



ESG Integration in Action— FirstRand

August 2021

Significant improvement in ESG disclosure underpins our analysis.

Company Profile

FirstRand is the second-largest bank in South Africa by assets, providing a comprehensive range of retail, commercial, corporate, and investment banking services. FirstRand is a leading bank among local peers and one of the highest-quality banks in emerging markets.

Investment Analysis

- FirstRand's three main domestic brands have been strongly positioned relative to peers.
- FirstRand has built a diverse business mix and a leading private-equity franchise.
- Significant improvements have been made in the firm's level of environmental, social, and governance (ESG) disclosure over the past year, particularly in relation to climate change. The encouraging progress has been reflected in our proprietary Responsible Investing Indicator Model (RIIM)—a systematic framework for measuring and comparing the ESG characteristics of individual securities as well as portfolios.



Iona Dent
Financials Sector
Equity Analyst



ESG IN DEPTH

- During the 12-month period to December 2020, FirstRand greatly improved its reporting on climate-related risk. Having been the worst of the “Big 4” South African banks on climate-related disclosure, FirstRand now ranks as second best and above average versus the broader emerging markets banking peer group.
- Outside of its climate strategy, FirstRand continued to generally score well in both the social and ethical criteria in RIIM. Gender and minority group representation among the bank's employees was strong relative to sector peers.
- We voted with the majority of shareholders (59%) against a pay-related proposal tabled by FirstRand at its 2020 annual general meeting—specifically due to problematic retention awards designed to compensate executives for long-term incentive plan awards that lapsed due to the impact of the pandemic. We have since engaged with company management to understand how they plan to respond to shareholder concerns.

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