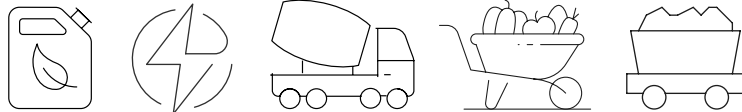


TRANSITION FINANCE FRAMEWORK

December 2025



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1. Introduction

This document outlines the transition finance framework (the framework) under which FirstRand Limited (FirstRand Limited including all its subsidiaries, collectively referred to as FirstRand or the group), and its subsidiaries including FirstRand Bank Limited (FRB or the bank), intend to issue climate transition-related instruments (primarily bonds, loans or derivatives, or transactions relating to the securitisation of group assets). The proceeds of such instruments will be utilised to fund assets/initiatives that contribute to achieving specific objectives aligned to FirstRand's ambition to drive decarbonisation towards a low-carbon economy, per the criteria outlined below in sections 3.2 and 3.3.

This framework has been drafted with due consideration given to international and regional best practice and guidance, including:

- *Guide to Transition Loans (Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA), 2025);*
- *Climate Transition Bond Guidelines (International Capital Markets Association (ICMA), 2025);*
- *Green Loan Principles (APLMA, LMA, LSTA, 2025);*
- *Green Bond Principles – Voluntary Process Guidelines for Issuing Green Bonds (ICMA, 2025);*
- *Sustainability Linked Loan Principles (LMA, LSTA, APLMA, 2025);*
- *Sustainability Linked Bond Principles (ICMA, 2024);*
- *ICMA Climate Transition Finance Handbook (2023);*
- *G20 Transition Finance Framework (2023);*
- *Organisation for Economic Co-operation and Development (OECD) Guidance on Transition Finance (OECD, 2022);*
- *Financial Institution Net-zero Transition Plans – Fundamentals, Recommendations, and Guidance (Glasgow Financial Alliance for Net Zero (GFANZ), 2022);*
- *Transition Finance for Africa – Accelerating decarbonisation efforts in sectors critical to economic development (British International Investment (BII), 2022);*
- *Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions (United Nations High-Level Expert Group (UN HLEG), 2022);*
- *The Transition Plan Taskforce (TPT) Disclosure Framework (TPT, 2023);* and
- *Local African taxonomies, which include the South African Green Finance Taxonomy (2022), Rwanda's Green Taxonomy (2025), the Kenya Green Finance Taxonomy (2025), the Ghana Green Finance Taxonomy (2024), the Nigeria Green Tagging Banking Review, and other regional taxonomies such as the Autorité des Marchés Financiers's Taxonomy of Green and Sustainable Bonds (2024) and the African Sustainable Finance Taxonomy (2025).*

The group will review and update this framework periodically to keep up with material market developments.

2. FirstRand’s approach to climate transition

As a systemic financial services business and allocator of financial resources to the economy and broader society, FirstRand has a responsibility to use the resources at its disposal to provide solutions for clients’ climate resilience and decarbonisation strategies. This is a key imperative given that most of the group’s businesses operate on the African continent, which is already economically and socially vulnerable, and expected to be severely impacted by climate change.

FirstRand’s purpose statement

FirstRand’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.

FirstRand aligns with the Paris Agreement goal and latest climate science to limit the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The group also commits to aligning its financial flows to help the group’s operating jurisdictions realise their nationally determined contributions (NDCs).

2.1 Responding to climate change – a group growth strategy

Climate change responses have been incorporated into FirstRand’s strategy, capital allocation, loan origination strategies and portfolio diversification, enabling the group to support clients looking to accelerate their emissions reduction. Some high-level actions taken by the group to enable these responses are outlined below.

- FirstRand has adopted a range of climate commitments which include a net-zero target for financial emissions for 2050, as well as short- and medium-term targets up to 2030, including sector-level commitments for upstream oil and gas, thermal coal and mining, and power generation. Refer to Annexure 1 for details on interim targets.
- The group established a climate risk management programme in 2020, which is now fully embedded across the business.

- Governance structures that focus on climate change have been established.
- Dedicated sustainable finance teams have been established that provide clients with solutions to finance and support transition.
- The management of climate change risk and execution on climate-related strategies are captured in remuneration practices.
- A climate balance sheet taxonomy has been incorporated in the group’s financial resource management (FRM) framework:
 - it allows the climate attributes of asset classes and products to be identified, enabling targeted strategies to inform origination approaches, client engagement programmes, and balance sheet evolution; and
 - there are four main categories, each with differing emissions intensity levels and growth trajectories. Both client and transaction characteristics determine if an asset is classified as green, olive, grey or brown. The olive category includes transition assets with lending anchored to deliberate and accelerated emissions reductions for companies, assets and individuals.

2.2 Climate governance and risk management

FirstRand is committed to the effective oversight and management of the environmental and social risk associated with its lending and investment decisions, product and service offerings, own organisational impacts, and in promoting responsible practices through its value chains.

Ultimate oversight of climate, environmental and social-related risks rest with the board, which has delegated responsibility for various risk topics to appropriate board subcommittees and management committees across the group. The primary board committees overseeing climate matters are the FirstRand risk, capital management and compliance committee (RCCC) and FirstRand social, ethics and transformation committee (Setcom). RCCC provides oversight of the group's climate risk profile. Setcom provides oversight of the group's climate strategy regarding the impact on the environment and societal stakeholders.

FirstRand has put the necessary policies, systems and processes in place to enable delivery of the group's climate roadmap and ensure that the corresponding performance and progress are reflected in the group's external reporting. Management of climate-related risks and opportunities resides with FirstRand's sustainability and governance committee, a subcommittee of FirstRand's strategic executive committee. In addition, the group has the following specialist committees to oversee and manage environmental and climate-related risks:

- FirstRand shared prosperity FRM committee, a subcommittee of the group FRM committee, which provides enablement for climate and social solutions;
- FirstRand climate and environment risk committee;
- FirstRand climate and environment technical and data committee; and
- operating business/segment committees that oversee climate risk.

3. Approach to transition finance

Transition finance refers to financial solutions that support economy-wide transition, in the context of the United Nations Sustainable Development Goals (UN SDGs), towards lower and net-zero emissions, in alignment with the goals of the Paris Agreement.

Transition finance supports ongoing decarbonisation – especially in hard-to-abate sectors – while avoiding long-term carbon lock-in and ensuring other environmental and social goals are not compromised. This framework defines financing opportunities that support clients’ real-world decarbonisation strategies in the hard-to-abate and enabling sectors outlined in the table below.

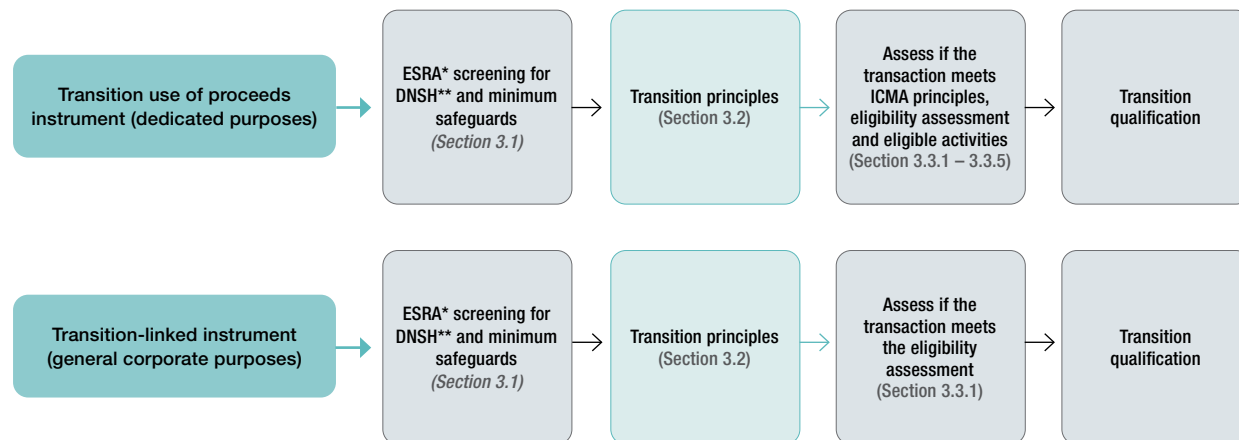
Eligible transition sectors

Hard-to-abate sectors	Other sectors	Enabling sectors
<p><i>Providing financial support to high-emitting entities in sectors where there is no clear decarbonisation pathway to fully achieve net zero due to a lack of proven technologies. These sectors require breakthrough technologies for full decarbonisation. It is, however, possible to invest in interim measures that can lower emissions intensity.</i></p>	<p><i>Providing financial support to high-emitting entities in sectors with a clear decarbonisation pathway to achieve net zero. These sectors have commercially viable propositions for decarbonisation but progress on transition is limited by a lack of capital providers with sufficient patience and risk appetite.</i></p>	<p><i>Providing financial support to sectors providing inputs to the transition, including those which are currently high emitting.</i></p>
<ul style="list-style-type: none"> • Glass and cement • Chemicals and petrochemicals • Pulp and paper • Aluminium • Iron and steel • Heavy duty trucking • Shipping and aviation 	<ul style="list-style-type: none"> • Power (energy in use) • Energy (energy sources) • Agriculture 	<p>Development, retrofitting, or expansion of mining operations for production of critical minerals and metals* – copper, nickel, manganese, cobalt, lithium, graphite, zinc, aluminium, chromium, lead, molybdenum, supplemented with silicon and rare earth minerals.</p>

* Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition (World Bank Group, 2020).

The diagram below outlines the process to assess whether a transaction meets the definition of transition finance under this framework. Each step in the process is detailed in the following sections.

Process flow to determine if a transaction meets transition finance definition



* Environmental and social risk assessment.

** Do no significant harm.

Where a transaction qualifies as an eligible green asset under the FirstRand sustainable finance framework, it cannot also qualify as a transition finance transaction.

3.1 The environmental and social risk assessment due diligence process

The group’s environmental and social risk assessment (ESRA) transactional due diligence process is integrated into its credit risk governance process. The ESRA process identifies and assesses environmental, social and regulatory or reputational risks, to either the group or its clients, with the potential to cause severe societal and/or environmental degradation, as well as to negatively impact the ability of clients to meet their credit commitments. The ESRA process is aligned to internationally accepted best practices, including the UN Environment Programme Finance Initiative, the Equator Principles (to which the group is a signatory) and others, such as the IFC Performance Standards on Environmental and Social Sustainability and World Bank Guidelines. The ESRA process is regularly enhanced with the group’s environmental risk management programme, ensuring integration of climate-related, nature and biodiversity risks at sector, portfolio, group, and country levels. The ESRA process screens transactions against sensitive and excluded activities.

The ESRA process reviews potential transition finance transactions to ensure they meet “do no significant harm” (DNSH) standards and minimum safeguards. Refer to Annexure 2 for details.

3.2 Transition principles

This framework provides a principle-based methodology that FirstRand will apply to qualifying activities for transition financing based on three main principles.

- **Alignment to the Paris Agreement** by supporting the transition of a company and the market in which it operates towards meeting the objectives of the Paris Agreement.
- **Evaluating material socio-economic impacts** including workforce, suppliers, customers, and community risks and opportunities.
- **Performance on climate-related metrics** will be tracked by clients and disclosed to FirstRand to ensure transparent and credible monitoring and reporting.

Alignment with the transition principles will be assessed using the following checklist. Each item must be evaluated, and any item that is not applicable must be explained.

Transition principle	Transition checklist	Description
Alignment to the Paris Agreement	Company transition	Identification of whether the counterparty has implemented, or is in the process of implementing a transition plan, strategy or a robust set of indicators showing alignment with recognised transition themes and decarbonisation pathways, or whether the transition activity aligns with key climate-related frameworks, such as the Paris Agreement, science-based or sectoral pathways, NDCs or other national decarbonisation objectives, with a focus on near-term emissions reductions.
	Size of decarbonisation objective	Assessment, quantification and monitoring over time of how the investment supports real-world transition to net zero.
	Carbon lock-in assessment	Evaluation of whether the transaction structure and technology choice enable the use of the best available technology (at the time of the transaction) and do not prevent further decarbonisation measures in future.
Evaluating material socio-economic impacts	Socio-economic impact	In addition to meeting minimum social safeguards as assessed during the ESRA process, evaluate material socio-economic risks and, where appropriate, take steps to improve social outcomes for workers, suppliers, customers and/or communities. Examples include local socio-economic developments supporting re-skilling, training, job retention, etc.
Performance on climate-related metrics	Company disclosures	Ensuring that the relevant counterparties actively monitor and report practices and performance on climate-related metrics.

3.3 Framework review process and relevant principles/guidelines

FirstRand’s shared prosperity financial resource management committee is responsible for approving this framework and any amendments thereto. The committee may be called upon to ensure consistency of approach and oversight in relation to the framework.

3.3.1 Eligibility assessment for transition finance instruments

This framework caters for two types of financial instruments, namely dedicated purpose (use of proceeds) and general corporate purpose financing. Both instrument types require the underlying activity to align to the transition principles in section 3.2. In addition, each instrument type must undergo further evaluation against the eligibility criteria outlined below.

Financing type	Requirements
Transition use-of-proceeds instrument (dedicated purpose)	<ul style="list-style-type: none"> • The borrower has published or intends to publish a climate transition plan, strategy, or robust set of indicators aligned with science-based pathways, sectoral pathways, NDCs or Paris Agreement goals, with a focus on near-term emission reductions. • Assessment for use of proceeds is outlined in sections 3.3.2 to 3.3.5 of this framework.
Transition-linked instrument (general corporate purpose)*	<ul style="list-style-type: none"> • The borrower has published or intends to publish a climate transition plan, strategy, or robust set of indicators aligned with science-based pathways, sectoral pathways, NDCs, or Paris Agreement goals, with a focus on near term emissions reductions. • Instrument(s) include a carbon-linked key performance indicator (KPI) and associated sustainability performance targets (SPTs) linked to the client’s climate transition plan, strategy, or robust set of indicators. • Alignment with the latest available sustainability-linked loan principles or sustainability-linked bond principles at the time of signing the facility. • The borrower must annually verify their SPT performance through an external assurance process.









* The assessment of transition-linked instruments is not subject to a second-party opinion. However, they will be structured in accordance with the latest available sustainability-linked loan/bond principles at the time of signing the facility.





Alignment with the eligibility criteria will be assessed per transaction.


3.3.2 Use of proceeds


To qualify as transition finance, proceeds from instruments issued under this framework must exclusively finance or refinance eligible assets, in whole or in part, that meet this framework's eligibility criteria. Eligible instruments must demonstrate short- or long-term decarbonisation impacts with quantified greenhouse gas (GHG) benefits. A list of eligible transition activities is outlined in the following table.


FirstRand transition activity list


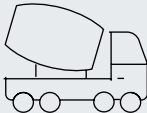







Investment category	Sector/theme	Eligibility criteria	Exclusions and limitations*	Applicable UN SDG
Energy efficiency 	Energy efficiency	<ul style="list-style-type: none"> Energy efficiency improvement aligned with the minimum sectoral targets included in the International Energy Association Announced Pledges Scenario pathway. Waste heat recovery in industrial process. 	Exclusions: <ul style="list-style-type: none"> Coal-based power generation and coal mining. Limitations: <ul style="list-style-type: none"> Certified crops** for biofuels. 	  
	Aviation specific	<ul style="list-style-type: none"> Improvements for airplanes related to energy efficiency (i.e. retrofits or improvements related to engines, upgrades to enable biofuels/sustainable aviation fuel usage, aerodynamics, weight and control systems to enhance air fleet efficiency, etc.), aligned with international benchmarks such as the International Air Transport Association Net Zero roadmaps. 		
	Shipping specific	<ul style="list-style-type: none"> Upgrading existing marine transport assets to enable alternative fuel usage (e.g. retrofitting of assets to enable usage of e-fuels), aligned with international benchmarks, such as the International Maritime Organization Strategy on Reduction of GHG Emissions from Ships. 		
	Ground transport specific	<ul style="list-style-type: none"> Hybrid on-road freight transport with a maximum emissions threshold of 67gCO₂e/tonne-km. Fleet upgrade to enable alternative fuel usage for on-road freight transport (e.g. biofuels). Development and operation of more fuel efficient and climate-friendly public or mass transport systems for land. 		
Power and energy 	Electrification	<ul style="list-style-type: none"> Electrification of equipment across all eligible sectors and industrial processes, resulting in reduction or avoidance of GHG emissions. 	Exclusions: <ul style="list-style-type: none"> Coal-based power generation and coal mining sector. Limitations: <ul style="list-style-type: none"> Hydropower above 50 gCO₂e/kWh but below 100 gCO₂e/kWh. Bioenergy above 100 gCO₂e/kWh but below 230 gCO₂e/kWh. Geothermal above 100 gCO₂e/kWh but below 365 gCO₂e/kWh. 	  
	Renewable energy	<ul style="list-style-type: none"> Use of renewable energy in industrial processes/power generation in combination with fossil-based energy, with the latter serving as backup power or being reduced using renewable energy. Hydropower, bio-energy and geothermal electricity generation, transmission and distribution that do not meet the green technical screening criteria outlined in the FirstRand sustainable finance framework. Biomass/hydrogen co-firing of thermal plants aligned with Paris Agreement goals and/or country NDCs, where applicable. 		




Investment category	Sector/theme	Eligibility criteria	Exclusions and limitations*	Applicable UN SDG
<p>Power and energy</p> 	<p>Flaring and GHG emissions reduction</p>	<ul style="list-style-type: none"> • Elimination of routine flaring. • Detection, monitoring, and reduction of methane emissions, including other GHGs. 	<p>Exclusions:</p> <ul style="list-style-type: none"> • New coal power generation or new coal mining. • Certified crops** for biofuels. 	  
	<p>Low-carbon fuels#</p>	<ul style="list-style-type: none"> • Production of biofuels and/or other low-carbon fuels from waste feedstock and/or agricultural feedstock. • Blending of biofuels and/or low-carbon fuels. • Biofuels transport and distribution infrastructure. 		
	<p>Bio-based[†] hydrogen</p>	<ul style="list-style-type: none"> • Greenfield bio-based hydrogen production. • Use of bio-based hydrogen to produce synthetic fuels and/or as feedstock in industrial processes. • Infrastructure (e.g. pipelines) to deliver bio-based hydrogen in end use sectors. • New or retrofit of infrastructure dedicated to supporting primarily bio-based hydrogen (including pipelines, storage). 	<p>Limitations:</p> <ul style="list-style-type: none"> • Certified crops**. 	

Investment category	Sector/theme	Eligibility criteria	Exclusions and limitations*	Applicable UN SDG
<p>Power and energy</p> 	<p>Fossil fuel switch</p>	<ul style="list-style-type: none"> Recovery of flared/vented gases and fugitive emissions to use as fuels. 	<p>Exclusions:</p> <ul style="list-style-type: none"> Uses for recovered gas exclude enhanced oil recovery, and greenfield exploration and production activities. New oil and gas assets installed after finalisation of this framework. <p>Limitations:</p> <ul style="list-style-type: none"> Applicable in countries with a commitment to achieve net-zero carbon emissions or carbon neutrality. The activity must achieve a minimum of 20% GHG emissions reduction. 	
		<ul style="list-style-type: none"> Fuel switching involving replacing higher-carbon fuels with biofuels and/or other low-carbon fuels from waste feedstock and/or agricultural feedstock. 		
	<p>Gas to power</p>	<ul style="list-style-type: none"> Conversion of existing open-cycle gas turbines into combined-cycle gas turbines. 	<p>Limitations:</p> <ul style="list-style-type: none"> Applicable to existing open-cycle gas turbines with a maximum baseline threshold of 600 gCO₂e/kWh. Applicable in countries where renewable electricity contributes less than 25%** of total electricity mix. The activity must achieve a minimum of 20% GHG emissions reduction immediately upon conversion. Applicable in countries with a commitment to achieve net-zero carbon emissions or carbon neutrality. Sunset date of 2035[^]. 	

Investment category	Sector/theme	Eligibility criteria	Exclusions and limitations*	Applicable UN SDG
<p>Power and energy</p> 	<p>Gas to power</p>	<ul style="list-style-type: none"> Recovery of flared gases, vented gases and/or fugitive emissions to produce electricity. 	<p>Limitations:</p> <ul style="list-style-type: none"> Applicable in countries where renewable electricity contributes less than 25%+ of total electricity mix. Direct GHG emissions of the activity are lower than 270 gCO₂e/kWh of the output energy, or annual direct GHG emissions of the activity do not exceed an average of 550 kgCO₂e/kW of the facility's capacity over 20 years. Lifecycle GHG emissions from the generation of electricity using fossil gaseous fuels are lower than 100 gCO₂e/kWh. Sunset date of 2035[^]. 	

Investment category	Sector/theme	Eligibility criteria	Exclusions and limitations*	Applicable UN SDG
<p>Power and energy</p> 	<p>Gas to power</p>	<ul style="list-style-type: none"> Construction and operation of new gas-to-power generation assets. 	<p>Limitations:</p> <ul style="list-style-type: none"> Applicable in countries where coal power contributes more than 80% of total electricity mix and renewable energy contributes less than 25%[‡] of total electricity mix. Direct GHG emissions of the activity are lower than 270 gCO₂e/kWh of the output energy, or annual direct GHG emissions of the activity do not exceed an average of 550 kgCO₂e/kW of the facility's capacity over 20 years. Lifecycle GHG emissions from the generation of electricity using fossil gaseous fuels are lower than 100 gCO₂e/kWh. The activity replaces an existing high-emitting electricity generation activity that uses solid or liquid fossil fuels leading to a reduction in emissions of at least 55% GHG over the lifetime of the newly installed production capacity. The newly installed production capacity does not exceed replaced capacity. Sunset date of 2035[^]. 	
	<p>Energy specific</p>	<ul style="list-style-type: none"> Decommissioning, repurposing and repowering of existing coal power stations and other fossil fuel-based power generation infrastructure into renewable energy hubs. Early decommissioning of fossil fuel-based power infrastructure/assets. 		

Investment category	Sector/theme	Eligibility criteria	Exclusions and limitations*	Applicable UN SDG
Power and energy 	Transmission and distribution infrastructure	<ul style="list-style-type: none"> Retrofit of transmission lines, distribution systems, substations and/or other related infrastructure to reduce energy use/losses. Improvement of existing transmission grid or development of new transmission grid for primarily renewably sourced electricity. 		
Cement production 	Cement specific	<ul style="list-style-type: none"> Blending of alternative materials into cement to replace clinker (including limestone and calcined clay). Use of alternative low-carbon fuels in cement production. These alternative fuels may include waste biomass, refuse-derived fuel, tyre-derived fuel, and/or other alternative material that reduce reliance on fossil fuels. Use of renewable energy, biofuels, and/or other low-carbon fuels from waste feedstock and/or agricultural feedstock. 		  
Agriculture 	Agriculture specific	<ul style="list-style-type: none"> Production of bio-energy crop on marginal lands and pasture land. Agricultural machinery that reduces emissions but is not at or near zero emissions today (e.g. biofuel powered tractors, higher efficiency water pumps, etc.). Processes and technologies that reduce methane from livestock farming (e.g. technologies to reduce livestock methane via diet supplements and additives, selective breeding for lower GHG-emitting livestock, etc.). Activities that lead to better manure management via improved storage and handling (e.g. adding covers to existing tanks, ponds, lagoons, anaerobic digesters that convert manure into biogas, upgrade facilities for composting manure into high-quality fertilisers, etc.). Installation/retrofit of energy efficient cold chain and processing facilities (that are not at or near zero emissions). 	Limitations: <ul style="list-style-type: none"> Certified crops**. 	  

Investment category	Sector/theme	Eligibility criteria	Exclusions and limitations*	Applicable UN SDG
<p>Metals and mining</p> 	<p>Mining specific</p>	<ul style="list-style-type: none"> Development, retrofitting, and/or expansion of mining activities to produce critical minerals for use in energy transition technologies as identified in the <i>Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition</i> (World Bank, 2020) – copper, nickel, manganese, cobalt, lithium, graphite, zinc, aluminium, chromium, lead, molybdenum, supplemented with silicon and rare earth minerals. 	<p>Exclusions:</p> <ul style="list-style-type: none"> Mining of non-critical minerals and metals. Manufacturing of non-critical metals. 	 

* Unless explicitly specified, exclusions include activities identified at the date of this framework as having the potential to be carbon intensive and/or activities which may create some carbon lock-in risk. These are generally expected to be excluded from classification as transition finance for the purposes of this framework. However, in exceptional circumstances the group may, on a case-by-case basis, determine that these activities are eligible as transition activities, including where there are relevant mitigants to address carbon intensity and/or lock-in risk.

** Crops certified under the Roundtable on Sustainable Biomaterials or International Sustainability and Carbon Certification (ISCC) PLUS, soy certified under the Round Table on Responsible Soy, sugarcane certified under Bonsucro and wood certified under the Forest Stewardship Council or Programme for the Endorsement of Forest Certification. Additional certification schemes may be considered but should be as or more credible and robust as those listed here.

Low-carbon fuels include fuels such as biofuels, biogas, biomethane and any other low-carbon fuel derivatives.

† Hydrogen produced from natural gas, with the carbon dioxide byproduct captured and stored instead of being released into the atmosphere.

‡ Biofuels, solar and wind only.

^ Sunset dates consider the phase-out or switch to renewable and/or low-carbon gaseous fuels, taking into account the expected lifespan of the financed asset. New transactions can only be classified as transition finance until the sunset date, after which they become ineligible.

Financing versus refinancing

The proceeds from the transition instruments issued/raised can be used to finance and/or refinance eligible assets. Where the proceeds are used for refinancing, the applicable lookback period will be outlined in the appropriate finance documentation.

3.3.3 Asset evaluation and selection

The relevant sustainable finance team and the applicable origination business team are jointly responsible for the initial screening of eligible transactions in relation to the eligibility criteria outlined in this framework. All eligible transactions are subject to FirstRand's ESRA due diligence process, and FirstRand's list of excluded activities/industries (exclusion list) applies. Once eligible assets have been identified for each transaction the applicable entity's treasury team, in collaboration with the relevant sustainable finance team and underlying origination business team, should approach the FirstRand Group Treasurer and Head of FirstRand Group Treasury Structured Finance for approval.

3.3.4 Management of proceeds

The treasury team of the relevant entity utilising this framework will allocate the proceeds from executed transition instruments to eligible assets/initiatives, which will be marked against an eligible asset/initiative register. FirstRand Group Treasury, in collaboration with the relevant sustainable finance team, is responsible for the tracking and management of proceeds allocation. Eligible assets/initiatives will be added to or removed from the eligible asset/initiative register to the extent required. The eligible asset/initiative register will be updated and monitored periodically. The treasury team of the relevant entity utilising this framework should aim to achieve a level of allocation that matches or exceeds the balance of net proceeds from its outstanding transition instruments within two years from the date of instrument execution.

If any proceeds remain unallocated, the treasury team of the relevant entity utilising this framework will track funds until these have been fully allocated to eligible assets/initiatives. In the interim, the unallocated proceeds will be held and/or invested in the relevant treasury's liquidity portfolio, in cash or in other short-term and liquid instruments (at the discretion of the relevant treasury team). Per group policy, the unallocated proceeds may not be invested in any activities identified in FirstRand's exclusion list.

3.3.5 Reporting

The treasury team of the relevant entity utilising this framework, supported by the applicable sustainable finance team, will prepare and publish (as applicable) an allocation report with respect to the instruments executed under this framework until proceeds have been fully allocated (unless otherwise required by the applicable principles), as well as an impact report until full maturity of the instruments executed to extent the underlying assets have not reached maturity or have not been repaid. These reports will be published on FirstRand's website at <https://www.firstrand.co.za/investors/debt-investor-centre/sustainable-finance/>. The report will be available from the first anniversary of the relevant instrument's execution date. These reports will provide:

- the total amount of proceeds allocated to eligible assets/initiatives;
- the number of eligible assets/initiatives;
- the balance of unallocated proceeds; and
- impact indicators.

Limited assurance on the allocation report will be provided by an external auditor or other qualified party. A summary of the impacts of the eligible assets/initiatives may include the metrics set out in the following table, as well as relevant narratives where the data is available, subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition or other relevant legislation and regulation.

*Indicative impact indicator**

Metric		Impact indicators
Carbon metrics (core)	Carbon emissions	<ul style="list-style-type: none"> • Annual GHG emission reduction or avoidance in tonnes of carbon dioxide equivalent (tCO₂e) per year. • Reduction in carbon intensity in tCO₂e per activity (intensity). • Annual GHG emissions sequestered in tCO₂e per year.
	Low-carbon energy and energy savings	<ul style="list-style-type: none"> • Total installed capacity of low-carbon energy installed in MW. • Annual generated low-carbon power in MWh per year. • Annual production of biofuels or low-carbon fuels. • Estimated annual energy savings in MWh per year. • Installed transmission and/or distribution network in MW or MWh per year. • Annual waste used for energy in tonnes per year. • Kilometres of transmission and distribution network installed. • Value of equipment and/or vehicles financed.
	Disclosures	<ul style="list-style-type: none"> • Climate-related disclosure milestones, e.g. climate reporting, development of a transition plan, strategy, a robust set of transition indicators, etc. • Alignment with climate reporting standards, e.g. Task Force on Climate-related Financial Disclosures (TCFD), IFRS S2 Climate-related Disclosures, European Sustainability Reporting Standards (ESRS) E1 (Climate Change), etc. • Assurance of climate-related data.
	Critical minerals	<ul style="list-style-type: none"> • GHG emissions in tCO₂e. • Sales volume to low- or zero-carbon technologies manufacturers. • Avoided emissions enabled through the production of low- and/or zero-carbon technologies.
Socio-economic metrics (where applicable)		<ul style="list-style-type: none"> • Number of jobs created/retained. • Number of employees reskilled/retrained/upskilled. • Contribution to regional/national/provincial/local economic development. • Other environmental improvements other than GHG emissions.

* *Impact will be calculated and disclosed on an actual, expected or estimated basis.*

4. Group entities utilising this framework

4.1 FirstRand Bank Limited

FRB is a wholly owned subsidiary of FirstRand Limited. The bank provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa and offers niche products in certain international markets. The bank has three divisions, which are separately branded: First National Bank (FNB), WesBank and Rand Merchant Bank (RMB). FRB has branches in London and Guernsey; a global administrative office in India; and representative offices in Kenya, Angola, China and New York. FRB intends to issue/originate climate transition-related instruments (primarily bonds, loans or derivatives, or transactions relating to the securitisation of group assets) under this framework.

4.2 Other group subsidiaries

This framework aligns to international best practice and guidance and was designed to be jurisdiction-agnostic, thereby ensuring applicability across the group's portfolio of operating businesses/subsidiaries. The preferred approach is for subsidiaries to adopt this framework and capture any localisation requirements in their relevant pricing supplements and/or investor presentations.

In markets where subsidiaries are required to localise group policies and frameworks, FirstRand Group Treasury will consider requests for subsidiaries to draft and adopt a localised version of this group framework. Key considerations in this regard include:

- changes should be limited to the relevant strategy and governance sections required to reflect in-country structures and processes;
- limited changes should be made to the use of proceeds, reporting and impact measurement sections – this is to ensure a consistent approach across the group to enable overall group impact measurement and reporting;
- any localised frameworks or amendments thereto will need to be reviewed by FirstRand Group Treasury to ensure alignment with this group framework prior to approval by the relevant in-country governance forums; and
- localised frameworks will also require separate second-party opinions (SPOs).

4.3 Other issuers

To support the group's funding and climate transition strategies, there may also be securitisation or special purpose entities where the group fulfils various roles, such as originator, seller, servicer, arranger and founder/sponsor. Where the group/bank acts in the primary roles of originator, seller and servicer of assets, and where the assets are sold/transferred from the group's/bank's balance sheet to a securitisation or special purpose entity, these entities would also be eligible to issue climate transition instruments under this framework.

5. External review

5.1 Second-party opinion

This framework has been reviewed by Moody's Ratings (Moody's), an independent party with experience and a track record in issuing SPOs. Moody's confirms the framework's alignment with the principles outlined in Section 1 and market best practice. The SPO and any future SPOs issued in respect of this framework will be made available to investors, along with the relevant framework, on the group's website at <https://www.firstrand.co.za/investors/debt-investor-centre/sustainable-finance/>.

5.2 Assurance of annual allocation reports

The treasury team of the relevant entity utilising this framework will request, on an annual basis until full allocation, a limited assurance report on the allocation of eligible assets to applicable instruments executed under this framework.

6. Sources

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Annexure 1

Accelerating the transition – interim decarbonisation targets per 2024 commitments

The group has established interim decarbonisation targets for the upstream oil and gas, thermal coal and power generation portfolios. These sectors were prioritised due to their exposure materiality, their share of the group's financed emissions and their potential to positively impact the broader shift to a low-carbon economy as they transition. The interim decarbonisation targets include further reducing funding limits, intensity targets, absolute emission reduction targets and client selection criteria. These criteria require emission reduction and reporting commitments from clients.

FirstRand decarbonisation targets and limits				
Sector	2025 portfolio limit	2026/27 portfolio limit	2030 portfolio limit	2030 GHG emissions target
Upstream oil and gas	2.50% of group advances	2.25% of group advances in 2027	2.00% of group advances	<ul style="list-style-type: none"> • 35% reduction in GHG emissions intensity, off a 2023 baseline. • Pathway: International Energy Association Announced Pledges Scenario.
Thermal coal (mining and power generation)	2.00% of group advances	1.50% of group advances in 2026	1.00% of group advances	<ul style="list-style-type: none"> • 29% reduction in absolute GHG emissions, off a 2022 baseline. • Pathway: International Energy Association Announced Pledges Scenario.
Power generation	No exposure limit	n/a	n/a	<ul style="list-style-type: none"> • A minimum of 80% renewable energy mix off a 2023 baseline. • Pathway: Science Based Targets initiative (SBTi) well below the 2°C pathway.

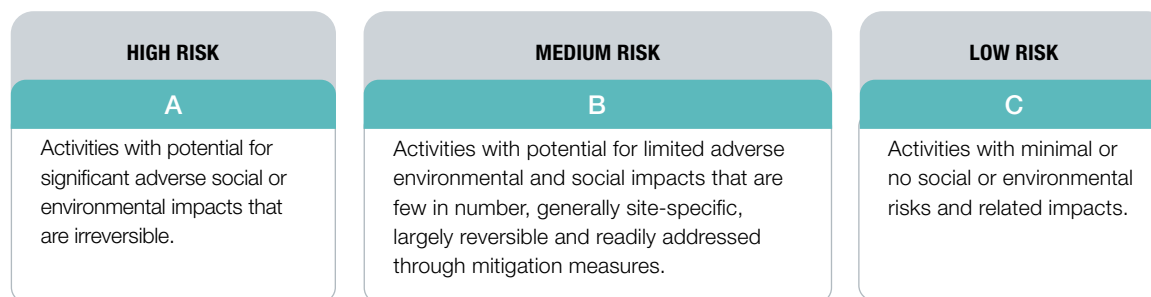
Annexure 2

Application of ESRA

Loan and investment screenings start when an application for debt funding or an investment is proposed. An automated tool that has been integrated into the group's credit application processes is used to check whether environmental and social risks are applicable to the transaction, and whether the activity is categorised as high, medium or low risk. Refer to the FirstRand environmental and social risk assessment process document, available on the group website at: <https://www.firststrand.co.za/investors/esg-resource-hub/policies-and-practices/> for more detail.

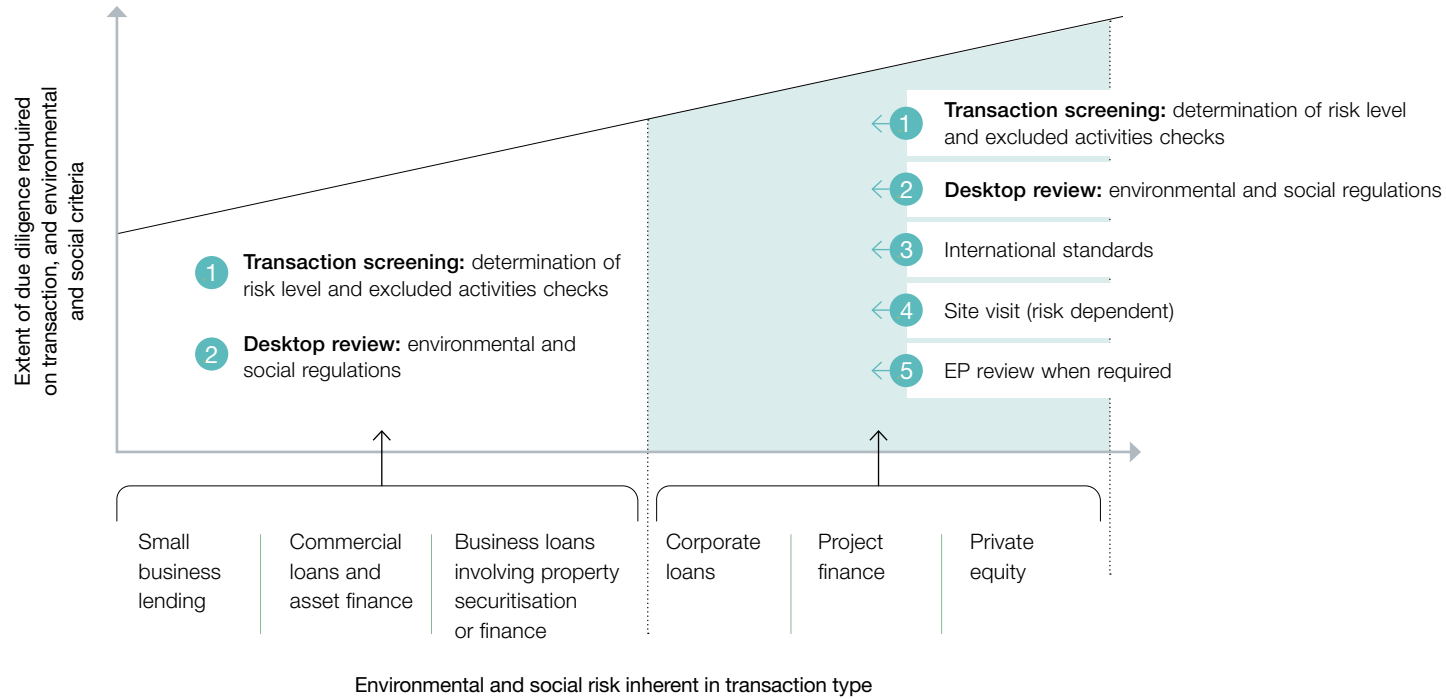
Transactional risk categorisation

Transactions are grouped into the following risk categories:



Categories reference the inherent environmental and social risk that may be related to a specific activity for which investment or finance is being provided. Medium- and high-risk transactions undergo further due diligence processes before submission to the credit committee for consideration. The process is conducted prior to credit committee or investment committee approval and is a condition of approval by these committees where environmental and social risks are identified for a transaction.

Scope of ESRA review related to transaction type





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