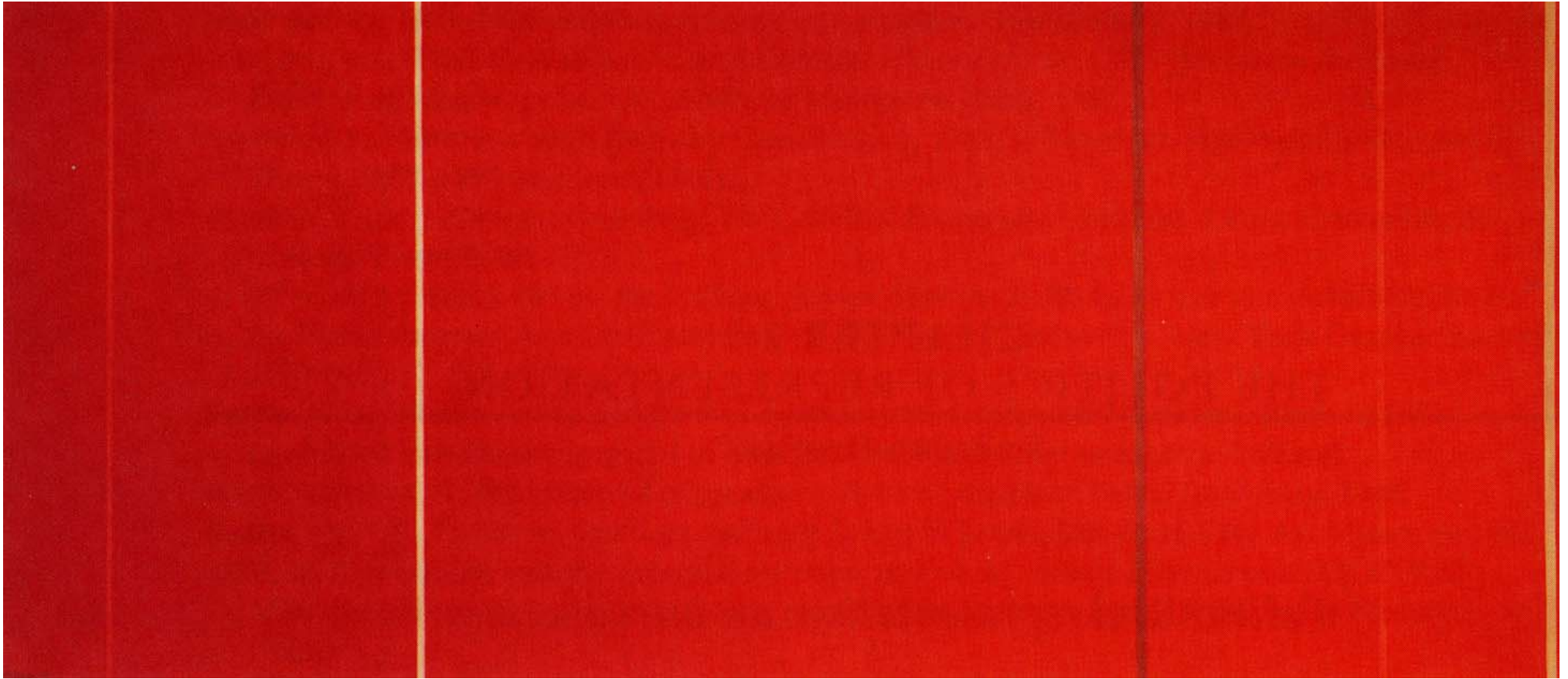


FirstRand ESG Credentials: partners in tomorrow's economy

JSE ESG Investor Briefing Sandton, September 2014, Jonathan Stilwell



FIRSTRAND



Vir Heroicus Sublimus, Barnett Newman

two roads diverged in a yellowwood

And sorry I could not travel both

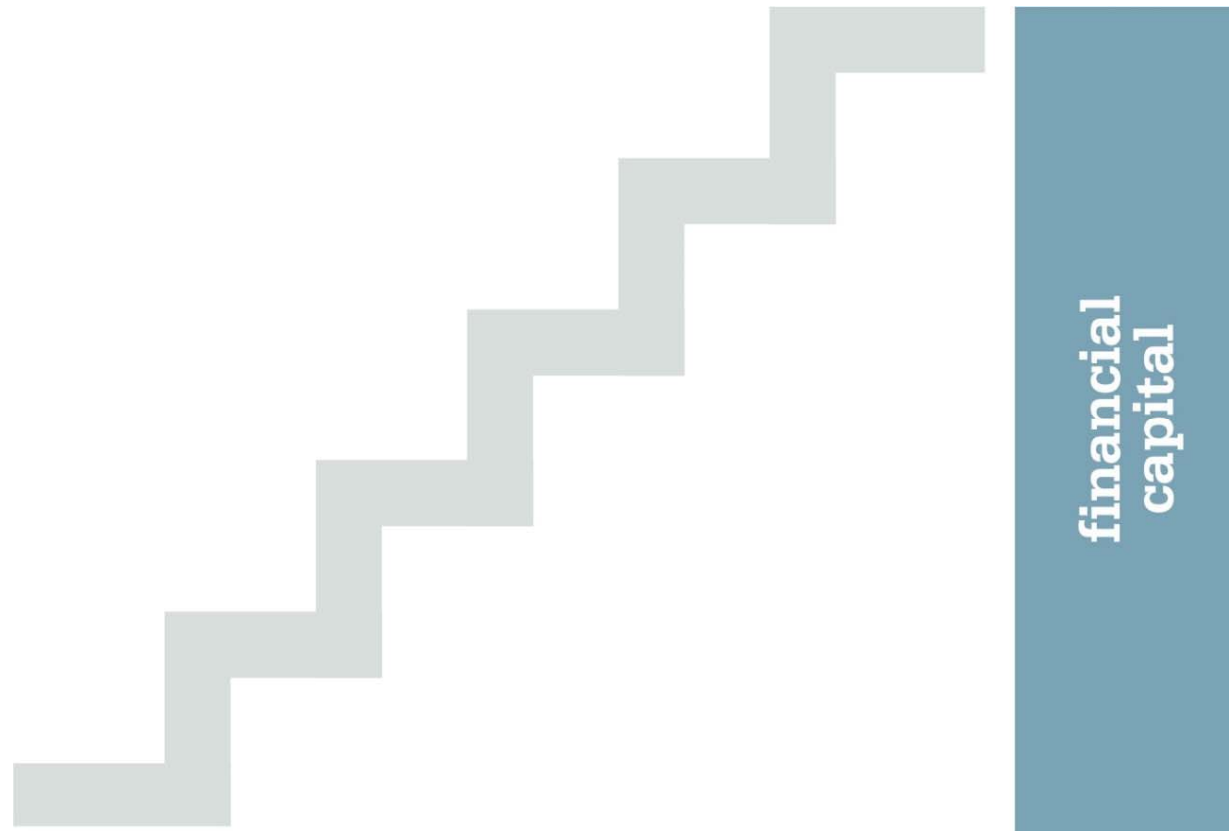
And be one traveler, long I stood

And looked down one as far as I could

To where it bent in the undergrowth

The road not taken, Robert Frost

ESG has emerged from challenges with classical **economic growth models**

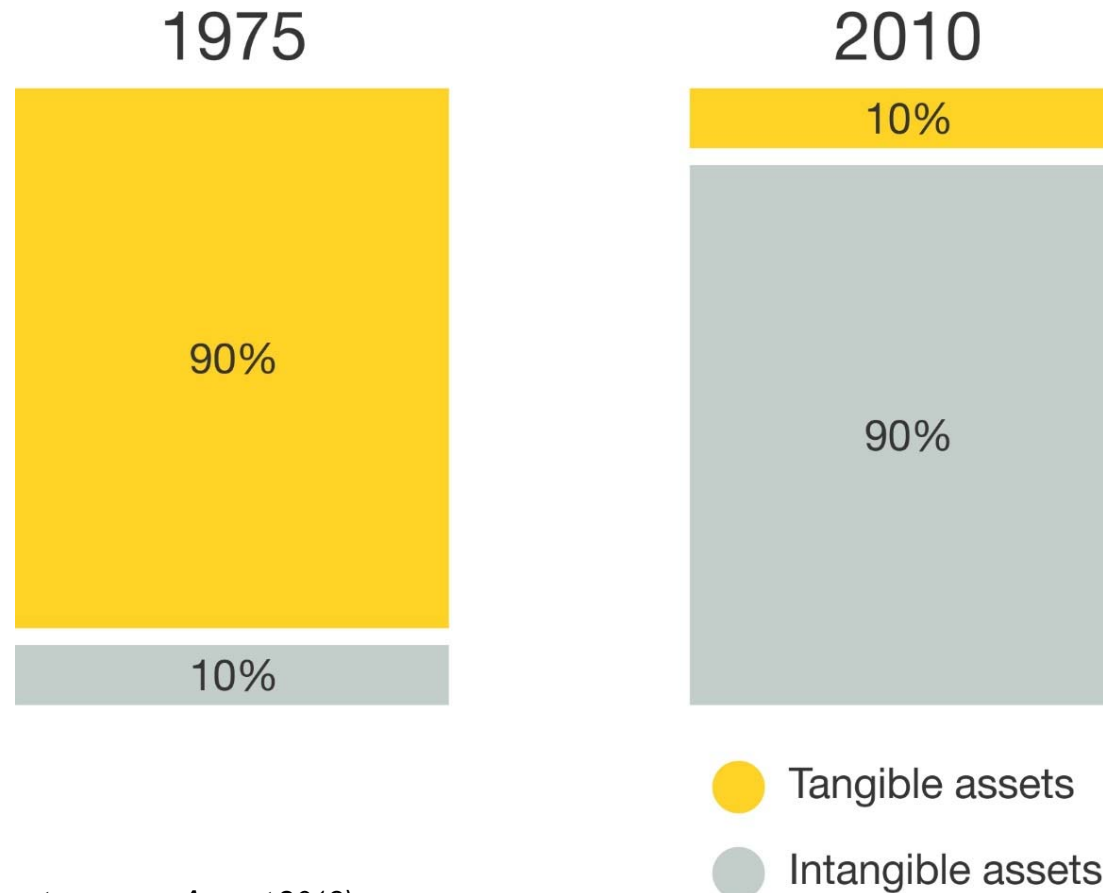


The new discipline takes a **more holistic view** of capital and a less exuberant view on capital accumulation



Financial markets have started internalising some of this uncertainty but **are they getting it right?**

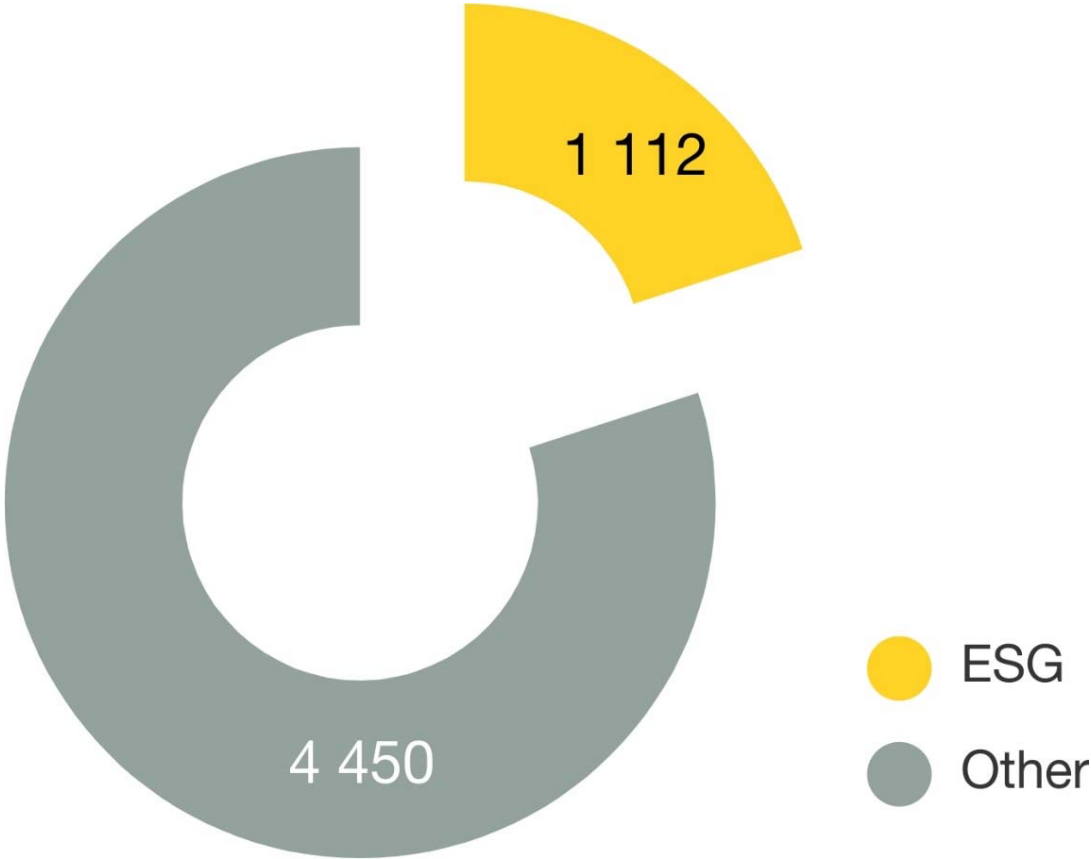
Components of
S&P 500 by
tangible and
intangible value



SOURCE: Ocean Tomo (www.oceantomo.com, August 2013)

Investors support ESG investing as a concept

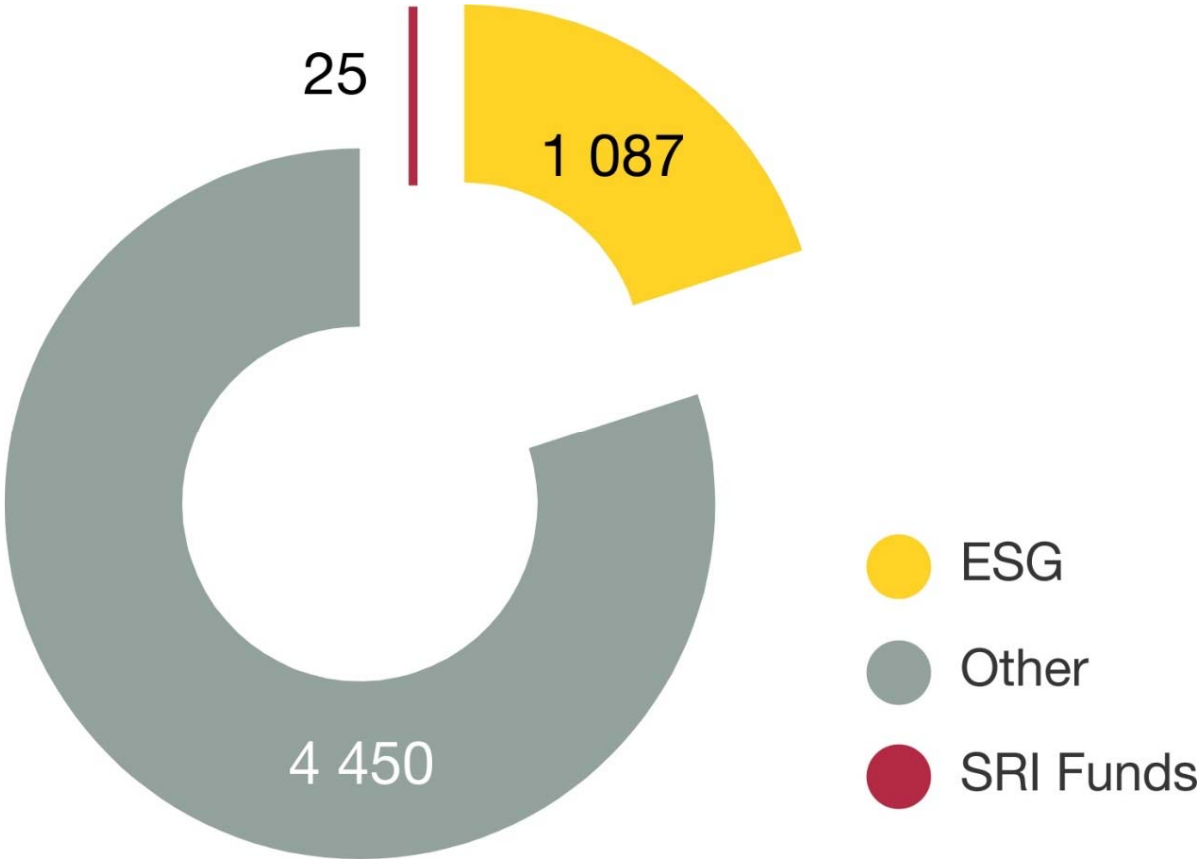
2010 SA assets
under management
(R billion)



SOURCE: RI in South Africa.
Journal of Economic and Financial Sciences. April 2013.

However focussed SRI is very small

2010 SA assets under management (R billion)



SOURCE: Author's adaptation from: SRI in South Africa. Investment Analysts Journal. 75:2012

Where does this leave us?

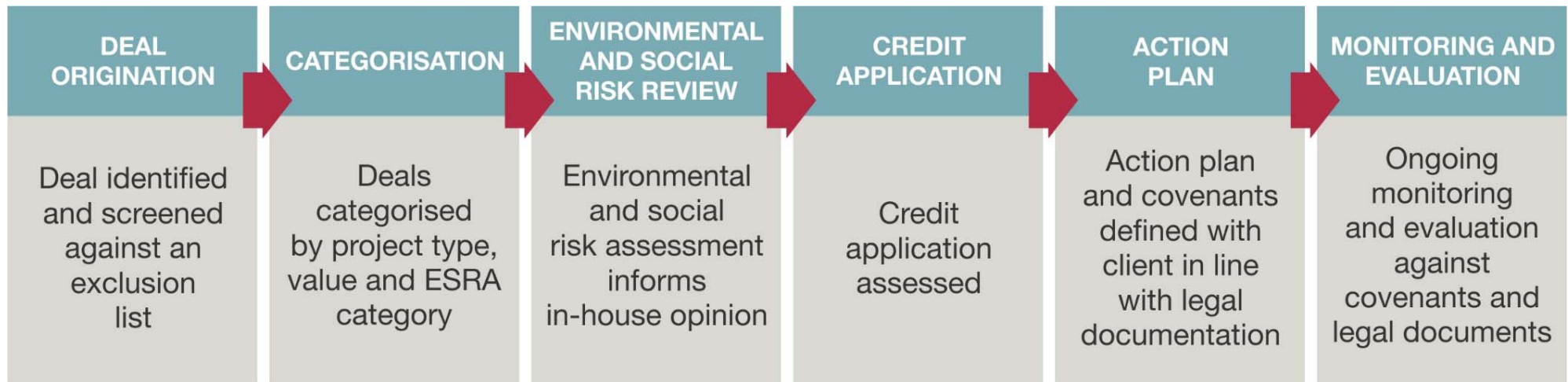
ESG Investing is
evolving
under severe uncertainty

A meaningful ESG capability means
meaningful long-term value proposition



long term
value

ESG can be integrated into the capital allocation process



An assurance capability becomes **essential for accuracy**

ASSURANCE

Group audit
committee

Group audit committee receives consolidated ESG info to be disclosed
in the annual integrated report

Franchise audit
committee

Franchise audit committees receive franchise ESG info to be disclosed
in the annual integrated report

An oversight capability is essential for **meaningful decision making and organisational learning**

OVERSIGHT

Group ethics
committee

Group ethics committee receives reports from franchise ethics committees on ESG issues posing material ethical risk to the Group

Franchise ethics
committee

Franchise ethics committees receives reports from franchise CROs on ESG issues posing material ethical risk to the franchise

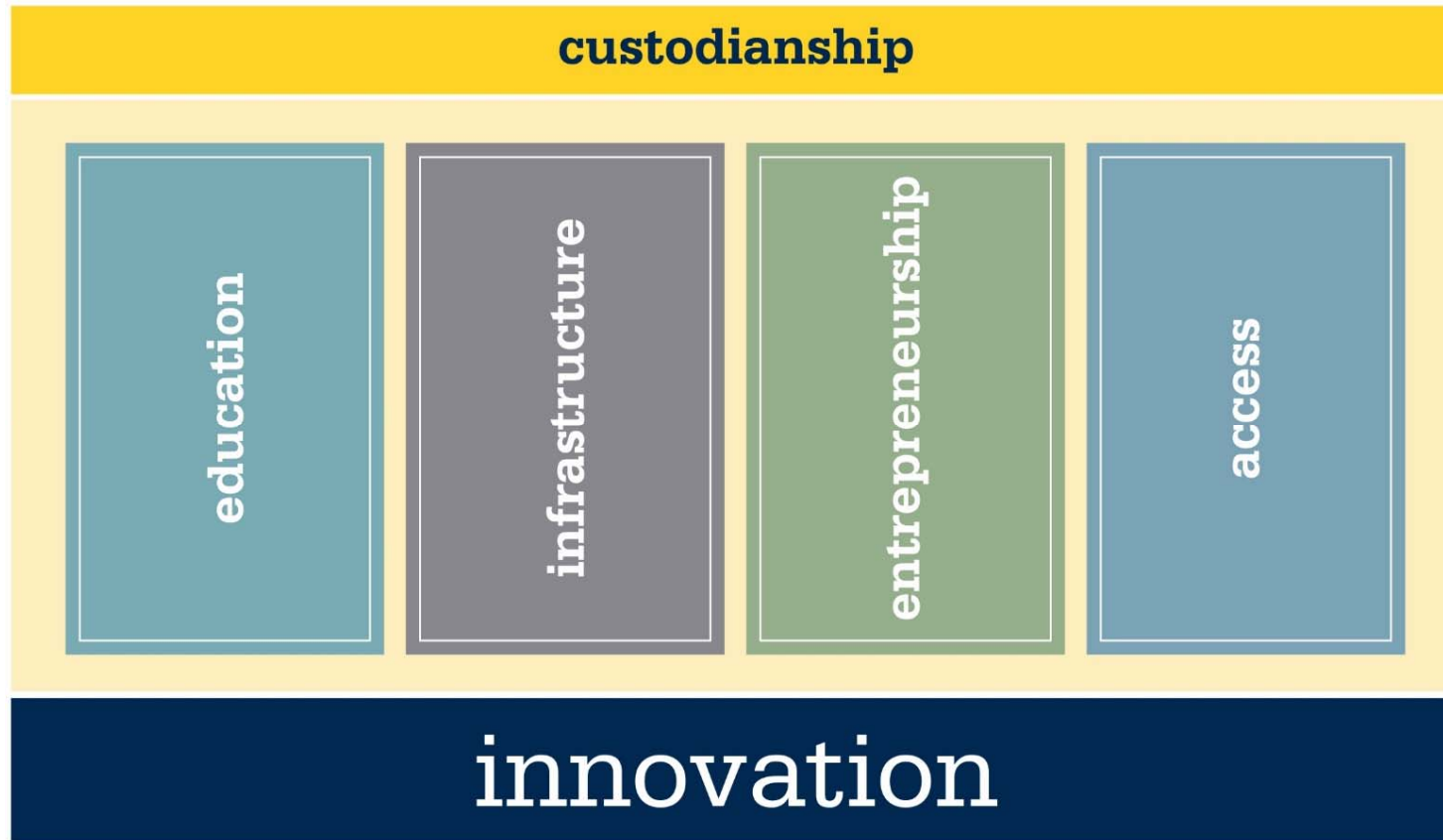
Better quality information enables **ongoing improvement**



Where does this leave us?

ESG Investing is a
journey
to enable economically efficient
long run capital allocation

Meaningful opportunities exist to innovate in our real economy.
ESG custodianship is an underpin to **long run sustainability**



Recognise **FirstRand's franchises** as partners building tomorrow's economy



Siyabonga, *siyathokoza*, re a leboha, re a leboga, ha Nkhensa, ro livhuha, dankie, enkosi,
naa goodee, obrigado, asante sana, zikomo zikomo, kwambiri,

thank you...



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