions and connections remain important.

The group has embarked on a journey to modernise its buildings and create digitally ready, high-tech and modern spaces that support new ways to safely collaborate, socialise, learn and innovate, in a blended work model approach. Building upgrades have incorporated ergonomic design, illumination and greenery to boost well-being. The space optimisation provides flexibility and caters for varying numbers of staff on campus, while saving operating costs. Employees are able to work from the closest campus, reducing unproductive commuting.

Many of the work-from-home concepts and principles were already established before the pandemic, allowing rapid transition and minimal disruption of operations, for example:

- + Concepts around task-based working had already been piloted.
- + A work-from-home catalogue had been developed, allowing staff to order ergonomic furniture and accessories for their home office directly from the eBucks store and qualify for staff discounts.
- + Human capital resources could easily be accessed via a central point.
- + Increased security and access of information had already been considered for remote working.

The Productive Me capability continued to maximise workspace experiences and improve employee work-life balance through the following key initiatives during 2021:

- + A desk and meeting room reservation solution enabled capacity management and adequate social distancing when at the office.
- + Employee training and Q&A sessions were conducted to facilitate a safe return to the office and ease the transition.
- + FNB workspaces were enabled with various technologies to support employees to collaborate and work flexibly and productively from a location of their choice to meet individual and business needs.
- + Video conferencing facilities that can be integrated into Microsoft Teams meetings and interactive digital whiteboards for creative brainstorming sessions allow teams and external parties to connect from any location.
- + Several communications, reference information and additional training were made available to support FNB teams to effectively use these solutions and tools to maximise their productivity and support virtual work.



On-site educational care for employees' children

In September 2021, the Merchant Place campus opened its on-site educare centre. The centre will offer employee parents and their children a first-in-class, internationally benchmarked family-friendly centre. To ensure accessibility and affordability for all, the offering includes a subsidy structure for employees. The initiative to open an on-site educare centre was started through Athena, RMB's gender equality programme, five years ago.

Workplace vaccination site

Recovery from the Covid-19 pandemic requires sustained prevention and intervention measures. FirstRand supported several vaccine rollout programmes to support a healthy society and economic stability.

In partnership with the National Department of Health and BASA, FirstRand established a workplace vaccination site at the FNB Conference Centre for employees in the banking industry.

Whilst FirstRand facilitated access to the vaccination site, the operation of the site, including the Electronic Vaccination Data System and the administration of the vaccinations, were all managed by external third parties. FirstRand support included facility management, transport, parking, security and marshals to assist guests at the site. Shuttle services from main campuses were available to employees, in addition to secure parking within walking distance from the site.

The site was configured to minimise the waiting time through simulations before launch to accurately map the process end-to-end, to ensure that the site could safely cater for volumes and adequate

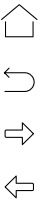
supply of vaccines. During its operation the vaccination site contributed significantly to administering vaccinations to employees as well as family members. The site opened on 12 July and was operational until 15 November 2021.

During the site's operation:

- + There was an average of 15 nursing staff members on site daily.
- + There was an average of 15 administration and pre-screening staff members on site daily.
- + The time from arrival to receiving a vaccination averaged 15 minutes.

When the site closed on 15 November 2021:

- + 24 450 employees across all banks had been vaccinated at the site.





LEADING LIGHT PROGRAMME

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.

Data collected from the detection of theft, fraud, corruption and other unethical practices is used to train and inform employees of fraudsters' methods, improve systems and protect customers.

Year	2021	2020	2019
Leading Light entries received	925	987	1 056
Rand value of attempted theft, fraud, corruption and other unethical activities reported to Leading Light	R354 million	R301 million	R351 million
Rand value of attempted theft, fraud, corruption and other unethical activities prevented through Leading Light	R353 million	R 298 million	R346 million
Rand value awarded to the Leading Light winners	R270 000	R260 000	R1.7 million

During 2021, the following programme enhancements were made:

- + A category called "Teller efficiencies" was included. This relates to tellers who work on commission only, and who have had no differences for a quarter, i.e. they balance their till amounts every day, with no surplus or negative sums, for a consecutive three-month period. At the end of the quarter, qualifying tellers supply proof thereof and enter the Leading Light programme to form part of the quarterly random draw in that specific category.
- + A Leading Light entry form was created on the FNB app.
- + An electronic entry form was created (available on all intranets). This means the entire process is electronic and the witness to the incident and their line manager can sign off electronically to confirm that the incident took place.

The app and the electronic entry form proved very useful over the past 18 months' remote working arrangements due to the pandemic.





YOUTH UNEMPLOYMENT

FirstJob youth development and employability initiative

The youth unemployment rate in South Africa is unacceptably high, negatively impacting lifelong earnings, economic growth and social cohesion, bringing about an increasing pension and healthcare funding gap.

Recognising the need for work experience amongst youth, FirstRand launched the FirstJob youth development programme in 2018. Over the past three years, more than R329 million has been invested and 3 121 meaningful work experiences have been created. The investment for the 2021 financial year was over R46 million, with 579 unique work experiences created.

Since inception, an overall absorption rate of 43% has been achieved and the programme has improved youth employability. The programme runs across the entire group to ensure that FirstJob youth are provided with meaningful work experience and are supported by dedicated line managers.



The foundational principles of the FirstJob programme are:

- + increasing youth employability;
- + mentoring by line managers;
- + creating meaningful work experiences; and
- + building FirstRand ambassadors.

The programme consists of the FirstJob internal programme and the external partner programme.

The external partner programme was created in April 2019 as an extension of the youth initiative. In partnership with the FirstRand Foundation (FRF) and FirstRand Empowerment Foundation (FREF), this programme places youth with external partners including capacitating NGOs.





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THE FIRSTJOB PROGRAMME (INTERNAL AND EXTERNAL) – CUMULATIVE THREE-YEAR STATISTICS AT 30 JUNE 2021:

3 121
RECRUITED TO DATE
90% matriculants
10% graduates

2 391
COMPLETED WORK EXPERIENCE
93% (2 217) matriculants
7% (174) graduates

Of the 2 391 completed work experiences
86% learnerships
6% bespoke graduate programme
8% internships

63%
FEMALE
92% African
7% Coloured
1% Indian

9
PROVINCES
Highest representation:
Gauteng
Western Cape
KwaZulu-Natal

43% total absorption of which:
39% permanent
52% contract
9% external



The year was particularly challenging for the programme due to the pandemic, requiring a shift in approach:

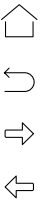
- + **Changes made to the FirstRand internal programme:**
The existing 12-month in-person programme changed to an 18-month blended programme incorporating virtual and in-office work and learning.
- + **External partner programme:** the FirstJob Digital Academy was born.

FirstJob Digital Academy

Under the digital academy, FirstRand piloted a programme in partnership with an external training provider, where 50 unemployed TVET college and university of technology graduates were recruited onto a 12-month, fully virtual EdTech graduate development internship programme. The participating graduates are from the Western Cape, Gauteng and Northern Cape.

The graduates were provided with the necessary data and technology to complete their learning and work experience as digital designers and learning experience designers. These skills are scarce and critical and can be utilised both in South Africa and internationally in any industry.

This partnership delivered free digitised learning content for the Department of Basic Education, at an estimated value of R11 million. The learning content included the CAPS curriculum on Natural Science and Technology subjects for grades 7 to 9. Network service providers also provided learners with free access to the content.





OF THE 46 INTERNS WHO COMPLETED THE INTERNSHIP WITHIN THE LAST THREE MONTHS, 23 HAVE ALREADY FOUND EMPLOYMENT.

These interns obtained permanent and contract work. Throughout the year, many interns have also run side businesses, some of which will now be expanded.

One such intern is Frans, an unemployed youth from Gauteng who joined the internship. Frans completed his NQF level 5 qualification in Graphic Design from Oakfields College on the East Rand. Not only did Frans successfully complete the internship, but he also managed to secure a permanent position within the host company. Some of Frans's achievements during the internship include creating a board game and an educational colouring-in book, both of which were successfully launched and sold through Amazon and Takealot. Frans believes the internship helped him to build skills such as marketing himself, and that has set him up for success.



Value our differences – Aldermore's diversity and inclusion approach

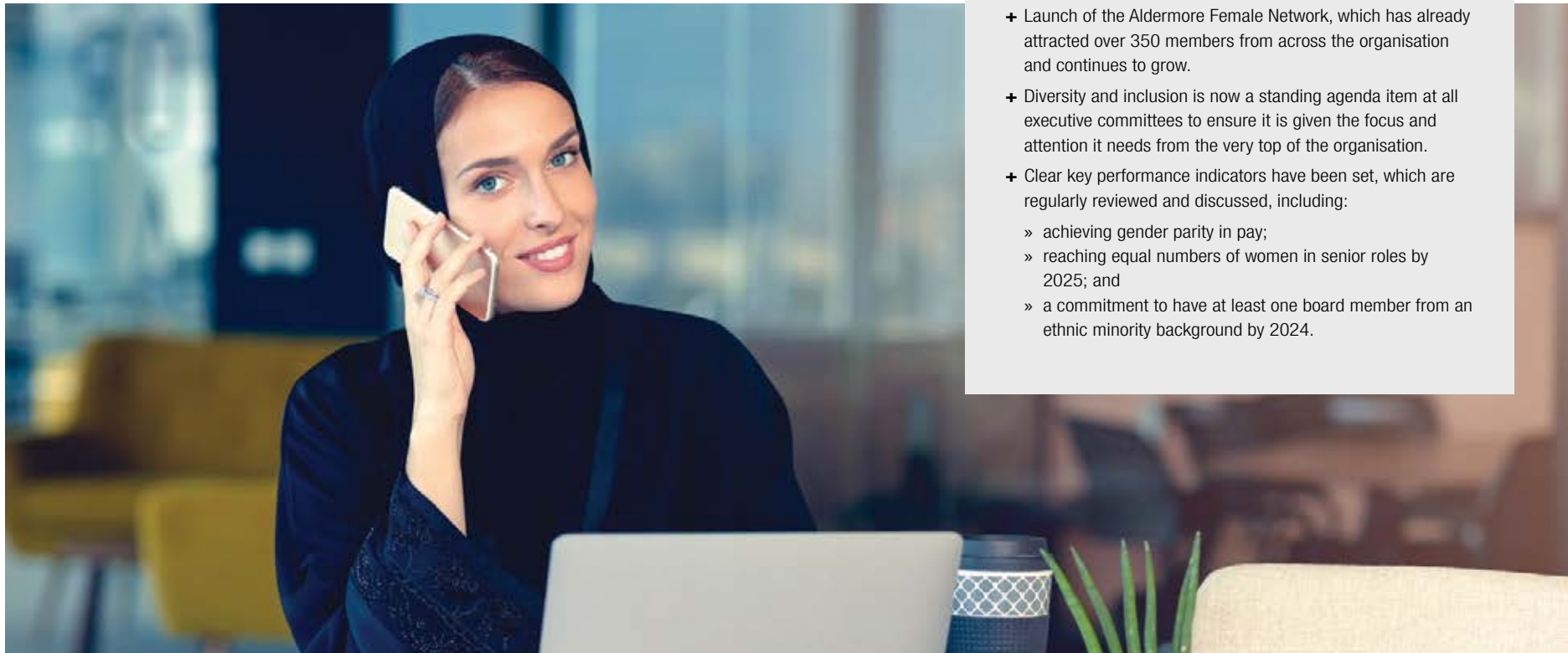
Aldermore has changed its diversity and inclusion approach by establishing an umbrella **"value our differences"** agenda supported by organisation-wide workstreams led by senior leaders.

These are:

- + Inspiring future female leaders
- + Mental health
- + BAME colleague network
- + LGBTQIA+ and allies

Highlights from these workstreams:

- + Launch of new flagship 12-month female-specific development programmes: **Leadership Summit** facilitated by diversity and inclusion consultancy experts, and The Pipeline aimed at female colleagues with high potential, or those in middle management, to help them progress into executive level and leadership roles.
- + Introduction of the Leading Diverse Teams programme for managers to support them in developing more inclusive teams.
- + Launch of the Aldermore Female Network, which has already attracted over 350 members from across the organisation and continues to grow.
- + Diversity and inclusion is now a standing agenda item at all executive committees to ensure it is given the focus and attention it needs from the very top of the organisation.
- + Clear key performance indicators have been set, which are regularly reviewed and discussed, including:
 - » achieving gender parity in pay;
 - » reaching equal numbers of women in senior roles by 2025; and
 - » a commitment to have at least one board member from an ethnic minority background by 2024.





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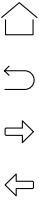
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—
“He who plants a tree plants a hope.”

Lucy Larcom

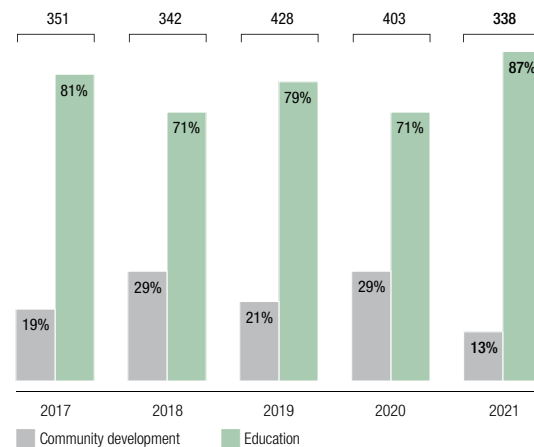




A CSI strategy designed to contribute to upliftment

Social investing (or CSI) occurs through the FirstRand Foundation, FirstRand Empowerment Foundation and FirstRand Staff Assistance Trust (FSAT).

Total CSI contribution – FRF, FREF and FSAT
R million



FirstRand foundations

THERE ARE THREE FIRSTRAND FOUNDATIONS:

	FirstRand Foundation (including fund and trust)	FirstRand Empowerment Foundation	FirstRand Staff Assistance Trust
Established	1998*	2005	2005
Type	Independent corporate foundation	Independent BEE ownership trust	Independent staff assistance trust
Number of trustees	10 (7 independent)	8 (7 independent)	6 (2 independent)
Funding based on**	1% NPAT of FirstRand Limited, excluding Aldermore and rest of Africa	Dividends from endowment	Dividends from endowment
Value of endowment at 30 June 2021	Not applicable	Approximately R6.2 billion [#]	Approximately R0.8 billion [#]
Registered public benefit organisation	Yes	Yes	No

* Originally established as the Southern Life Foundation in 1988 and changed to the FirstRand Foundation in 1998.

** In terms of South African Revenue Service (SARS) regulations, the FRF Trust is required to distribute at least 50% of all funds received by way of donation (i.e. FirstRand's 1% NPAT) within 12 months of the end of the year in which the donation was received. In addition, investment income earned by the trust must be spent within five years of earning it. As FREF is financed through dividend income (and not via donations), it does not face spending requirements of this sort.

[#] Endowment values move in line with the FirstRand share price.





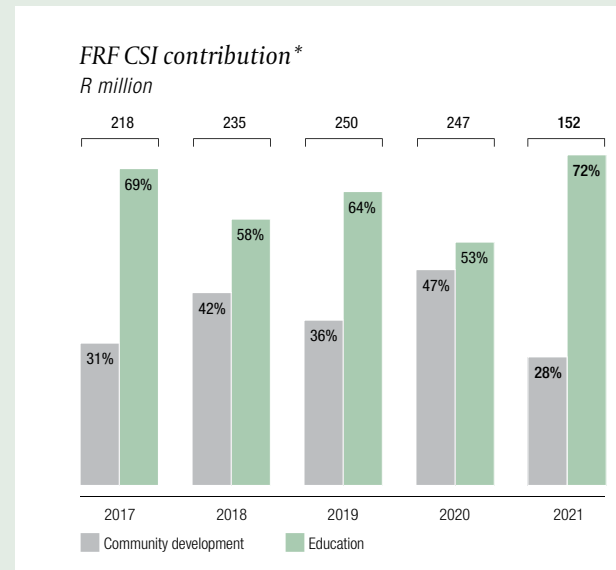
FIRSTRAND FOUNDATIONS CONTINUED

ESTABLISHMENT OF THE FIRSTRAND FOUNDATION

FRF was established in 1998 as the legal vehicle through which FirstRand Limited and its customer-facing businesses (FNB, RMB and WesBank) direct their individual and collective CSI. From inception, FRF received 1% of FirstRand Limited's NPAT.

Legally, there are two disbursing structures – FRF, through which donations are made to public benefit organisations that do not qualify for section 18A tax deductible status, and the FirstRand Educational Trust, for payments to educational projects and institutions that do qualify. All disbursement decisions are made by the trustees.

FRF's strategy over the past 20 years has been to be the foremost corporate social investor and knowledge collaborator committed to contributing to the development of a better South Africa through mainstreaming disability, capacity building, leveraging partnerships and knowledge sharing.



* The reported number is the audited contribution for the FirstRand financial year. It is based on 1% of the prior year's NPAT of FirstRand Limited.

The 2021 FRF CSI contribution is 63% lower than the prior year. This is due to the drop in the 2020 NPAT as a result of the Covid-19 pandemic.

Community development consists of investment in:

- + the creative economy;
- + the green economy;
- + food security and agricultural livelihoods;
- + the group's Volunteers programme;
- + mainstreaming disability; and
- + thought leadership.



FIRSTRAND FOUNDATIONS CONTINUED

ESTABLISHMENT OF THE FIRSTRAND EMPOWERMENT FOUNDATION

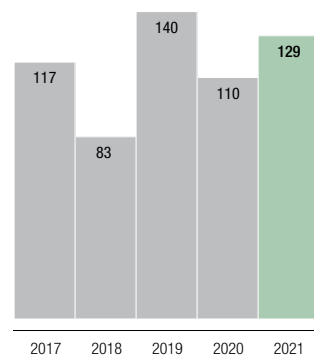
FREF was established in 2005 as part of the FirstRand B-BBEE transaction. The parties to the foundation are FirstRand Limited, FirstRand Bank Limited, Kagiso Charitable Trust, the WDB Trust, WDB Investment Holdings Proprietary Limited, the Mineworkers Investment Trust and MIC Financial Holdings Proprietary Limited.

The founding objective was to facilitate the transformation of FirstRand through the acquisition by the BEE beneficiaries of a meaningful equity interest in the group. The objective was amended in 2020 to reducing poverty and inequality by undertaking and/or supporting public benefit activities that result in B-BBEE.

The majority of trustees are black persons as defined in the FSC.

The B-BBEE transaction vested in 2014, and following its vesting, FREF has a significant unencumbered endowment of FirstRand, MMI and Discovery shares. The dividend income on these shares is used to address poverty, unemployment and inequality through systemic social investments in the education sector. Specifically, FREF's mandate is to provide, promote and fund educational development in relation to disadvantaged South Africans, particularly in, but not limited to, the financial services industry.

FREF CSI contribution (education)
R million



ESTABLISHMENT OF FIRSTRAND STAFF ASSISTANCE TRUST

FSAT is constituted as a perpetual trust registered with the Master of the High Court and SARS and is governed by a trust deed. The trust's mandate is to assist black employees earning a salary package below a certain level, as well as their immediate families, with their educational, healthcare and other needs. The trust offers bursaries to assist employees' children from grades R to 12 and qualifying expenses include school fees, transport, books and uniforms. The board of trustees has the discretion to amend the qualifying criteria and qualifying expenses.

During the 2020 financial year, FSAT experienced a cash shortfall due to a decrease in the expected dividend income as a result of the economic impact of Covid-19. Consequently, the trustees reduced the qualifying salary threshold from R400 000 to R250 000 for the 2021 school cycle.

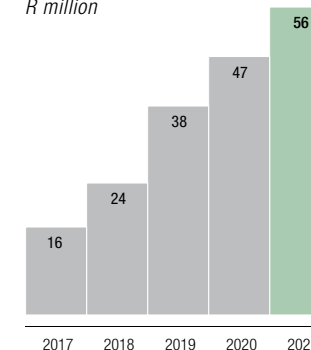
This threshold reduction excluded a large contingent of employees who had benefited in the previous year. In response, FirstRand donated an amount to make up the shortfall to ensure continued support for employees' children who may have already been enrolled in schools that parents would not have been able to afford had it not been for this benefit.

For the 2021 school cycle the trust, with the help of FirstRand, assisted 6 567 employees with their children's school expenses, to the value of R50.6 million. This represents a fulfilment rate of 96% of total staff applications.

SCHOOL CYCLE ASSISTANCE

School cycle	2018	2019	2020	2021
Number of employees assisted	5 431	6 205	7 213	6 567
Value of assistance (R million)	37.9	46.5	56	50.6
Fulfilment rate (%)	94	96	93	96

FSAT CSI contribution (education)*
R million



* The trust's financial year is from January to December. The reported number is the audited contribution for the previous calendar year.





FIRSTRAND VOLUNTEERS

The FirstRand Volunteers programme was launched in 2003 to facilitate and support employee community involvement. The programme provides employees from across the group with the opportunity to make a real difference by matching their time and monetary donations to their chosen organisation or school.

Governed by clear guidelines, aligned to FRF, the programme provides support including R1-for-R1 matched funding for employee donations of time and

money, sourcing of organisations to support, annual group drive incentives and support and guidance for employees to share their time, skills and knowledge with their chosen organisations and schools.

The programme's vision of "action with purpose" encourages employees to create strong long-term relationships with the communities supported. Employees are also encouraged to use action plans and metrics to track the impact of their initiatives.

Year	2021	2020	2019	2018
Employee donations (R million)	2.3	7.2	9	11.9
Number of employees who volunteered	222	1 123	1 955	NM
Employee hours donated	1 210	6 055	9 616	NM
Number of organisations registered for volunteer support	113	140	224	247
Of which are schools	32	107	59	101
Of which are early childhood development facilities	66	45	40	40

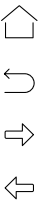
NM: not measured

Employee volunteer hours have declined over the past two years due to the Covid-19 pandemic. Social distancing and lockdowns have hampered employee volunteer efforts to visit and physically support their chosen organisations. However, passionate volunteer teams have continued to maintain contact with their chosen organisations virtually to provide much-needed support. Employees have visited and provided face-to-face support as and when the lockdown levels have permitted.





FIRSTRAND VOLUNTEERS CONTINUED



People with disabilities drive

FirstRand Volunteers teams assisted 25 organisations with assistive devices for people in their care.

This support included the donation of PPE, wheelchairs and walkers, sensory room items, specialised training for practitioners, gym equipment for mobility exercises and physical stimulation and braille printers.



Donation of school shoes

FirstRand Volunteers donated 5 736 pairs of school shoes to vulnerable schoolchildren at 75 schools across the country.

Many teams went a step further and provided new school uniforms to learners whose parents were not able to provide for their children.

The provision of school shoes was not only to provide warmth and safety to the children, but also to assist them to fit in with their peers and to help restore dignity and self-esteem.



FNB Keep Girls in School initiative

FNB Volunteers run an annual drive in collaboration with Mbali Eco Solutions and Palesa Pads to donate reusable sanitary pads to underprivileged girls at local schools.

This programme aims to provide dignified and sustainable assistance to the schoolgirls, who otherwise may be forced to miss school due to not having access to monthly sanitary items. In addition to receiving a pack of reusable pads that can last up to five years, the young women attend a workshop on female hygiene and how to look after their new products.

	2021	2020
Number of schools assisted	20	10
Numbers of schoolgirls assisted	1 023	610
Provinces	8	7





FIRSTSTRAND VOLUNTEERS CONTINUED

FNB Points of Presence and food security initiative

FNB Points of Presence volunteers in partnership with Rise Against Hunger delivered 89 354 meals to onboarded early childhood development (ECD) facilities. This provided 344 ECD learners with a daily meal for one year.

Intervention results:

- + Increased attendance rates: the meals are an incentive for children to come to school.
- + Increased savings for the ECD facilities: the money saved from the donated meals (R200 per meal box) can be redirected to improving infrastructure (e.g. additional classrooms), teacher training, health and safety and sanitation.

RMB blanket drive

Every winter, RMB participates in a blanket drive to keep cold and vulnerable South Africans warm.

In 2021 the drive yielded

2 260 blankets

that were distributed by Gift of the Givers to orphanages, old age homes and needy families in Gauteng, Cape Town, Durban and Gqeberha.

RMB Hug Buckets

RMB staff participate in an annual drive to fill buckets with non-perishable food and household items for donation to people in need.

In 2021, staff donated R250 000 which was matched by RMB, resulting in R500 000 donated to this initiative. The filled buckets were donated to several daycare facilities and soup kitchens around Gauteng and the Western Cape.





Other employee initiatives

Adoption of ECD facilities and retirement homes

In 2020, the FNB Care team expanded its outreach mission to include retirement homes as well as ECD facilities.

One of the objectives is to facilitate the adoption of ECD facilities and retirement homes by FNB employees:

- + 1 031 ECD facilities adopted by employees
- + 20 retirement homes adopted by employees

Food supply for ECD facilities and retirement homes

Food supply in both ECD facilities and retirement homes is always needed. In 2021, FNB supplied 491 food buckets across all provinces.

In addition to donating food, the FNB Care team explored more sustainable solutions which gave rise to the vegetable garden projects in June 2020. To date, the Care team has planted sustainable vegetable gardens in 10 retirement homes and 27 ECD facilities across Gauteng, Eastern Cape, Western Cape, KwaZulu-Natal and the Free State.

Upcycling with a purpose

Many children in ECD facilities do not have the comfort of sleeping on a mattress. In 2021, FNB in partnership with C.O.N.E.C.K.T came up with an innovative solution to upcycle old FNB billboards into mattresses for ECD facilities.

The billboard material is ideal as it is waterproof, and the resultant mattresses can be wiped down.

The mattresses are sealed in with foam to make them more comfortable. The billboards can also be used in instances where mattresses are available but there is a shortage of waterproof bed covers.



625
mattresses

975
bed covers



OTHER EMPLOYEE INITIATIVES CONTINUED

Relief initiatives for the July unrest in KwaZulu-Natal and Gauteng

FNB's support



**TOTAL CONTRIBUTION
TO HELP EMPLOYEES AND
THE GREATER COMMUNITY**

R21.5 million

Rebuilding of vandalised schools

R9.8 million

assisting **45 schools** in KwaZulu-Natal with repairs, infrastructure and sanitation needs

Humanitarian collaboration

R5 million

Gift of the Givers

R1.5 million

Acorn Foundation and Ubuntu Flights

R0.5 million

Food Forward

R1.3 million

Rise Against Hunger

R1.25 million

Heal Our Land

R0.5 million

Township economy activation

R2.8 million

to assist SMEs in KwaZulu-Natal and Gauteng in partnership with Afrika Tikkun and Phenomenal Light (clean-up, repairs, mentorship and coaching)

Food for affected employees

R2 million

supporting **2 450 employees** in KwaZulu-Natal

R1.9 million

Contribution towards FNB Care team support for ECD facilities and retirement homes

RMB's support

The unrest had a significant impact on food distribution as logistics companies, warehouses, retailers and bank ATMS were targeted. RMB employees rallied together and assisted in the following ways:

- + Employees and their families donated over R250 000 and packed food parcels for families affected by food shortages.
- + In addition to supporting affected communities, employees supported colleagues who were personally affected by unrest in both Gauteng (Soweto) and KwaZulu-Natal by collecting funds for urgent and immediate relief, and providing food hampers.





OTHER EMPLOYEE INITIATIVES CONTINUED

Retail and Commercial Disaster Relief Fund – repairs at Charlotte Maxeke hospital

The Retail and Commercial Disaster Relief Fund (Disaster Relief Fund or the Fund), which includes FNB, WesBank, DirectAxis and MotoVantage, was set up in 2020 to complement existing CSI initiatives to provide rapid temporary disaster relief to affected communities.

In April 2020, a fire at the Charlotte Maxeke Johannesburg Academic Hospital resulted in the suspension of services and evacuation of patients and staff from the facility.

The hospital's subsequent closure resulted in more than 700 patients being transferred to other healthcare facilities. With significant disruptions to operations, including critical care patients, there was an urgent need to assist the hospital. This was done by:

- + providing 12 buses to transport patients and healthcare professionals to various hospitals in surrounding areas; and
- + contributing to the replacement of 19 fire doors as well as drywalling required for the oncology ward.

“Over and above the gesture of contributing to the fire doors, by assisting with preparations to reopen the hospital you turned a situation that seemed impossible to be possible.”

Gladys Bogoshi

CHIEF EXECUTIVE OFFICER,
CHARLOTTE MAXEKE JOHANNESBURG ACADEMIC HOSPITAL



Retail and Commercial Disaster Relief Fund – OR Tambo district

In November 2020, severe thunderstorms caused by a tornado resulted in significant damage to the OR Tambo District Municipality in the Eastern Cape in South Africa.

Homes and essential infrastructure were damaged, and livestock swept away in subsequent flooding. The local agricultural co-operatives in the area, which are essential for food security, were devastated by the storms.

The Retail and Commercial Disaster Relief Fund donated R1.3 million to rebuild the affected communities. A local NGO, Ubuntu Transformation Foundation, was appointed to lead the project by:

- + assisting 13 agricultural co-operatives with re-establishing 19.25 hectares of vegetable production that is estimated to benefit over 584 individuals and yield R7.4 million worth of produce;
- + donating a Reel Garden Box consisting of seedlings and fertilisers to 200 direct beneficiaries, which will lead to 2 184 individuals benefiting from re-established household gardens;
- + assisting with the repair of critical infrastructure; and
- + replacement of livestock.





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Treating customers fairly

Addressing transformation and employment equity

Providing an enabling environment for employees

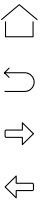
A CSI strategy designed to contribute to upliftment

Managing the group's environmental impact



“Reversing deforestation is complicated, planting a tree is simple.”

Martin O'Malley





Managing the group's environmental impact

FirstRand is committed to the effective management of the environmental and social risk of its lending and investment decisions, its product and service offerings, its own organisational impacts and the promotion of responsible practice through its supply and value chains.



Governance and management of environmental risk

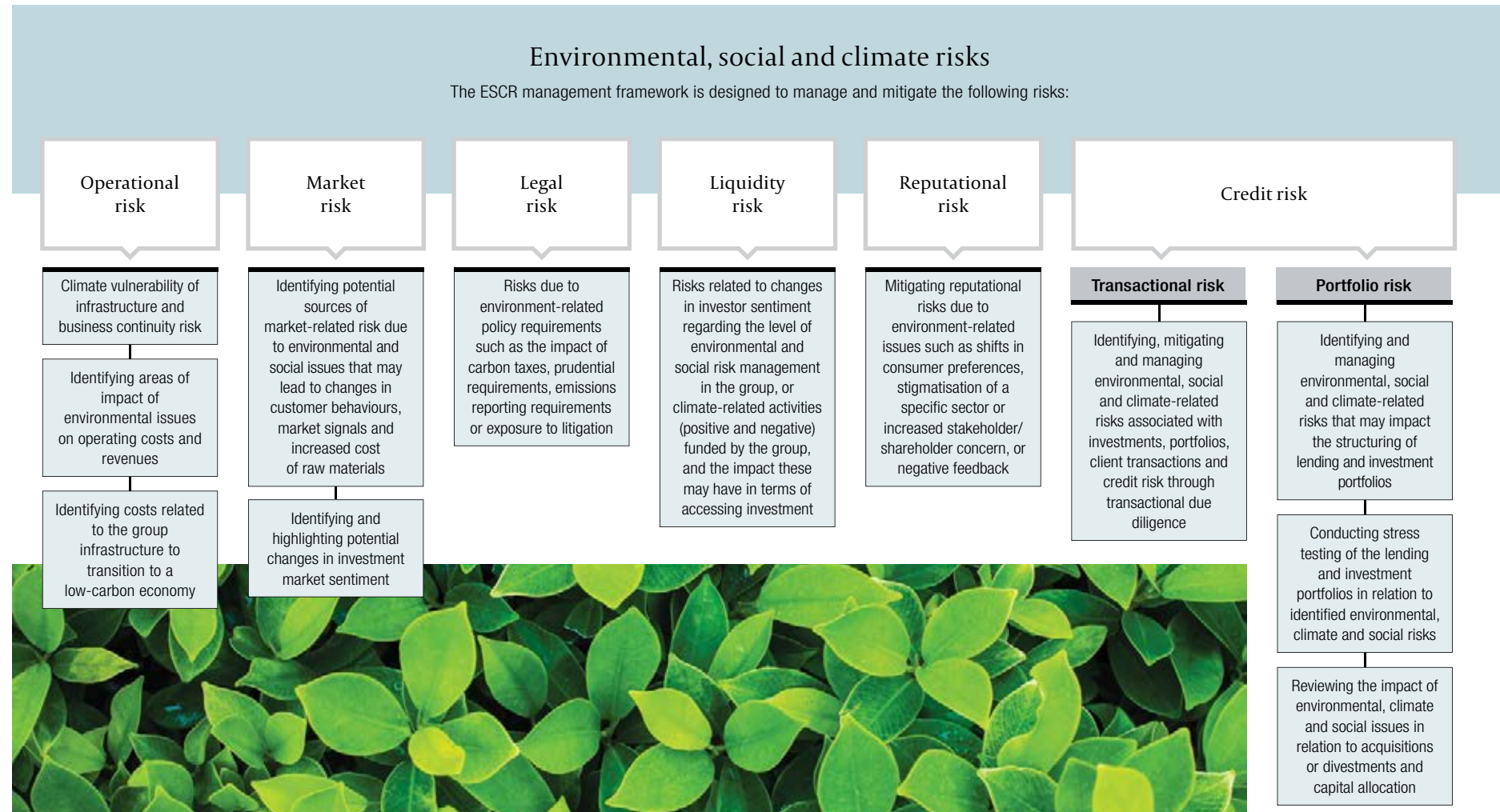
Ultimate oversight of environmental risk rests with the board. These risks are reported to the board through the risk, capital management and compliance committee and social, ethics and transformation committee. Progress and monitoring reports on risk management are submitted quarterly to the relevant committees, which are also responsible for the approval of related frameworks.

Topic-specific structures may be formed, when required, to support the development of policies and processes, and for implementation. For example, two specialist committees were established to oversee and manage climate-related risk and opportunities – the climate steering committee and the technical climate committee.

The environmental and social risk governance committee oversees the approval of sensitive and excluded industry policies.



FirstRand's environmental, social and climate risk (ESCR) team forms part of the group enterprise risk management function. The identification, management and mitigation of environmental and social risks are fully integrated into the group's risk management processes, as outlined below. Environmental and social risks are not standalone risks and often overlap and aggravate other risk types.





Assessment of environmental and social risks in lending and investment

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.

ESRA:

- ▶ **Evaluates individual transactions** and the client's ability to manage environmental and social impacts associated with the funded activity, allowing the group to monitor its potential exposure to liability or risk.
- ▶ **Includes a built-in exclusion list** and a restricted list of sensitive activities that the group will finance within limits (negative screening).
- ▶ **Requires compliance** with all relevant local and national environmental, labour, health and safety and human rights legislation, formal impact assessments, permitting and public commentary processes.
- ▶ By means of an **online ESRA process**, transactions are automatically risk rated based on activity, followed by a judgement review by ESRA specialists who engage clients to ensure compliance with applicable regulatory requirements.

If a client is in violation of administrative law, such as lacking permits, or not in compliance with the conditions and standards set by the group, the transaction team and FirstRand's ESRA specialists work with the client to achieve compliance. An environmental and social action plan developed by the client may be required to be submitted for compliance monitoring. Where a decision on the way forward cannot be reached due to the risks involved, the transaction will be reported to the relevant social and ethics committees and to the FirstRand social, ethics and transformation committee for noting and discussion purposes.

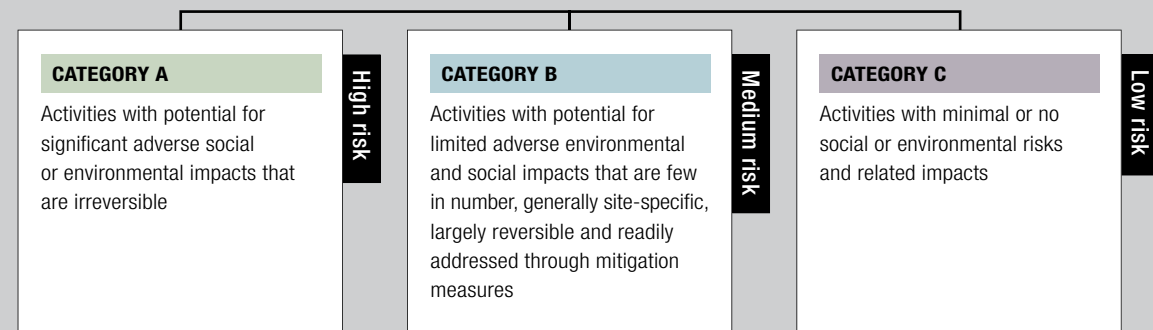
The ESRA process is housed within the group environmental, social and climate risk team, with resources in each of the business areas, allowing business unit-specific transactional reviews. ESRA teams provide risk advice to the relevant credit committees regarding the environmental and social risks related to transactions.

ESRA is currently being enhanced by the group's climate risk management programme, i.e. sector-, portfolio-, group- and country-level climate-related risk will be incorporated.

THE ESRA DUE DILIGENCE PROCESS

Loan and investment screenings start when an application for debt funding or an investment is proposed. The ESRA tool is used to check whether environmental and social risks are applicable to the transaction and whether the activity is categorised as a high, medium or low risk. Medium- and high-risk transactions go through further due diligence processes before submission to the credit committee for consideration. The categories are being reviewed to include a view of impacts and dependencies on natural capital and climate change.

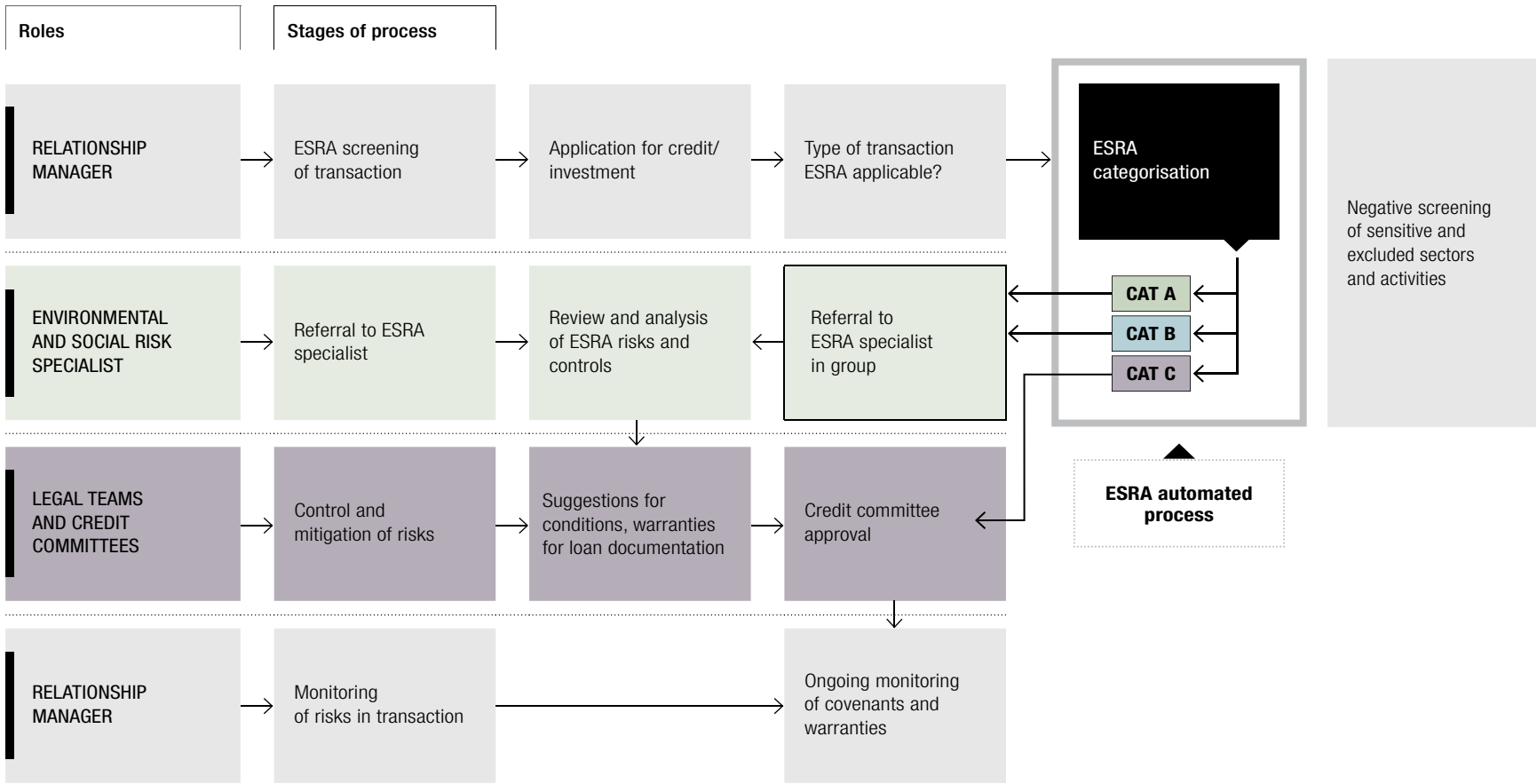
TRANSACTIONS ARE GROUPED INTO THE FOLLOWING RISK CATEGORIES:





ASSESSMENT OF ENVIRONMENTAL AND SOCIAL RISKS IN LENDING AND INVESTMENT CONTINUED

ESRA process flow





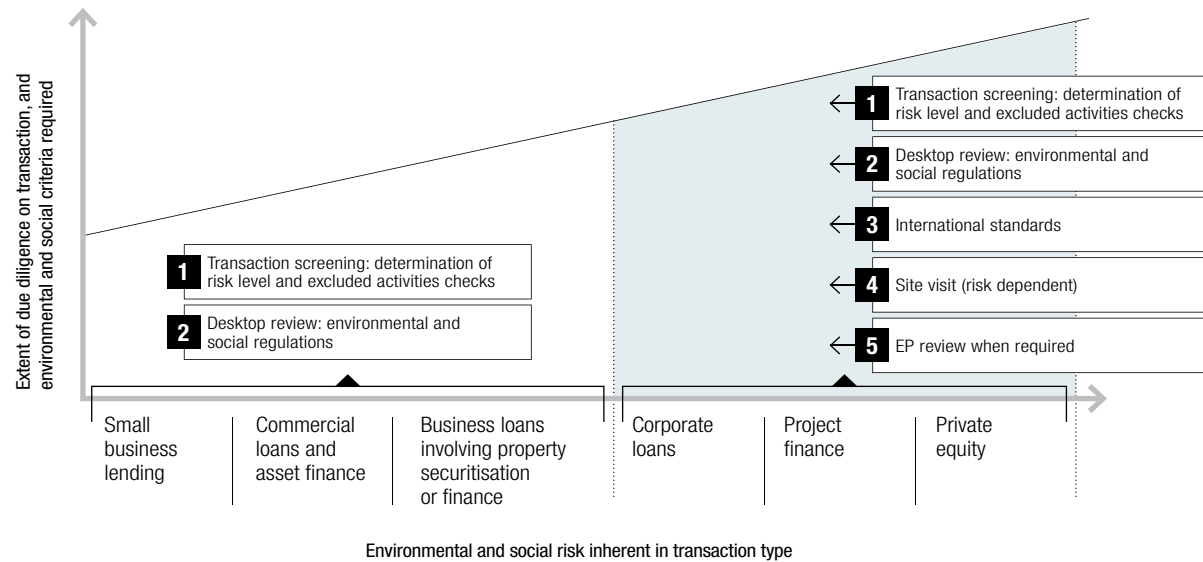
SCOPE OF ESRA APPLICATION

ESRA is applicable to all lending and investment transactions that are ≥R7.5 million in value in the commercial, corporate and institutional segments and where use of proceeds is known (i.e. excludes working capital facilities).

For transactions that meet Equator Principles (EP) criteria, an enhanced due diligence is conducted in line with:

- + IFC performance standards;
- + IFC sector-specific environmental, health and safety (EHS) guidelines; and
- + World Bank guidelines.

Scope of ESRA review related to transaction type





RESTRICTIONS ON LENDING AND INVESTMENTS

The group's excluded and sensitive activities and industries matrix was developed to guide the ESRA screening process. The matrix defines the industries which the group will not finance or invest in and provides restrictions for sensitive industries.

Restrictions are primarily based on the following reasons:

- + **activities may be illegal** in terms of national or international laws and treaties;
- + the group has agreed to **financing restrictions** imposed by financing agreements with DFIs;
- + the group has made an **ethical/moral decision** not to be involved in certain industries which may be controversial, and which may cause reputational damage;
- + **internal risk appetite**; and
- + alignment with **approved group strategy**.

Decrease in risk factors and associated funding and/or investment restrictions

EXCLUDED ACTIVITIES/ INDUSTRIES

No financing and/or investment possible

SENSITIVE ACTIVITIES/ INDUSTRIES

Funding and/or investment possible with restrictions, including portfolio limits

SENSITIVE ACTIVITIES/ INDUSTRIES

Financing and/or investment possible, subject to an enhanced due diligence

Screening at customer onboarding stage in conjunction with the "know your customer" process, with ongoing monitoring of client desirability

Screening at ESRA review stage

INDUSTRIES WITH STRICT EXCLUSIONS – FirstRand will not finance and/or invest in the following industries:

Forced labour or child labour	Activities that are illegal by host country law or international agreement	Activities involving ozone-depleting substances	Trade in endangered wildlife, flora and fauna	Unsustainable fishing methods
Cross-border trade in waste (Basel Convention)	Human rights violations	Unbonded asbestos fibres*	Prostitution and pornography	Activities involving the destruction of high-value conservation areas
Seal hunting	Racist and anti-democratic media	* Financing exception for unbonded asbestos fibres, where it forms less than 10% of client activities and is considered non-substantial.		

SENSITIVE INDUSTRIES WITH RESTRICTIONS/LIMITED EXCLUSIONS – FirstRand will limit the extent to which finance and/or investment is provided to the following industries:

Alcoholic beverages	Tobacco	Gambling, casinos and equivalent enterprises	Commercial logging in tropical moist forests and unsustainably sourced wood products	Radioactive materials
Thermal coal	Nuclear power generation	Weapons and ammunition	Production of biofuels	Cannabis-based and -related products for medicinal and scientific use
Hydraulic fracturing	Activities relating to animal welfare	Palm oil	Conflict mining and minerals	Hazardous waste
Forestry	Wildlife and trophy hunting			



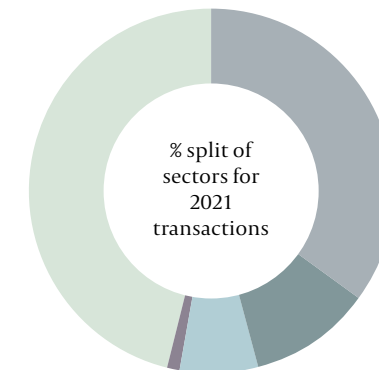


ESRA PERFORMANCE IN 2021

TRANSACTIONS FUNDED IN THE YEAR ENDED 30 JUNE:

	2021	2020	2019
Category A (high risk)	350	743	685
Category B (medium risk)	3 348	3 007	3 910
Category C (low risk)	5 611	4 601	4 796
Total transactions screened for environmental and social risks	9 309	8 351	9 391
+ Of which are SA-based	88%	89%	90%
+ Of which are based in rest of Africa	12%	11%	10 %
Transactions that involved engaging with clients about their environmental and social processes and management plans	3 698	3 750	Not measured

The number of transactions screened is dependent on the deal flow/pipeline. Most of these transactions are lower-risk transactions (category C) and based in South Africa.



Agricultural	35%
Real estate	11%
Manufacturing	7%
Mining and quarrying	1%
Smaller individual sectors*	46%

* Smaller individual sectors comprise air-conditioning, water supply, sewage and waste treatment, construction, wholesale and retail trade of vehicles, financial services, professional services, accommodation and food services, information and communication, and public administration services, amongst others.





REST OF AFRICA ESRA

ESRA has been integrated into the credit risk governance processes and is fully operational across the rest of Africa subsidiaries. ESRA is applicable to all lending and investment transactions within the corporate, commercial and business segments. Within each subsidiary the ESRA process is supported by a localised policy, governed by the group's applicable frameworks and guidelines, national laws and regulations, industry best practices and international principles.

The timelines below show the rollout of ESRA. ESRA has now been fully implemented in all the rest of Africa subsidiaries.

Namibia	Zambia	Botswana	Tanzania	Eswatini
2015	2015	2016	2016	2016
		Lesotho	Ghana	Nigeria
		2016	2018	2021
				Mozambique
				2021

Rest of Africa subsidiary employees that received online-based ESRA training during the 2021 financial year

235
employees

Training provided to employees:

To ensure continued effectiveness and to streamline efficiencies within the ESRA process, all new and existing employees involved in the ESRA process are provided with refresher training to assist them in fulfilling their responsibilities.

Some of the key training topics include:

- + the group's environmental and social standards;
- + the group's exclusions list and sensitive industries;
- + international principles and their application, i.e. IFC performance standards, the Equator Principles, sector-specific EHS guidelines; and
- + industry best practice.

Grievance procedure for external stakeholders:

A grievance mechanism has been developed across the subsidiaries to enable effective communication with external stakeholders. This channel enables external stakeholders to effectively communicate queries or concerns relating to environmental and social aspects of activities and projects that the group finances.

All environmental and social queries relating to the following subsidiaries can be accessed using the links below:

FNB Botswana	↗
RMB Botswana	↗
FNB Eswatini	↗
FNB Mozambique (English)	↗
FNB Mozambique (Portuguese)	↗
FNB Zambia	↗
FNB Lesotho	↗
FNB Ghana	↗
RMB Nigeria	↗





FIRSTSTRAND EQUATOR PRINCIPLES PERFORMANCE

The process is defined by the EP Association and the adoption of IFC performance standards. It applies to project-related corporate loans of an equivalent value of \$50 million*, project finance deals equal to or greater than \$10 million and project finance advisory transactions.

EP performance reporting is externally assured by an independent third party in line with the requirements set out by the EP Association. This year, PricewaterhouseCoopers (PwC) provided reasonable assurance on the EP figures. Refer to the external assurance statement on page 117 to 119.

* Changed from \$100 million in January 2020, as per EP IV.

EP PERFORMANCE 2021

EP project finance loans

During the year eight EP-defined transactions reached financial closure:

EP TRANSACTIONS FUNDED BY RISK CATEGORY AND INDUSTRY

Sector	A*	B*	C
Mining	0	0	0
Infrastructure	0	1	1
Power	0	0	0
Renewables	0	0	0
Retail	0	0	5
Gas	1	0	0
Total ^{RA}	1	1	6

All projects were in Africa and in non-designated countries.

There were no EP-defined project finance advisory and EP-defined corporate transactions for the reporting period^{RA}.

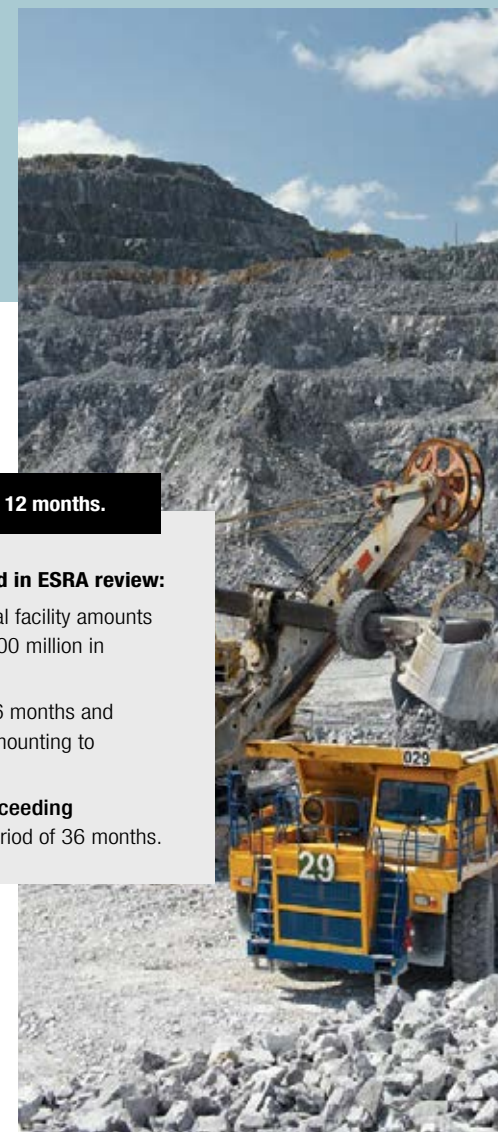
* All category A and B transactions underwent independent EP reviews to establish each project's environmental and social risks, and reached financial close during the reporting period.

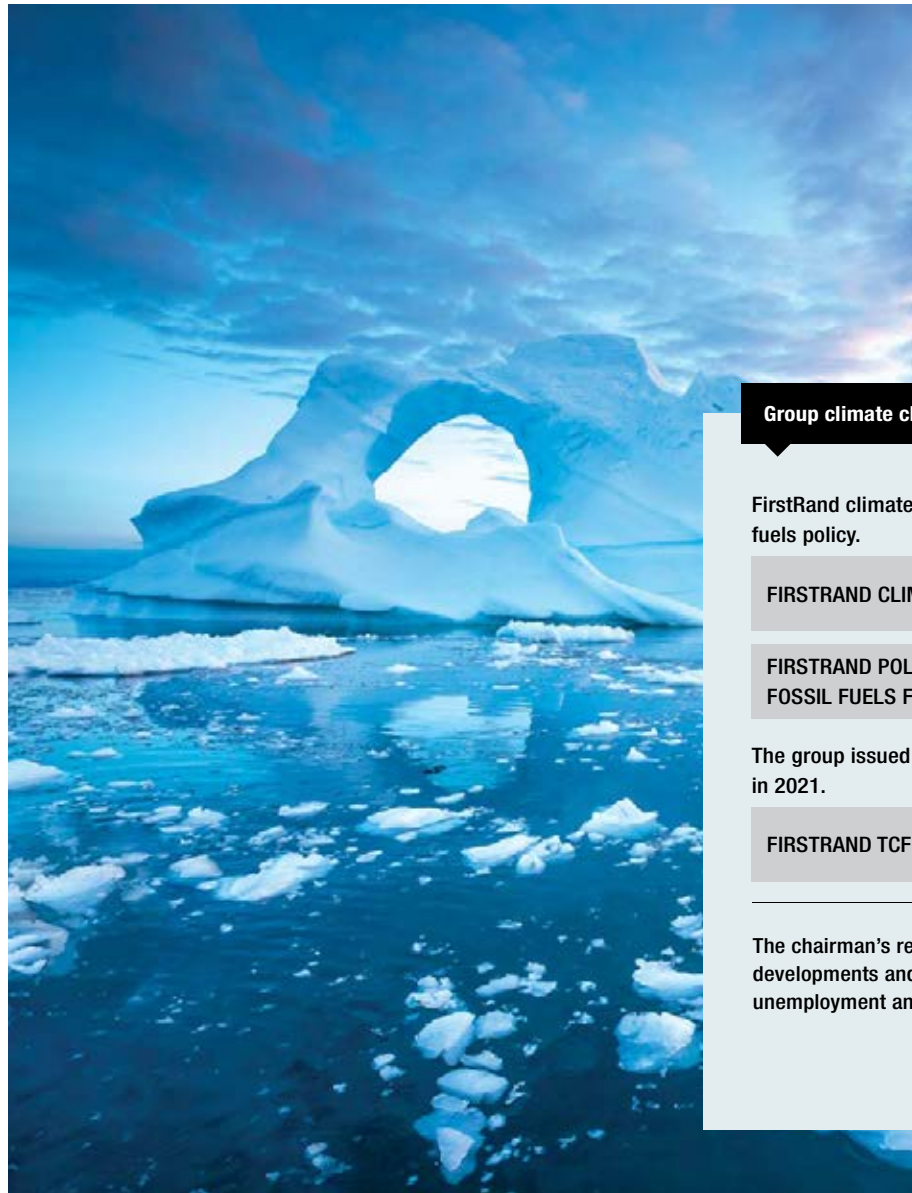
^{RA} External reasonable assurance provided over total EP-defined project finance transactions.

ESRA programme enhancements in the last 12 months.

The following transactions are now included in ESRA review:

- + Project-related corporate loans where the total facility amounts to or **exceeds \$50 million** (reduced from \$100 million in accordance with EP IV).
- + Corporate loans with tenor of not less than 36 months and funding-defined assets as part of a project amounting to **at least \$10 million** of total capital costs.
- + Corporate loans provided to a single client **exceeding \$5 million**, on an aggregated basis over a period of 36 months.





Climate change

FirstRand believes that climate change is one of the defining issues of this century. It is a global crisis that has the potential to disrupt business models and markets across all sectors, and to impact the livelihoods and well-being of individuals across the world.

Group climate change resources:

FirstRand climate policy and updated fossil fuels policy.

[FIRSTRAND CLIMATE CHANGE POLICY](#)

[FIRSTRAND POLICY ON ENERGY AND FOSSIL FUELS FINANCING](#)

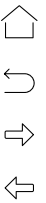
The group issued its first standalone TCFD report in 2021.

[FIRSTRAND TCFD REPORT 2021](#)

The Task Force on Climate-related Financial Disclosures (TCFD) was constituted by the Financial Stability Board (FSB) in response to the Paris Agreement. Through recommendations for clear, comparable and consistent information, it promotes transparent disclosure of climate risks and opportunities. FirstRand is a TCFD signatory, and this report represents the group's first TCFD disclosure. This disclosure will enable stakeholders to understand and track FirstRand's progress against its climate roadmap and approach to climate risks and opportunities, as well as short-, medium- and long-term targets.

The chairman's report in the *2021 FirstRand Annual Integrated Report* provides insight into recent national developments and the need for a just energy transition for South Africa given its already high levels of unemployment and poverty.

[FIRSTRAND INTEGRATED REPORT 2021](#)





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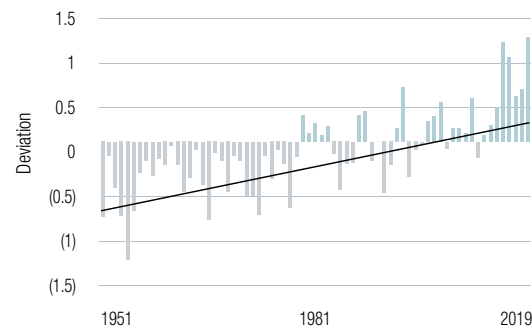
CLIMATE CHANGE CONTINUED

Detailed disclosures on FirstRand's approach to climate change can be found in the *2021 TCFD Report*. A summary is provided below.

1 Foundational belief

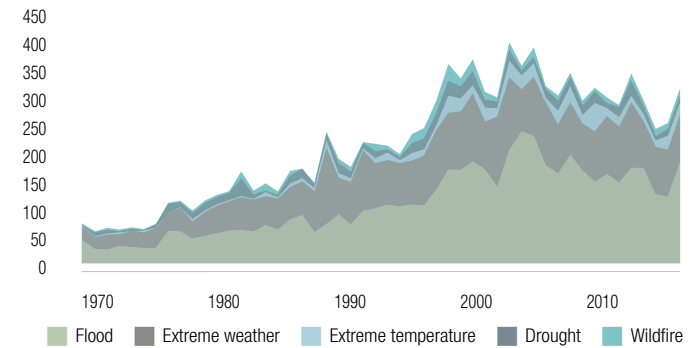
FirstRand believes climate change is a very serious challenge to the well-being of people and societies, and that the group must be part of the solution by supporting climate resilience and a just transition to a low-carbon world.

Average surface temperature deviation in South Africa based on 26 climate stations

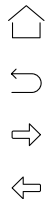


Source: South African Weather Service – Annual State of the Climate of South Africa 2019

Fivefold increase in global natural disasters



Source: EM-DAT, CRED / UCLouvain, Brussels, Belgium – www.emdat.be (D. Guha-Sapir)



2 Grounded in science

FirstRand's climate change strategy is guided by science and well-researched transition pathways. The South African transition pathway is anchored in the National Business Initiative (NBI) Just Transition Pathways.



3 Climate change impacts

A key focus for FirstRand is on reducing emissions whilst managing the impact of climate risk on the group's portfolios.

The group's impact on climate
OWN EMISSIONS AND FINANCED EMISSIONS



Climate impact on the group
OPPORTUNITIES AND THREATS

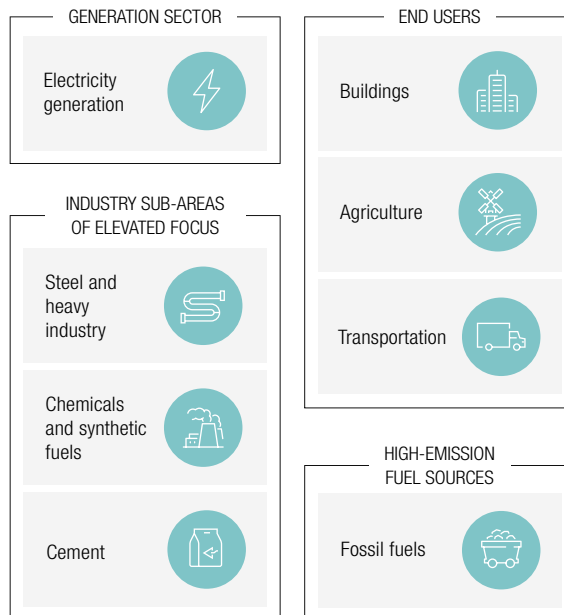




CLIMATE CHANGE CONTINUED

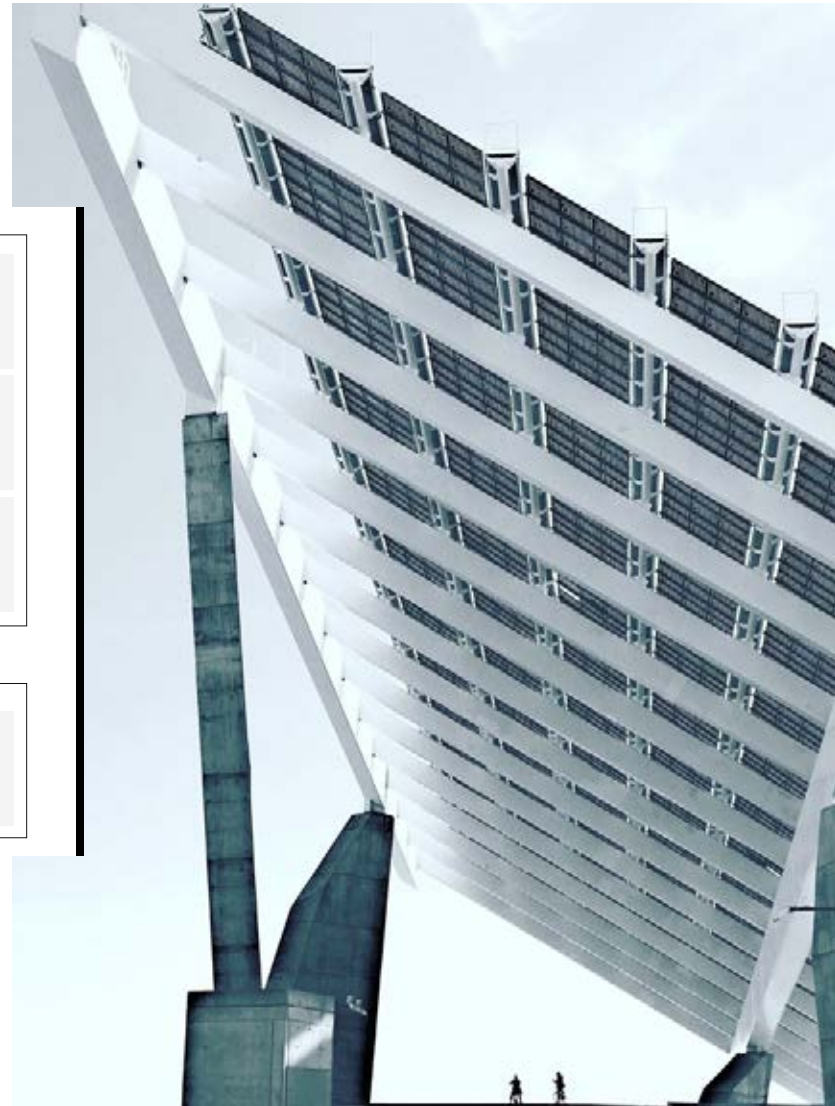
4 Key sectors

The group is committed to facilitating financial flows in support of a transition, with a focus on **eight key sectors**.



5 Just energy transition

FirstRand believes the transition to a low-carbon economy will result in a net overall gain, however the transition needs to be approached in a measured manner to ensure sustainable livelihoods.



6 FirstRand's strategic mechanisms

- + Business focus through sustainable finance
- + Appropriate capital allocation to climate initiatives through FRM
- + Effective climate risk management, including credit origination

7 In conclusion

FirstRand is committed to having a positive impact on society through:

- + reducing emissions, both operational and financed;
- + assisting carbon-intensive industries to reduce their carbon footprint;
- + taking guidance from government policy, science and recognised transition paths;
- + advocating for clearer and more ambitious government policy and targets; and
- + setting out climate ambitions and commitments.



CLIMATE CHANGE CONTINUED



FirstRand's updated climate ambitions and commitments

Own emissions

- > **Net zero** by 2030 for South African operations

New thermal coal lending

- > **No financing** for new coal-fired power stations
- > No direct project finance provided to new coal mines from 2026

Financed emissions

- > **Net zero** by 2050

Existing thermal coal lending

- > **2% advances limit reduced to 1.5%** in 2026
- > and **1%** in 2030

*Transition finance facilitation**

- > **R200 billion** by 2026
- *Transaction underwriting, arranging, lending or advisory.

Customer engagement

- > **Top 100** corporates over the next 12 months
- > **3 million** retail clients by 2025





CLIMATE CHANGE CONTINUED

OWN EMISSIONS

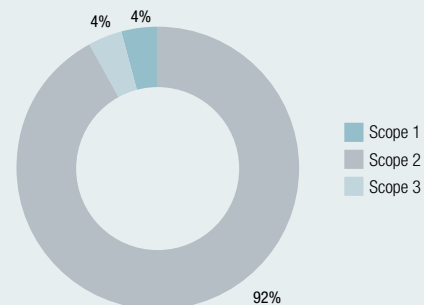
FirstRand has committed to ensuring that climate change risks (physical and transition risks) are prudently considered, understood and managed in its own operations.

This includes the impact of the group's operations on the environment and on climate change. FirstRand is mitigating these impacts by measuring its operational greenhouse gas emissions and taking steps to reduce emissions, build climate resilience, and increase the efficient use of resources. The group's emissions are calculated in line with GHG protocol standards.

(Metric tonnes of CO ₂ equivalents)	2021	2020	% change
Scope 1 emissions			
Fuel use in generators	744.57	2 634.38	(72)
Business fleet travel	4 463.11	5 101.84	(13)
Refrigerants	1 299.92	564.80	130
Scope 1 TOTAL^{LA}	6 507.60	8 301.02	(22)
Scope 2 emissions			
Electricity – buildings	145 608.75	163 370.66	(11)
Electricity – ATMs	7 658.95	7 690.47	–
Scope 2 TOTAL^{LA}	153 267.70	171 061.13	(10)
Scope 3 emissions			
Paper use	795.96	1 347.62	(41)
Business road travel	1 708.46	4 114.44	(58)
Business air travel	457.14	9 231.50	(95)
Fuel well to tank emissions	1 279.94	1 884.86	(32)
Electricity transmission losses	2 947.46	3 227.57	(9)
Scope 3 TOTAL^{LA}	7 188.95	19 805.99	(64)
Total carbon emissions South African operations	166 964.25	199 168.14	(16)
Total CO₂-e emissions per full-time employee	4.76		

^{LA} External limited assurance provided over scope 1, 2 and 3 carbon emissions for South African operations.

*FirstRand carbon footprint
2021 financial year
(South African operations)*



There is 16% year-on-year decrease in emissions for South African operations, with a 10% reduction in emissions from electricity consumption. This reduction can be attributed to ongoing improvements in energy efficiencies and the additional use of renewable energy in campus buildings, as well as the effect of Covid-19 pandemic work-from-home arrangements.

Despite the decrease in electricity consumption in South African operations, scope 2 emissions now make up 92% of the total emissions from South African operations (compared to 86% in the previous financial year). This is due to the significant reduction in scope 1 and scope 3 emissions compared to the previous financial year (a 22% and 64% reduction respectively). Lockdown travel restrictions and work-from-home arrangements resulted in a reduction in all business-related travel as well as paper usage.

The group aspires to be net zero by 2030 in its South African operations and is assessing innovative and effective solutions to reach this goal. The operations strategy is currently being redefined to align with this goal.

As a first step, the group has set an internal shadow carbon price that will be used to consider carbon costs during the evaluation of new projects and infrastructure for the group's operations. This will help incentivise and prioritise low-carbon projects and support emission reductions.

- + A shadow carbon price is a hypothetical monetary value for a tonne of CO₂ that accounts for the external social, environmental and economic costs of carbon emissions and climate change. This price incorporates the value of carbon (GHG emissions) into investment or project decisions (research and development), infrastructure and financial assets to cost for climate change impacts and drive emissions reductions.
- + FirstRand's shadow carbon price has been determined in line with international best practice in carbon pricing and what is needed to drive emissions reductions to meet the Paris Agreement targets of preventing a 2°C temperature change.

In addition, suppliers to the group sign a code of conduct to minimise their impact on the environment and comply with all regulations.





CLIMATE CHANGE CONTINUED

GROUP-WIDE CLIMATE CHANGE TRAINING

Employee training programme

A climate change training and awareness programme has been developed for employees across the group. The programme has been developed at two levels, for employees who require general awareness and for those who require deep understanding of the topic. This training was rolled out in October 2021 to 32 000 employees and has been completed by 10 500 (33%) employees so far.



The internal training material covers the following topics:

- + explaining the differences between weather and climate;
- + basic understanding of the science behind climate change;
- + understanding the impacts of climate change;
- + the difference between physical and transitional climate risk; and
- + explaining what climate change means for FirstRand and actions the group is already taking to address climate change.

As part of the training, employees were asked to make suggestions to improve the group's climate programme and to log climate-related innovations. Employees submit a survey after completing the training. The survey results so far indicate that the majority of employees found the training useful, informative and left them feeling energised to contribute towards combating climate change. This initial training module is one of several that will be rolled out over the next three years covering a broad spectrum of climate topics at varying levels of expertise, and pitched to different key stakeholders in the group.

In addition to this formal training programme, a thought leadership series was run during the year and covered topics such as:

- + the feasibility of gas as a transition asset;
- + understanding the implications of the Carbon Tax Act (South Africa); and
- + operational carbon emissions and science-based targets for emissions reductions.

Members of the climate technical committee participate in external climate training programmes.

Board and executive training

Climate change training for board members and executives includes formal training that takes place twice a year. In addition, comprehensive climate progress reports submitted to board subcommittees provide further awareness on the topic.





Merchant Place campus – green building design and certification

In 2017, the group embarked on a deliberate strategy to drive environmental sustainability in its campus buildings, which has resulted in a number of the group's primary campuses being certified as star-rated green buildings by the Green Building Council of South Africa, including:

Portside	★★★★★
Ferndale	★★★★★
Fairland	★★★★
Acacia House	★★★★
Merchant Place	★★★★

This achievement is the result of a focus on energy efficiency, power utilisation, proactive maintenance, conscious waste management and water processing. Some initiatives include:

- + upgrades to various chiller and heating, ventilation and air conditioning systems to improve efficiency and reduce energy consumption and environmental impacts;
- + energy saving initiatives, such as installation of lighting motion sensor, timers, LED lights, solar plants, smart metering, and an energy insight dashboard;
- + the implementation of an in-house water bottling plant to improve the efficient use of water and reduce the use of plastics;
- + the implementation of a BiobiN recycling system.



Water bottling plant

- + 50% reduction in single-use plastic on campus;
- + installation of water dispensers on high-usage floors;
- + stainless steel water flasks; and
- + glass bottles and glasses in all meeting rooms.

BiobiN wet waste recycling

- + safe removal of hazardous and odorous elements from organic waste material, whilst recycling the waste into a safe, environmentally friendly and rich organic compost;
- + significant reduction in landfill contribution; and
- + significantly lower carbon footprint from fewer diesel trucks collecting waste.

Veggie garden

- + On-site vegetable garden producing organic herbs and vegetables for use in catering facilities on-site.



8 Merchant Place – building with intent

In September 2021, the new 8 Merchant Place building was opened. It was designed with green thinking and achieved a Four-Star Green rating by the Green Building Council of South Africa. The integrated design of the building ensures improved energy and water efficiency and waste management.



Energy efficiency

The building incorporates:

- + Performance glazing
- + High-efficiency air-cooled chiller with heat recovery for hot water generation
- + Energy-efficient lighting system with appropriate zoning and controls
- + Effective thermal insulation
- + Heat pump for domestic hot water
- + Comprehensive energy metering

Water efficiency

The building incorporates:

- + use of efficient water fittings (taps, shower heads, WCs and urinals) with low flow rates;
- + over 20 water meters to monitor and manage water consumption and assist with leak detection;
- + reduction in use of potable water for landscape irrigation with drip irrigation, rainwater sensing irrigation controls and drought resistant planting;
- + variety of indigenous landscape plant selection with minimal demand for excessive watering;
- + primary and back-up air-cooled chillers; and
- + closed fire test system.

Waste management

- + implementation of a waste management plan for the building construction phase, with 70% of construction waste diverted from landfill by being reused or recycled;
- + provision of a recycling waste storage facility on the ground floor;
- + separation of waste to occur at source with bins for separate waste streams; and
- + a comprehensive waste and recycling management plan to be implemented for the operational phase of the building.





Biodiversity and ecosystem management

FirstRand considers the loss of biodiversity and resulting ecosystem impacts an emerging risk. Biodiversity is the variability among living organisms and underpins the proper functioning of ecosystems and the delivery of ecosystem services.

There is a strong relationship between people, the economy and nature. Biodiversity and ecosystem services underpin daily life and many of the group's clients' products and services.

More than half of the global economy depends on functioning ecosystems which are in decline, for example through deforestation, land degradation, declining water quality and quantity, and declining bee populations. This is putting livelihoods and businesses at risk.

There is a direct link between climate change and biodiversity loss. Just as the causes of biodiversity loss and climate change are interrelated, so are the solutions. Nature-based solutions that protect and restore ecosystems provide solutions for climate change mitigation and adaptation.

The group will focus on its own operations and on its lending and investment activities when assessing the risks and opportunities. FirstRand is currently improving its understanding and management of biodiversity risks, which include:

- + risks as a result of direct impacts or dependencies on biodiversity and ecosystem services; and
- + regulatory, financing, reputational and supply chain risks that arise due to business relationships that depend on biodiversity and ecosystems.

The group is prioritising sectors where biodiversity dependencies and impacts are high, and is in the process of developing metrics and indicators for measuring these portfolio risks and impacts.

Currently ESRA does not explicitly screen transactions for biodiversity dependencies and opportunities, and focuses only on compliance with legislation. The long-term objective is to integrate biodiversity considerations into the ESRA process, including tracking against targets.

The group is participating in a number of regional and global programmes that are developing biodiversity and nature-related tools, frameworks and policies relevant to both the financial sector and the African continent, which has unique biodiversity challenges.

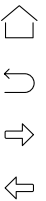
FirstRand commented on the biological diversity framework in preparation for the Convention on Biological Diversity and COP 15 in Kunming, China in October 2021.
<https://www.cbd.int/cop/>

TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES

The Taskforce on Nature-related Financial Disclosures (TNFD) aims to develop a risk management and disclosure framework for companies to report on evolving nature-related risks. FirstRand is a member of the TNFD.

Currently financial institutions do not have the necessary information to understand how nature impacts immediate financial performance and longer-term financial risks. Better information will allow FirstRand to incorporate nature-related risks and opportunities into strategy, risk management and asset allocation.

To advance the TNFD, an informal working group was convened with technical experts and founding partners Global Canopy, the United Nations Development Programme, UNEP FI and the World Wildlife Fund. In June 2021, this group provided direction for the formal TNFD. The next phase of the work will run to 2023 and will include the building, testing, consultation and dissemination of an integrated risk management and disclosure framework.





THE CIRCULAR ECONOMY AND RESOURCE EFFICIENCY

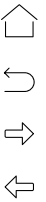
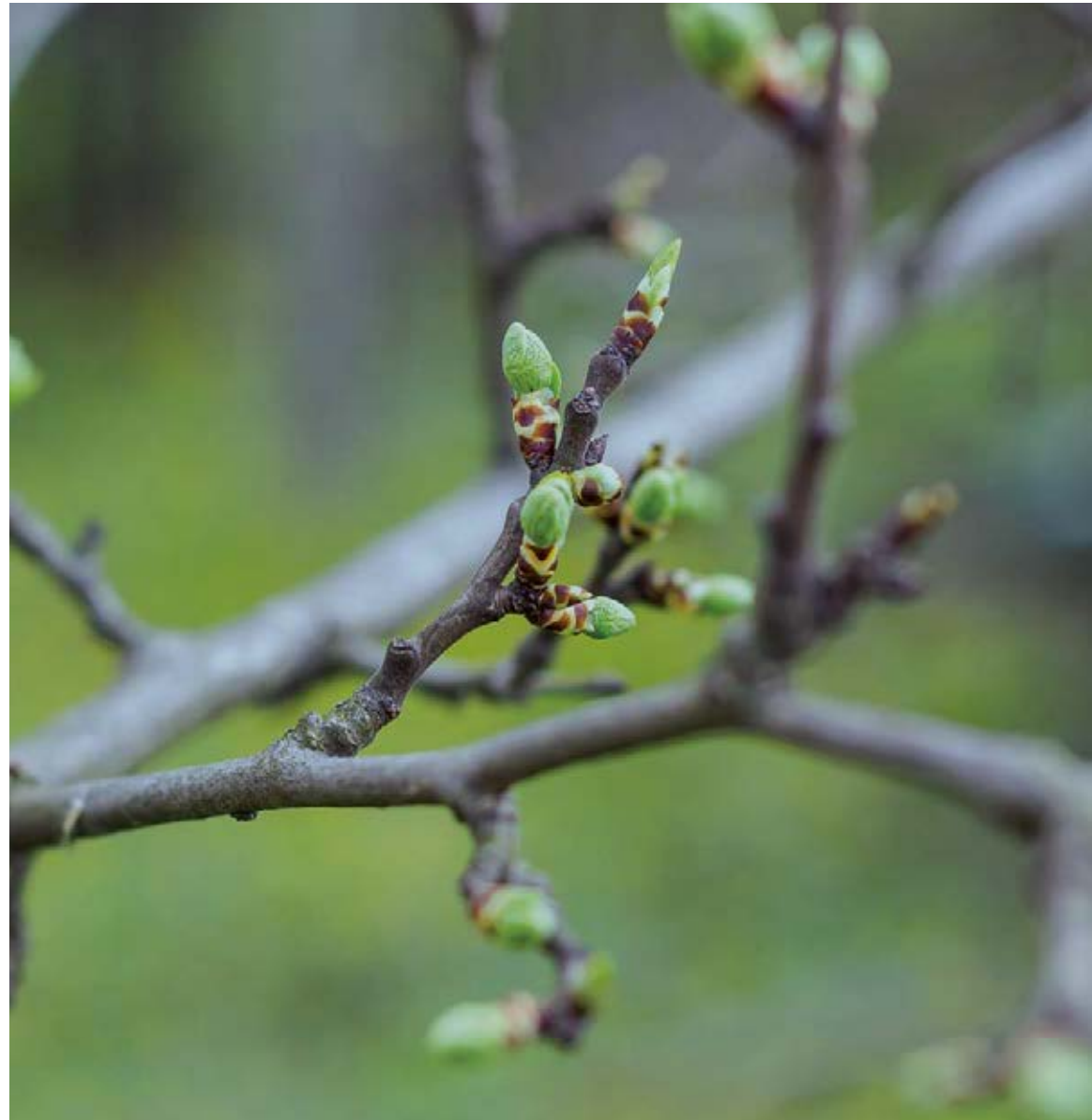
FirstRand has identified the circular economy as an emerging opportunity. Circular economy is defined as a closed-loop system that promotes economic prosperity whilst eliminating waste, minimising the input of virgin natural resources and promoting a "share, repair, reuse, and repurpose" approach to waste and goods.

The group is building its understanding of circular economy practices. A financial institution's largest impact on the circular economy is to direct capital towards companies and activities that are included in circular business models.

The group's current activities in the circular economy include:

- + sustainability-linked bonds with resource efficiency outcomes; and
- + research into regenerative agriculture, which aims to increase biodiversity, reduce water consumption, recycle farm waste, sequesterate GHG emissions and improve soil health and the climate resilience of crops.

Currently ESRA does not explicitly screen transactions for circular economy dependencies and opportunities and only focuses on waste management legislation. The long-term objective is to integrate circular economy considerations into the ESRA process, including tracking against targets. To this end, the group is assessing how to align circular economy considerations with national policy and international best practice.





Introduction: report purpose, group profile and operating context

Deploying the group's balance sheet to drive economic growth and inclusion

How the group's products and transactional platforms deliver financial inclusion to broader society

Treating customers fairly

Addressing transformation and employment equity

Providing an enabling environment for employees

A CSI strategy designed to contribute to upliftment

Managing the group's environmental impact

PARTICIPATION IN LOCAL AND GLOBAL INDUSTRY FORUMS AND PILOTS

FirstRand participates in local and global industry forums to ensure that new research is considered and incorporated into the group's environmental and social risk management programme. Participation allows the group to learn from global peers and contribute to the development of new methodologies and frameworks. Key organisations that the group engages with on an ongoing basis include:



The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

FirstRand involvement

FirstRand is a signatory to the TCFD.



The Partnership for Carbon Accounting Financials (PCAF) is a global partnership of financial institutions developing a global GHG accounting and reporting standard for the financial industry.

The harmonised carbon accounting approach provides financial institutions with the starting point required to set science-based targets and align their portfolios with the Paris Agreement.

FirstRand involvement

FirstRand is a member of the core team of PCAF and the regional lead for Africa. Phase 2 of the project is focused on sovereign bonds, green bonds and emission removals.



The UNEP FI United Nations Environment Programme Finance Initiative is a partnership between the United Nations Environment Programme (UNEP) and the global finance sector. UNEP FI works with more than 400 financial institutions and over 100 supporting organisations. Various focus areas are covered by work teams, for example the work done by the TCFD task group.

FirstRand involvement

FirstRand participated in phase 2 and is currently participating in phase 3 of the TCFD project work. This includes a focus on climate stress tests, sectoral climate risk, economics of climate change, and real estate assessment best practice.

Over the last 12 months representatives from the group joined the workstreams focused on biodiversity and circular economy/resource efficiency.



The Principles for Responsible Banking is a unique framework for signatory banks to commit to strategy and practise alignment to the UN SDGs and the Paris Climate Agreement.

FirstRand involvement

FirstRand was a founding member of the Principles for Responsible Banking and is a signatory. Climate change is a material focus area for FirstRand in terms of these principles.

FirstRand is also participating in biodiversity and circular economy working groups to help develop frameworks and metrics for impact measurement and reporting.



The Principles for Responsible Investment reflect the increasing relevance of ESG issues to investment practices and help to better align investors with the broader objectives of society.

FirstRand involvement

Ashburton Investments signed the Principles for Responsible Investment in 2015. As prudent stewards of capital, Ashburton considers a wide range of factors that may affect the risk and return profile of its investments, now and in the future. ESG factors form a part of this process.



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GLOBAL AND LOCAL PARTICIPATION IN INDUSTRY FORUMS AND PILOTS CONTINUED



The NBI is a voluntary coalition of South African and multinational companies working towards sustainable growth and development in South Africa. A particularly important focus area is the climate change pathways and just transition work that is in progress. The NBI aims to create an analytical fact base to support decision-making and support coordinated effort. It estimates the cost of inaction and determines actions that need to be taken to get SA to net zero, as well as the social and economic impacts of net-zero emissions by 2050.

FirstRand involvement

- + Climate pathways and a just transition
- + FirstRand CEO: Member of the CEO committee
- + FirstRand: Member of the steering committee
- + FirstRand: Member of the advisory committee on environment and society



BASA advances the interests of the industry with its regulators, legislators and stakeholders to make banking sustainable, profitable and better able to contribute to the social and economic development and transformation of the country.

The Sustainable Finance Forum members comply with the BASA principles for managing environmental and social risk.

FirstRand involvement

FirstRand is a member of the following committees:

- + Sustainable finance committee
- + Climate change committee
- + Positive impact finance



The Partnership for Biodiversity Accounting Financials (PBAF) is a partnership of financial institutions working together to explore the opportunities and challenges surrounding the assessment and disclosure of the impact on biodiversity associated with their loans and investments.

FirstRand involvement

FirstRand is a PBAF partner and participates in the agriculture and asset management working groups.



Business for Nature is a global coalition that brings together business and conservation organisations and forward-thinking companies. Its aim is to collectively demonstrate and amplify a credible business voice on nature calling for governments to adopt policies to reverse nature loss in this decade.

FirstRand involvement

FirstRand is a member of the strategic advisory group of Business for Nature.



The TNFD Forum is a global and multi-disciplinary consultative network of institutional supporters who share the vision and mission of the TNFD, which launched with over 100 members.

FirstRand involvement

Organisations that join the forum indicate a willingness to make themselves available to contribute to the work and mission of the Taskforce. TNFD "crowds in" access to a global, multi-disciplinary pool of technical expertise and practical market experience on which the Taskforce can draw to develop the framework.

FirstRand is part of the Taskforce, a group of 30 senior executives from financial institutions, corporates and market service providers.

Members are selected in their personal capacity, with the endorsement of their organisations. The selection criteria consider the competencies needed for the development of the TNFD framework, as well as sectoral, geographic and gender balance considerations.



The UN Decade on Ecosystem Restoration is a call for the protection and revival of ecosystems all around the world, for the benefit of people and nature. It aims to halt the degradation of ecosystems and restore them to achieve global goals.

The UN Decade runs from 2021 through 2030, which is also the deadline for the Sustainable Development Goals and the timeline scientists have identified as the last chance to prevent catastrophic climate change.

FirstRand involvement

FirstRand is a member of the Finance Task Force.

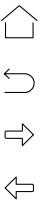


ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool to help users better understand and visualise the impact of environmental change on the economy. ENCORE recently published its biodiversity module.

FirstRand involvement

FirstRand participated in the development of the tool and will contribute to future enhancements.

FirstRand uses the tool to assess its portfolios' dependence and impact on nature and how environmental change can create business risks.





External Assurance Statement

Independent Auditor's Assurance Report on the Selected Sustainability Information in FirstRand Limited's Report to Society

To the Directors of FirstRand Limited

We have undertaken an assurance engagement in respect of the selected sustainability information, as described below, and presented in the 2021 *Report to Society* of FirstRand Limited (the "Company", "FirstRand" or "you") for the year ended 30 June 2021 (the Report). This engagement was conducted by a multidisciplinary team including environmental, social and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a reasonable assurance opinion and a limited assurance conclusion on the selected sustainability information listed below. The selected sustainability information described below has been prepared in accordance with the Company's reporting criteria that accompany the sustainability information on the relevant pages of the Report (the accompanying reporting criteria).

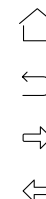
Reasonable assurance

Selected sustainability information	Unit of measurement	Boundary	Page
The number of Equator Principles defined Project Finance transactions that are \$10 million or more in value, that reached financial close during the reporting year	Number	South African divisions of FirstRand Limited	104
The number of Equator Principles defined Project Finance Advisory services mandated during the reporting year	Number	South African divisions of FirstRand Limited	104
The number of Equator Principles defined Corporate Loans transactions that reached financial close during the reporting year	Number	South African divisions of FirstRand Limited	104

Limited assurance

Selected sustainability information	Unit of measurement	Boundary	Page
Total CO ₂ Scope 1 emissions	Tonnes CO ₂ -e	South African divisions of FirstRand Limited	109
Total CO ₂ Scope 2 emissions	Tonnes CO ₂ -e	South African divisions of FirstRand Limited	109
Total CO ₂ Scope 3 emissions	Tonnes CO ₂ -e	South African divisions of FirstRand Limited	109

We refer to this information as the selected sustainability information for Reasonable Assurance and selected sustainability information for Limited Assurance, respectively, and collectively as the "selected sustainability information".





EXTERNAL ASSURANCE STATEMENT CONTINUED

Your responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the accompanying reporting criteria as set out on page 120 of the Report (the "Reporting Criteria").

This responsibility includes:

- + the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance, and
- + the design, implementation and maintenance of internal control relevant to the preparation of the 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 sustainability information and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practices on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual

assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

In particular, where the information relies on carbon and other emissions conversion factors derived by independent third parties, or internal laboratory results, our assurance work will not include examination of the derivation of those factors and other third party or laboratory information.

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' Code (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and 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).

The firm applies the International Standard on Quality Control 1, 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.

Our responsibility

Our responsibility is to express either a reasonable assurance opinion or limited assurance conclusion on the selected sustainability information as set out in the Subject Matter paragraph, 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 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain the appropriate level of assurance about whether the selected sustainability information is free from material misstatement.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

(A) REASONABLE ASSURANCE

A reasonable assurance engagement in accordance with ISAE 3000 (Revised), and ISAE 3410, involves performing procedures to obtain evidence about the measurement of the selected sustainability information and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected sustainability information, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to the Company's preparation of the selected sustainability information.

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 the Company;
- + Assessing the suitability in the circumstances of the Company's use of the applicable reporting criteria as a basis for preparing the selected sustainability 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 reasonable assurance opinion.





EXTERNAL ASSURANCE STATEMENT CONTINUED

(B) LIMITED ASSURANCE

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised), and ISAE 3410, involves assessing the suitability in the circumstances of the Company's use of its reporting criteria as the basis of preparation for the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Accordingly, for the selected sustainability information where limited assurance was obtained, we do not express a reasonable assurance opinion about whether the Company's selected sustainability information has been prepared, in all material respects, in accordance with the accompanying reporting criteria.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing with or reconciling underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- Performed a controls walkthrough of identified key controls;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected sustainability information; and
- Evaluated whether the selected sustainability information presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at the Company.

Reasonable Assurance Opinion and Limited Assurance Conclusion

(a) Reasonable assurance opinion

In our opinion and subject to the inherent limitations outlined elsewhere in this report, the selected sustainability information set out in the Subject Matter paragraph above for the year ended 30 June 2021 is prepared, in all material respects, in accordance with the reporting criteria.

(b) Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out the Subject Matter paragraph above for the year ended 30 June 2021 is not prepared, in all material respects, in accordance with the reporting criteria.

Other Matter(s)

The maintenance and integrity of FirstRand's website is the responsibility of FirstRand's directors. 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 assurance report that may have occurred since the initial date of presentation on FirstRand's website.

Restriction of liability

Our work has been undertaken to enable us to express a reasonable assurance opinion and limited assurance conclusion on the selected sustainability information to the directors of the Company 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 the Company, for our work, for this report, or for the conclusion we have reached.

PricewaterhouseCoopers Inc.
Director: Jayne Mammatt
Registered Auditor
Johannesburg

22 December 2021





REPORTING CRITERIA

TOTAL SCOPE 1 CO₂E EMISSIONS	<p>Greenhouse gas emissions (GHGs) caused directly by the operations of FirstRand which through a physical unit or process releases GHGs into the atmosphere. These are GHG emissions from assets under the direct control or ownership of FirstRand. Included in this total are the following subtotals: CO₂ emissions due to petrol consumption (fleet), CO₂ emissions due to diesel consumption (fleet), CO₂ emissions due to diesel consumption (generators), CO₂ emissions due to kilometres travelled by all sizes of petrol-driven vehicles (fleet), CO₂ emissions due to kilometres travelled by all sizes of diesel-driven vehicles (fleet), CO₂e emissions from all sources of refrigerant gases.</p>
TOTAL SCOPE 2 CO₂E EMISSIONS	<p>Greenhouse gas emissions (GHGs) caused indirectly by the operations of FirstRand, due to the use of electricity, heating/cooling, or steam purchased for its own consumption which releases GHGs into the atmosphere. Included in this calculation are the following: CO₂e emissions due to electricity purchased from local power provider (owned and leased buildings and branches) and CO₂e emissions due to standalone/non-branch ATMs (owned or controlled).</p>
TOTAL SCOPE 3 CO₂E EMISSIONS	<p>Indirect emissions other than those covered in Scope 2 sources. Scope 3 emissions are a consequence of the activities of FirstRand but occur from sources or assets not owned or controlled by FirstRand. Included in this total are the following: all CO₂e emissions due to employee reimbursable travel claims, car allowances, CO₂e emissions due to flights, CO₂e emissions due to rental vehicles, and paper consumption.</p>
NUMBER OF EP-DEFINED PROJECT FINANCE TRANSACTIONS ≥ \$10 MILLION, THAT REACHED FINANCIAL CLOSE	<p>The number of Equator Principles-defined Project Finance transactions that are \$10 million or more in value, that reached financial close during the reporting year and broken down by:</p> <ul style="list-style-type: none"> + category A, B or C (as defined by the Equator Principles); + category (A, B or C) by sector and region as detailed below: <ul style="list-style-type: none"> » sector – mining, infrastructure, oil and gas, power and other; » region – Americas, Europe, Middle East and Africa, Asia Pacific; » category (A, B or C) by host country classification, detailed as designated and non-designated country or not; and + category (A or B) and whether an independent review has been carried out.
NUMBER OF EP-DEFINED PROJECT-RELATED CORPORATE LOANS THAT REACHED FINANCIAL CLOSE	<p>The number of Equator Principles-defined full-term corporate loans that reached financial close during the reporting year and broken down by:</p> <ul style="list-style-type: none"> + category A, B or C (as defined by the Equator Principles); + category (A, B or C) by sector and region as detailed below: <ul style="list-style-type: none"> » sector – mining, infrastructure, oil and gas, power and other; » region – Americas, Europe, Middle East and Africa, Asia Pacific; » category (A, B or C) by host country classification, detailed as designated and non-designated country or not; and + category (A or B) and whether an independent review has been carried out.
NUMBER OF EP-DEFINED PROJECT FINANCE ADVISORY SERVICE MANDATE	<p>The total number of Equator Principles-defined Project Finance Advisory Services mandated during the reporting period broken down by:</p> <ul style="list-style-type: none"> + sector – mining, infrastructure, oil and gas, power and other; and + region – Americas, Europe, Middle East and Africa, Asia Pacific.





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