



Absa Group Limited
2021 Environmental, Social
and Governance Report



About our Environmental, Social and Governance Report

Reporting period and scope

Our report covers the period 1 January 2021 to 31 December 2021. Any notable or material events after this date and until the approval of this 2021 Environmental, Social and Governance (ESG) Report are included.

Target audience and reporting frameworks

This report supplements our 2021 Integrated Report. Within this report, we recognise and report on specific stakeholder interests regarding ESG issues. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option. We also include several sector-specific indicators per the Financial Services Sector Disclosures document. We have edited the GRI indicator descriptions for the sake of brevity. Please refer to [globalreporting.org/standards/](https://www.globalreporting.org/standards/) for full indicator descriptions. The nature of ESG matters, frameworks and reporting obligations continue to evolve. Accordingly, we refine our reporting approach over time. The report considers the:

- King IV Report on Corporate Governance for South Africa, 2016™ (King IV)
- Amended Financial Sector Code (South Africa)
- GRI Standards, Financial Sector Supplement and the Greenhouse Gas Protocol
- United Nations Environment Programme Finance Initiative's Principles for Responsible Banking
- Task Force for Climate-related Financial Disclosures (TCFD).

KingIV™



King IV application

Navigation



Weblink



Online download

 All of the reports listed are available on www.absa.africa . Comments or queries regarding these documents can be sent to groupsec@absa.africa.

Application of King IV

Absa is listed on the Johannesburg Stock Exchange (JSE). King IV is the primary corporate governance code in South Africa and applies to all types of entities. It comprises a set of voluntary principles and leading practices with an 'apply and explain' disclosure regime. The JSE Listings Requirements oblige listed companies to apply King IV. In various sections of this report, and within our 2021 Integrated Report, we provide information on how we have applied these principles and recommended practice. On page 17, we provide a reference table to guide readers to the relevant disclosures for each King IV principle.

Assurance

We apply a risk-based, combined assurance approach to the Group's operations. Internal controls, management assurance, compliance and internal audit reviews, supported by the services of independent external service providers, ensure the accuracy of disclosures within all our published reports. In line with their respective mandates, specific reports are reviewed and recommended to the Board for approval by the Disclosure, Social, Sustainability and Ethics, Remuneration, Directors' Affairs, Group Audit and Compliance, and Group Risk and Capital Management committees.

PricewaterhouseCoopers Inc. (PwC) conducted limited assurance on the total energy use and carbon emissions indicators. Empowerdex rating agency verified our broad-based black economic empowerment (B-BBEE) performance. Ernst & Young Inc. and KPMG Inc, our statutory auditors, have audited our annual financial statements. Information relating to the scope and conclusions can be found in the Limited Assurance Report, the Absa Group's B-BBEE certificate and the Group's annual financial statements, which are available on our Group website at www.absa.africa.

Table of contents

This report aims to communicate Absa's impact on material sustainability issues, such as climate change, human rights, governance and social wellbeing. Our disclosures include several sector-specific indicators in accordance with the Financial Services Sector Disclosures document.

We have elected to report to stakeholders in a manner that allows for ease of referencing and comparability, and the report is therefore structured in line with the GRI index as outlined below.

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Social, Sustainability and Ethics Committee

The name of the Social and Ethics Committee has been changed to the Social, Sustainability and Ethics Committee. While all items covered by the Social and Ethics Committee and captured in its terms of reference remain important, matters of sustainability and environmental, social and governance have a heightened importance at this time globally and with many of the Group's stakeholders. This change emphasises Absa's commitment to the importance of sustainability in the Group.

The Social, Sustainability and Ethics Committee monitors:

- i. Key organisational health indicators relating to social and economic development; good and responsible corporate citizenship; the environment, health and public safety; labour and employment; conduct and ethics; consumer relationships; stakeholder management and transformation
- ii. The Group's activities relating to its role as an active force for good in everything we do in Africa's growth and sustainability and the impact thereof on the Group's employees, customers, and the environment.

As outlined in King IV and the Companies Act, the Committee applies the recommended practices and regulation in executing its mandate.

Members as at 31 December 2021

- Francis Okomo-Okello (Chairman)
- Ihron Rensburg
- Jason Quinn
- Nonhlanhla Mjoli-Mncube
- Swithin Munyantwali
- Sello Moloko (Board Chairman-designate)
- Wendy Lucas-Bull (Board Chairman)
- Rose Keanly.

Attendees

- Group Chief Compliance Officer
- Chief Executive: Corporate and Investment Bank
- Chief Executive: Retail and Business Banking
- Chief Executive: People and Culture
- Group Executive: Absa Regional Operations
- Group Financial Director
- Group Head: Corporate Affairs.

The Committee had a specific focus in overseeing the following 2021 governance objectives:

Employees and culture

Monitor and assess our progress regarding:

- i. Diversity and inclusion in all our geographies
- ii. Customer centricity
- iii. Our values and ethical practices
- iv. The culture shift
- v. Talent strategy
- vi. Performance and reward.

An active force for good in all we do

In October 2021, the Absa Group Executive Committee and the Board approved the refreshed society strategy, namely being an active force for good in everything we do. The strategy was developed to support the Group's ambition to be a leading African bank bringing possibilities to life – delivering holistic and sustainable value by meaningfully contributing to the societies in which we operate while being committed to the highest standards of governance and ethics.

The Active Force for Good strategy will be delivered through four key strategic pillars, namely:

- Environmental through managing climate change and biodiversity risks and opportunities
- Social to contribute meaningfully to the societies in which we operate
- Governance by committing to the highest standards of governance and ethics
- Public Policy and Regulation by actively influencing on public policy and regulation.

These were supported by embedding the related activities that more broadly contribute to playing a shaping role in Africa's growth and sustainability into business-as-usual.

In 2021, the Committee held four meetings, lasting six to eight hours each. One additional meeting was held to discuss the first progress report on the Absa Group's implementation of the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking. The Committee focused on:

The customer: This was a year for more intense focus on improving the customer experience. We ensured payment relief continued to be appropriately applied; our facilities were open for business (branches, ATMs and digital channels); customers and clients could do business, and were able to make contact and receive an appropriate level of service at all times. We provided support to customers impacted by the July 2021 social unrest in KwaZulu-Natal and Gauteng. The handling of customer complaints improved year-on-year.

Conduct and reputation: Integrally linked to customer experience, conduct was an area of heightened focus given the continued risk posed by the pandemic. We rolled out a new Conduct Risk Framework with leading and lagging indicators to enable management and the Committee to identify relevant triggers. The Committee assessed management's response to customers, labour, conduct and ethics and responded to the new Conduct Standard for Banks through enhanced terms of reference. Updates were received on revisions to the Absa Way Code of Ethics and related policies and standards, as well as on ethics awareness activities, practices and recorded incidents.

Employees and culture: The Group's employee engagement survey outcomes were considered, noting the positive progress. However, there remains room to improve in certain areas, including reward and perceptions of leadership. It was however noted that the survey participation rate was 80% up from 73% the prior year. Talent management was another focus area, emphasising the importance of career pathing, succession planning and improved retention of African, Indian and Coloured (AIC¹) employees in South Africa, as well as enhanced performance measurement practices.

A detailed analysis of transformation, diversity and inclusion fact-based findings was provided with proposed recommendations. Wellness was a focus again, with the health and wellbeing of our employees and customers being an absolute priority. Many wellness updates were provided to the Committee (including the facilities for health and wellness provided to our employees, the infection levels and the measures to prevent the further spread of the virus). Absa continues to support employees to promote their physical, mental and financial wellbeing during the COVID-19 epidemic.

¹ All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.



Social, Sustainability and Ethics Committee continued

Shaping role in Africa's growth and sustainability: The Committee considered and approved the sharpened focus of our 'active force for good in all we do' strategy. In May 2021 the Social, Sustainability and Ethics Committee approved the Group Human Rights Statement which was subsequently published.

The Social, Sustainability and Ethics Committee noted the adoption of a scorecard which would cover the four Role in Society strategic pillars i.e., i) Advance inclusive finance; ii) Promote environmental sustainability; iii) Advance education and skills development; and iv) Promoting a just society and received periodic reporting on outcomes against that scorecard.

Significant work has been done in regard to making contributions to appropriate recipients for purposes of advancing our education and skills development initiatives and Covid-related and social unrest related support.

Stakeholder engagement: We received regular updates on the challenging external environment, various public interest groups, along with several industry initiatives and the Group's responses. The Committee contributed to policy formulation both in response to COVID-19 and in anticipation of a post-COVID-19 world. A revised stakeholder strategy and Group Stakeholder Policy were approved, and management approved the related Business, Industry and Professional Association Standard.

Transformation: Despite the challenges that came with COVID-19 in the previous years, the Committee strongly believed that there is positive impact that transformation, diversity and inclusion programmes would bring to the recovery of business and the economy in the countries where Absa operates. The Committee expected improved performance for this area and therefore supported the group's B-BBEE Level 1 target, which was achieved. The Group's progress included, among others, c.R22 billion invested in public infrastructure projects, agricultural financing and access to affordable housing, R15 billion spent on business opportunities for black-owned and black women-owned suppliers, 1 652 unemployed youth benefiting financially and acquiring skills through learnership and internship opportunities, c.R200 million directed towards supporting small businesses, c.400 township-based small enterprises supported, and numerous jobs created and sustained.

Sustainability: Various views on the Group's contribution to the United Nations Sustainable Development Goals (SDGs) were considered, both through the role in society strategy review and the Group's United Nations Environment Programme Finance Initiative Principles for Responsible Banking implementation programme. We also received reports on our environmental scorecard and the Group's occupational health and safety performance.

In 2022, the Committee will:

- Continue to guide the Group's stakeholder response in general including consideration of socio-economic challenges like structural inequality, growing unemployment and lack of a path to sufficient economic growth and to COVID-19 in particular
- Monitor the expansion of our environmental risk management approach
- Monitor existing standards and approve new standards concerning extractive and other environmentally sensitive industries
- Facilitate the finalisation of the SDG prioritisation and target setting

- Continue to monitor the full integration of sustainability within the various businesses to enable the demonstration of substantial and tangible results
- Focus on the execution activities that enable the Group to lead with purpose and play a meaningful role in our customers' life journey, with a view to embedding and integrating the Group's force for good strategy
- Monitor customer health and engagement to support ongoing improvement
- Monitor the outcomes prescribed in the Conduct Standard for Banks to ensure the fair treatment of our customers
- Focus on the achievement of our B-BBEE and Department of Labour employment equity targets
- Review progress in culture transformation as well as leadership development, career pathing, and talent retention
- Monitor relationships with the Group's trade unions in its various jurisdictions and ensure that labour legislation is scrupulously adhered to
- Attend to all matters within its mandate as prescribed by the South African Companies Act, King IV and management's activities in relation thereto and active force for good monitoring.

Approval of the report

This report represents an opportunity to provide stakeholders with information to enable them to make an informed assessment of the Group's ESG performance during the year under review. As in all our reporting, we have set out to be open and transparent. In particular, we have aimed to improve accessibility in terms of language, and provide appropriate and adequate information to support the commentary made by both the Board and management.

The Social, Sustainability and Ethics Committee, on behalf of the Board, accept responsibility for the integrity of this 2021 ESG Report. It is our opinion that it presents a fair and balanced view, and we believe it demonstrates how we create and preserve sustainable value and prosperity for our stakeholders while minimising value erosion.

Francis Okomo-Okello
Ihron Rensburg
Jason Quinn
Nonhlanhla Mjoli-Mncube
Rose Keanly
Sello Moloko (Chairman-designate)
Swithin Munyantwali
Wendy Lucas-Bull (Chairman)

31 March 2022

An active force for good in everything we do

Our 2018 growth strategy laid the foundation to reimagine our business. However, 2020 brought with it a materially different operating context than the one in which our original growth strategy was set. The COVID-19 pandemic has fundamentally altered behavioural patterns, the way we work, collaborate, our perspectives on health and the fragility of life. During 2021, we therefore embarked on a strategy re-anchoring.

Following in-depth discussions regarding the strategic direction of the Group, the Board took the opportunity to reflect on our previous strategy, along with subsequent updates over the period. Our robust strategic review process made it clear that a fundamental shift in strategic direction was not required. Instead, we sought to re-anchor and refresh the tenets within our framework to ensure competitiveness and relevance within the evolving context. In this way, we desire to build on our success and momentum, learning from the last three years while adapting our strategy based on the changing internal and external environment.

Our strategic direction therefore builds on our successes, while acknowledging areas for enhancement. One such area is our desire to further entrench ESG principles throughout our business as we believe that embedding environmental, social and governance aspirations into core business strategy is vital for delivering true long-term value linked to our purpose of bringing possibilities to life. ESG together with digital was further elevated from our 2018 strategy as a key priority. We aim to be an active force for good in everything we do, prioritizing business activities that have the most positive environmental, social and economic impact, while mitigating negative impacts. Our fifth strategic theme – being an active force for good in everything we do – encapsulates this ambition.

Our role in society strategy is based on the pillars of inclusive finance, environmental sustainability, education and skills development, and a just society. Through our strategic review process, we sought to clarify our intent to be active contributors to the greater good, not a mere passive participant. As a result, we refined our strategic thinking towards a more purposeful intent. We therefore seek to create inter-generational value through active participation in managing planetary boundaries, contributing meaningfully to the societies in which we operate, and being committed to the highest standards of governance and ethics. Our strategic direction requires us to speak up publicly and be a positive influence in the world. As an active force for good in everything we do, our signature environmental, social, and governance actions include:

Environmental

- Becoming Africa’s leader in sustainable finance
- Proactively incorporating climate change risk into our business
- Setting ambitious net-zero carbon emission targets
- Achieving a positive impact on biodiversity in the medium term.

Social

- Providing inclusive financial services to small and medium enterprises (SMEs), women and youth
- Supporting education and skills development, for example, financial literacy, tertiary education and vocational training
- Being there for our communities, employees and clients when they need us most
- Championing diversity and inclusion.

Governance

- Tangibly committing to excellence in governance and risk management
- Ensuring fair outcomes and transparency with all stakeholders
- Providing a resilient and robust control environment.

Public policy and regulation

- Strengthening trust-based regulatory relationships
- Acting as a strategic thought leader in crucial regulatory debates and contributing to and influencing national agendas
- Supporting government policies in the collective interests of societies.

Contributing to the SDGs

The United Nations Sustainable Development Goals (SDGs), as adopted by all United Nations member states, outline the universal goals to end poverty, protect the planet and drive shared prosperity.

We identified our priority SDGs, guided by the Principles for Responsible Banking, to which we will contribute after analysing our operations, corporate citizenship and, most importantly, our customer-facing activities against the underlying 169 targets. These SDGs represent the most relevant goals and targets to Absa’s strategy, business model and operating context.

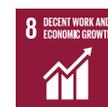
We will set targets in alignment with the Principles for Responsible Banking in 2022. These targets will link to the appropriate SDGs, the Paris Climate Agreement, and relevant regional and local frameworks, such as the African Union Agenda 2063 and the South African Financial Sector Code, which drives broad-based black economic empowerment (B-BBEE).



Achieve gender equality and empower all women and girls



Ensure access to affordable, reliable, sustainable and modern energy for all



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Reduce inequality within and among countries



Take urgent action to combat climate change and its impacts



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

SDG targets

- SDG 5 (target 5.1 and 5.5).
- SDG 7 (target 7.1 and 7.2).
- SDG 8 (target 8.3, 8.5, 8.6 and 8.10).
- SDG 10 (target 10.2).
- SDG 13 (target 13.2).
- SDG 16.



100 General standard disclosures

102 General disclosures

Organisational profile

102-1 Name of organisation

Absa Group Limited

102-2 Activities, brands, products and services

Absa is a diversified financial services provider, offering products and services across retail, business, corporate, investment and wealth banking, as well as in investment management and insurance. One of our banking entities in Tanzania operates under the name National Bank of Commerce (NBC).

Note: We reached an agreement with Sanlam to combine our investment management businesses. We exchanged our investment management business for a stake of up to 17.5% in Sanlam Investment Holdings (Pty) Limited. The transaction is pending regulatory approval.

Core business activities	What this means	Risks ¹	Statement of financial position impact	Flow of money	Statement of comprehensive income impact
Provide payment services and a safe place to save and invest	<ul style="list-style-type: none"> Managing shareholder funds Accepting customers' deposits and raising debt Facilitating payments Providing savings and investment management products and advice. 	<ul style="list-style-type: none"> Treasury Market Business Financial crime. 	<ul style="list-style-type: none"> Shareholders' equity and preference shares Deposits Debt securities in issue Borrowed funds Dividends paid Investments linked to investment contracts Liabilities under investment contracts. 	<ul style="list-style-type: none"> Interest paid to depositors and other funders Returns generated for shareholders Investments made on behalf of customers Fee income administration services. 	<ul style="list-style-type: none"> Interest expense Net fee and commission income Changes in investment and insurance contract liabilities Gains and losses from investment activities.
Provide financing for purchases and growth	<ul style="list-style-type: none"> Extending credit, considering customers' credit standing and our risk appetite. 	<ul style="list-style-type: none"> Credit Traded market Treasury Model Financial crime. 	<ul style="list-style-type: none"> Investment securities Loans and advances to banks Loans and advances to customers Provision for impairment losses. 	<ul style="list-style-type: none"> Interest received from borrowers Fee income relating to lending activities. 	<ul style="list-style-type: none"> Net interest income Net fee and commission income Gains and losses from banking and trading activities Impairment losses.
Manage business and financial risks	<ul style="list-style-type: none"> Providing solutions to manage various risks, such as interest rate and foreign exchange. 	<ul style="list-style-type: none"> Credit Traded market Treasury Business Financial crime. 	<ul style="list-style-type: none"> Hedging and trading portfolio liabilities Hedging and trading portfolio assets. 	<ul style="list-style-type: none"> Fee income from advisory services Commission income Trading revenue Hedging costs. 	<ul style="list-style-type: none"> Gains and losses from banking and trading activities Net interest income Net fee and commission income.
Provide financial and business support	<ul style="list-style-type: none"> Providing individual and business advice, investment research and advisory on large corporate deals. 	<ul style="list-style-type: none"> Traded market. 		<ul style="list-style-type: none"> Fee income from advisory services. 	<ul style="list-style-type: none"> Net fee and commission income.
Protect against risks	<ul style="list-style-type: none"> Providing savings and investment policies and compensation for a specified loss, such as damage, illness or death, in return for premium payments. 	<ul style="list-style-type: none"> Insurance Traded market Model. 	<ul style="list-style-type: none"> Policyholder liabilities under insurance contracts Reinsurance assets. 	<ul style="list-style-type: none"> Insurance premium income Pay out claims for specified losses. 	<ul style="list-style-type: none"> Net insurance premium income Net claims and benefits payable on insurance contracts Changes in investment and insurance contract liabilities.

¹ All activities include elements of operational, resilience, reputation, conduct and sustainability risk.



102-3 Location of headquarters

15 Troye Street, Johannesburg, South Africa.

102-4 Location of operations

Absa operates in 15 countries: Botswana, Czech Republic, Ghana, Kenya, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, South Africa, Tanzania, Uganda, United Kingdom, United States and Zambia.

102-5 Ownership and legal form

Absa is a publicly traded, limited liability entity listed on the JSE.

102-6 Markets served

We have banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Absa Bank Tanzania and National Bank of Commerce), Uganda and Zambia, as well as insurance operations in Botswana, Kenya, Mozambique, South Africa and Zambia. We also have representative offices in Namibia, Nigeria and the United States, securities entities in the United Kingdom and the United States, as well as a specialised IT office in the Czech Republic.

The table below outlines the market segments served, and the products and services offered to each.

Customer type/ Range of solutions	Individuals	Small- and medium-sized businesses	Corporates	Financial institutions and banks	Sovereigns and institutions
Provide a safe place to save, invest and manage funds	Current accounts and overdrafts				
	Savings, deposit and investment products				
	Mobile and digital payments				
	Stockbroking and trading services			Access to international financial markets	
		Cash management, payment systems and international trade services			
Provide financing for purchases and growth	Residential home loans, vehicles and asset finance, personal loans and credit cards	Commercial property finance and business loans			
		Asset and lease finance, trade and supplier finance and working capital solutions			
			International capital markets		
			Large corporate and inter-bank lending		
Manage business and financial risks		Foreign exchange rate hedging			
	Fixed-rate loans				
	Inflation and interest rate hedging				
Provide financial and business support	Wealth advisory and private banking services, including investment advice, wills and trusts	Relationship managers and support			
		Business seminars and start-up support	International investment research. Advice on large corporate deals and mergers and acquisitions		
Protect against risks		Fixed-rate loans			

Notes

- Insurance is not offered in the corporate segment in Absa Regional Operations
- Seychelles does not have insurance products
- Nigeria only has stockbroking
- Only Kenya has forex exchange rate hedging for small and medium businesses.

¹ Banks are wholly owned, apart from the following where we hold majority stakes: Botswana 67.8%, Kenya 68.5%, Mozambique 98.7%, National Bank of Commerce, Tanzania 55% and Seychelles 99.8%.

Absa at a glance

102-7 Scale of the organisation

Income
R85.9bn
2020: R81.4bn

Total equity
R143.5bn
2020: R127.5bn

Total assets
R1.6trn
2020: R1.5trn

Headline earnings
R18.6bn
2020: R8.0bn

Capital adequacy ratio
17.0%
2020: 15.0%

Gross loans and advances to customers
R1.1trn
2020: R1.0trn

Market capitalisation
R129.3bn
2020: R106.6bn

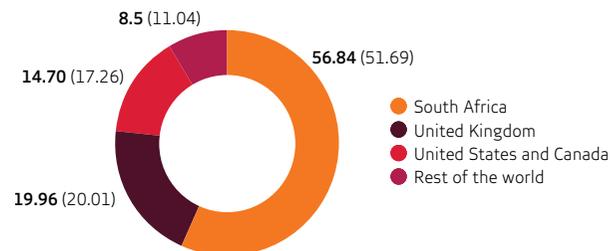
Common tier 1 capital
12.8%
2020: 11.2%

Deposits due to customers
R1.2trn
2020: R1.0trn

The 847.8 million issued shares are held by a diverse shareholder base, with over 50% held by our top 10 shareholders.

	2020	2021
Barclays Bank PLC (UK)	14.88	14.88
Ninety One Limited (SA)	3.06	6.87
Old Mutual (SA, NA)	4.83	5.57
Public Investment Corporation (SA)	6.24	5.41
M&G (SA, UK)	0.27	5.32
Citigroup Global Markets (SA)	4.02	4.03
Black Rock Incorporated (US, UK, JP, CA)	4.09	3.75
Investec Securities (SA)	3.23	3.35
The Vanguard Group Incorporated (US, AU)	3.04	3.07
Sanlam Investment Management (SA)	1.66	2.02

Geographic split of shareholders (%)



15
countries

989
branches

8 668
ATMs

35 267
employees

123 153
point-of-sale (PoS) devices

2.7 million
digitally active customers

	Employees	PoS	ATMs	Branches ¹	Founded
Botswana	1 096	4 761	114	32	1950
Ghana	1 145	884	166	63	1917
Kenya	2 188	5 213	208	84	1916
Mauritius	681	892	40	11	1919
Mozambique	733	1 340	93	45	2002
Seychelles	252	1 405	21	6	1959
South Africa	25 908	104 877	7 613	616	1888
Tanzania ²	1 411	866	234	62	1945
Uganda	874	1 192	77	39	1927
Zambia	784	1 723	102	31	1918

Czech Republic³
139 employees

Namibia⁴
1 employee

Nigeria⁴
15 employees

UK⁵
30 employees

USA^{4, 5}
10 employees

¹ The Absa Regional Operations excludes sale centres (18).

² Absa Bank Tanzania and National Bank of Commerce combined.

³ Technical (IT support resources to the Group).

⁴ Representative office.

⁵ Securities entities.

Absa is a Pan-African group, inspired by the people we serve and determined to be a globally respected organisation of which Africa can be proud. We are committed to finding tailored solutions to uniquely local challenges, and everything we do focuses on creating value for our stakeholders.

As a financial services provider, we play an integral role in the economic life of individuals, businesses, and nations. We help create, grow, and protect wealth through partnerships in economic development while playing a shaping role in Africa's growth and sustainability.

We bring possibilities to life.

102-8 Information on employees and other workers

Headcount by employment category, by geographic region and by age

	2020				2021			
	Male	Women	Total	%	Male	Women	Total	%
Total	14 290	22 447	36 737		13 805	21 642	35 267	
Full time equivalent			36 204				34 811	
Per employment category								
Permanent	14 032	22 147	36 179	98.5	13 503	21 061	34 564	98.0
Temporary	258	300	558	1.5	302	401	703	2.0
Full-time	14 242	22 307	36 549	99.5	13 792	21 407	35 199	99.8
Part-time	48	140	188	0.5	13	55	68	0.2
Per region								
South Africa	9 721	17 439	27 160	73.9	9 291	16 617	25 908	73.5
Absa Regional Operations	4 547	4 996	9 543	2.6	4 355	4 825	9 180	26.0
International	22	12	34	0.1	159	20	179	0.5
By age								
<20	1	3	4	0.0	1	9	10	–
20 – 29	1 860	2 677	4 537	12.3	1 527	2 137	3 664	10.4
30 – 39	6 272	10 069	16 341	44.5	5 960	9 436	15 396	43.6
40 – 49	4 202	6 167	10 369	28.2	4 374	6 411	10 785	30.6
50 – 59	1 729	3 140	4 869	13.3	1 707	3 069	4 776	13.5
>60	226	391	617	1.7	236	400	636	1.8

Total female employees 60.9% (2020: 61.1%)	Women in revenue generating functions 64.7% (2020: 64.9%)	Women in junior management ³ 67.1% (2020: 67.1%)	Women in junior, middle and senior management 61.8% (2020: 62.0%)
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Women in middle management ² 50.6% (2020: 51.1%)	Women in senior leadership ¹ 35.0% (2020: 35.3%)	Female Board members 40.0% (2020: 31%)
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In South Africa, where racial diversity is imperative, 77.3% (2020: 76.4%) of our employees are black, and 52.6% (2020: 50.7%) of our senior managers are black.

¹ Managing Principal to Principal.

² Assistant Vice President to Vice President.

³ BA3 to BA4.

Diving deeper: 62 ESG 401 and [2021 B-BBEE Report](#)



We have been awarded the **Top Employer Africa** certification from the Top Employer Institute. The Top Employers Institute is a global authority on recognising excellence in People practices.

102-9 Supply chain

Our suppliers include small and medium enterprises, as well as national, regional and multinational companies and state-owned entities. Our supply chain increased to 2 368 (2020: 2 197) suppliers in South Africa due to supplier participation in our e-market portal. Absa Regional Operations supplier numbers decreased slightly to 2 401 (2020: 2 572), primarily due to operational impacts resulting from COVID-19.

Supplier relationships are managed through a risk-based approach where the suppliers provide various types of services, that is, technology, banking platforms and services, corporate and professional services. Contracts vary depending on the strategic nature of the relationship. During 2021, the maximum term of the supplier contracts was amended to five years as part of the procurement policy posture. As a financial services organisation, most contracts have a specialised service orientation that is not labour intensive. Our Absa Supplier Code of Ethics ensures that our values and ethical standards are clearly articulated to, and supported by, our suppliers across the Group. Our due diligence also follows the code to ensure adherence thereto. Our Absa Supplier Code of Ethics require our suppliers to be environmentally responsible. We support human rights through our supply chain by insisting on behaviours and practices that are in line with our own standards and policies, with specific consideration for health and safety, freely chosen employment, avoidance of child labour, working hours, fair wages and benefits, freedom of association and diversity and inclusion. We have made a commitment to deliver products and services that are responsibly sourced, produced and delivered to our customers, clients and employees. Our supply chain partners must be aligned to support this commitment through customer-focused accessibility and inclusion, avoidance of disputed products and services, and products must meet the minimum standards of the jurisdiction in which they will be supplied, along with relevant safety information.

The supplier's sector, size, geographical location and services are assessed as part of the risk rating. To mitigate against supplier performance failure, suppliers must be contracted correctly in terms of the relevant policies, and continuously assessed and reviewed to ensure compliance. Any non-compliance or non-performance are reported and addressed under the applicable risk management framework. The Absa Supplier Code of Ethics was shared with and acknowledged by our suppliers. We are now entering the second phase of implementation for our sustainability measures as part of the review on our supplier base in line with our Sustainability Policy requirements.

Absa is one of the largest buyers of goods and services in the South African financial services industry, and we use our purchasing power to support a transformation agenda. The Amended Financial Services Charter requires that we:

- Measure the level of procurement spend from B-BBEE compliant companies, qualifying small enterprises, exempted micro enterprises and black-owned and black women-owned companies
- Support black-owned SMEs through our enterprise and supplier development initiatives.

For qualifying entities, we:

- Provide preferential rates for projects funded through the Group's supplier development initiatives
- Use a secured supply or service contract as a basis of funding to ensure responsible financing. Our preferential procurement programme enables a growing number of small black-owned and black female-owned companies to supply us with goods and services. This involves:
 - Unbundling large contracts into smaller parcels of work, enabling emerging enterprises to participate in tenders
 - Providing development support grants for capacity building to qualifying small enterprises that provide goods and services in our value chain.

Supplier diversity

Pavati Plastics is an Absa supplier diversity beneficiary that entered the programme in 2017 after being awarded a contract to produce and supply the Absa branch network with various money bags. Absa funded Pavati Plastics to enable growth and provided business development support, which has assisted the business to enter other markets. We co-funded Pavati Plastics in a new initiative to expand their product range with the Industrial Development Corporation. The organisation is in the process of expanding and entering a market that was previously dominated by international suppliers.

Business development programmes for 2021 included initiatives to enable compliance with the Protection of Personal Information Act (POPIA) and digitalisation to assist beneficiaries in addressing the challenges presented by COVID-19, as well as to ensure compliance with pandemic protocols.

The total loan amount at preferential rates amounts to R189 million, dispersed to our 28 supplier diversity beneficiaries.

The Absa Procurement Marketplace

Our preferential procurement and supplier development strategy focuses on the direct spend categories within the procurement value chain and all our approaches, internally and externally. In order to sustain our approaches, and further open access to the Absa internal market, we have developed a user-friendly online portal.

The Absa Procurement Marketplace is a simplified, single platform for small, micro and medium enterprises to register their company profiles, upload their value propositions and access supply opportunities with Absa. The portal allows prospective suppliers to:

- Access information relating to services and/or products that Absa procures
- Add their details to Absa's database, and easily identify the procurement categories and services the bank requires
- Determine whether they may be eligible for Absa's Supplier Development Programme, which provides business support, training, mentoring, and advisory services.

In collaboration with Absa, the Chartered Institute of Procurement and Supply, offered a skills training course at the portal launch to the first 40 suppliers who registered. The training covered the introduction to procurement, supply chains and contract management.

In 2021, 970 users registered, including:

Youth-Owned Enterprises

370

Women-Owned Enterprises

440

Black-Owned Enterprises

844

Basadi Programme

The Basadi supplier programme is an Absa Insurance Company shared value initiative aimed at uplifting black women-owned suppliers operating within the plumbing, electrical and building fields. The programme includes training and development of the business owners, financial aid, preferential allocation of work and mentorship opportunities.

A formal selection process ensures the most suitable candidates are selected. In 2021, we supported the black women-owned suppliers through the following:

- Moved six of the suppliers from enterprise development to AIC¹ suppliers after completion of the development initiative
- Partnered with Digicall incident manager to enable further exposure for these businesses and possible opportunities in other insurance companies
- Supported the expansion of certain of these businesses' services to include both plumbing and construction, where they previously primarily operated in one service
- Enabled the extension of the footprint of certain suppliers to operate in more than one area
- Provided 10 of the suppliers with the opportunity to attend an Absa-sponsored African Construction Trade Expo held in August 2021
- Undertook masterclasses to address customer experience led by AIC¹ customer experience team, understanding supplier service led by AIC¹ Legal, pricing and invoicing led by claims, back office and cost claims containment, as well as a workshop on POPIA
- Provided preferential work allocation, within reason, for the suppliers on the panel
- For the of the remainder of the contract, we will continue to developing the suppliers to expand their footprint and services.

¹ All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.



Absa virtual supplier engagements

We hold an annual virtual seminar focusing on women-owned businesses through the Lioness of Africa. This year, we discussed the real-life successes and lockdown challenges experienced by small and medium enterprises in South Africa. Another virtual seminar focused on small business compliance and business matters. While there have been many casualties of the COVID-19 lockdown, there have also been inspiring stories of hope, persistence and innovation. Our intention with this webinar series is to offer inspiration and guidance by providing a platform for small and medium enterprises to share their stories.

Supplier development dialogues

For the fourth year, the Absa Business Day Supplier Development Awards recognised and celebrated supplier development best practices in South Africa while encouraging collaboration and learning across the African continent. This year, the awards included Absa Business Day Supplier Development Dialogues with partners across Africa to enable the building of a network of companies supporting small business growth through supplier development.

Pleasingly, we saw an increase in the participation of corporates and a drastic improvement in the quality of submissions.

The digital dialogue covered the following themes:

- Future of jobs – Employment, skills and workforce strategy in supplier development (2 918 YouTube views)
- Digital inclusion of small suppliers – Can supplier transformation happen without it? (2 208 YouTube views)
- Accessible finance for small suppliers – A tool to boost growth (321 YouTube views)
- How to empower our youth through entrepreneurship (2 494 YouTube views)
- What women want (2 512 YouTube views).

Included in the awards agenda was the profiling of four suppliers within Absa's own supplier diversity programme, as well as interviews, and videos commissioned, to showcase the achievements of these suppliers.



Absa digital partnerships

102-10 Significant changes to the organisation and its supply chain

We reached an agreement with Sanlam to combine our investment management businesses, exchanging our investment management business for a stake of up to 17.5% in Sanlam Investment Holdings (Pty) Limited. The transaction is pending regulatory approval.

102-11 Precautionary principle or approach

We have adopted a precautionary approach as defined by the United Nations within Principle 15 of The Rio Declaration on Environment and Development to reduce negative environmental impacts. This is managed through our Enterprise Risk Management Framework, primarily through sustainability risk, which includes the following sub-risks: environmental risk, climate change risk, premises environment risk, indirect environment risk and social risk. Environmental and social risk are also considered in the conduct, credit, insurance, operational (including supplier and legal sub-risks) and reputation principal risks.

Diving deeper: 79 ESG Financial Services Sector Disclosure

102-12 External initiatives

The Code of Banking Practices, applicable from 2012, is a voluntary code that applies to personal and small business customers and sets out the minimum standards of service and conduct that banks should follow regarding services, products for and interactions with these clients.

The King IV Report on Corporate Governance for South Africa 2016™, applied from 2018, is mandatory due to our JSE listing. It contains both principles and recommended practices aimed at achieving the intended governance outcomes of an ethical culture, effective control, good performance and legitimacy.

The Department of Trade, Industry and Competition Financial Sector Code (as amended), applicable from 2012 and amended in 2017, is mandatory and provides strategic direction for developing policies and strategies that promote enterprise growth, empowerment and equity in the economy.

The Code for Responsible Investing in South Africa, effective from 2016, is a voluntary code that provides guidance on how institutional investors should conduct investment analysis and investment activities, and how they should exercise rights to promote sound governance.

The Equator Principles, applied from 2009, is a risk management framework for financial institutions and is intended to determine, assess and manage environmental and social risk when implementing projects. It provides a minimum standard for due diligence to support responsible risk decision-making.

The Global Reporting Initiative, applied from 2014, is a set of global sustainability reporting standards.

The Banking Association of South Africa's Principles on Environmental and Social Risk Management, applicable from 2011, requires that financial institutions set up internal processes to identify high-risk industries. These are industries in which additional due diligence is required and for which processes are in place to ensure that, through their credit and risk management policies, these institutions take cognisance of environmental and social risks when making lending decisions.

The United Nations Sustainable Development Goals, applied from 2018, make up a blueprint comprising 17 goals to address global challenges, related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

The United Nations Finance Initiative's Principles for Responsible Banking, applied from 2019, constitute six voluntary principles to provide the banking industry with a single framework that embeds sustainability at the strategic, portfolio and transactional levels and across all business areas.

The United Nations Principles for Responsible Investment, applied from 2016, is a set of six voluntary principles that were developed to help investors understand the implications of sustainability and support signatories in incorporating them into their investment decision-making and ownership practices, thereby contributing to the development of a more sustainable global financial system.

United Nations Principles for Responsible Insurance, in considering its strategy, Absa Life Insurance used the Principles for Sustainable Insurance as a framework, although we are not signatories to it.

The CDP (formerly known as the Carbon Disclosure Project), in which Absa has participated since 2010, is a voluntary measurement framework and disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.



The Dow Jones Sustainability Index, applicable from 2012, is a voluntary participation investor index. It is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices.

The JSE/FTSE Russell FTSE4Good, in which Absa has participated since 2015, is a non-binding assessment used to measure ESG exposures and practice on a multi-dimensional basis. The investment community uses it as a tool for designing and measuring portfolios.

Vigeo Eiris part of Moody's ESG solutions, is a voluntary sustainability index in which Absa has participated since 2020. The index considers the efficiency of managerial systems in implementing ESG objectives.

Corporate Knights Global 100, is a voluntary sustainability index in which Absa has participated since 2020. The index entails corporate rankings, research reports, and financial product ratings based on corporate sustainability performance.

Sustainalytics is a company that rates the sustainability of listed companies, providing high-quality, analytical ESG research, ratings and data to institutional investors and companies. Absa has formed part of this analysis since 2019.

ISS-oekom, in which Absa has participated since 2020, is a sustainability solutions assessment company that provides investors with information regarding the impact of a company's product and service portfolio towards the SDGs. It contains an aggregate assessment in the form of a Sustainability Solutions Score and more detailed information and data points regarding specific sustainability objectives.

102-13 Membership associations

Absa is a member of several business and professional associations that represent their members and shape the industry's collective response to public policy issues. We focused our disclosures in this report on South Africa as it is the registered country of the Group's operations and the region that accounts for three-quarters of the Group's revenue. Each of the Group's subsidiaries manage their own stakeholder relationships within the principles outlined in the Group Governance Framework and the Group Stakeholder Relations Policy.

G – Absa holds a position on the governing body or one of the committees
 F – Funding of collaborative initiatives between Absa and associations, as well as events undertaken by these organisations
 N – New membership.

¹ Our criteria for joining any chamber of commerce is set out in our Business and Professional Associations Standard.

² This membership relates to international clients.

Industry associations

- Banking Association of South Africa^G
- Association of Savings and Investment South Africa^G
- Institute of Retirement Funds Africa^G
- Payments Association of South Africa^G
- South African Banking Risk Information Centre^G
- South African Insurance Association^G

Business associations

- Black Business Council^N
- Business Leadership South Africa^G
- Business Unity South Africa^{G, F}
- GCE Initiative^F
- National Business Initiative^G
- Small Business Institute of South Africa^F
- South African Photovoltaic Industry Association

Chambers of Commerce¹

- American Chamber of Commerce^{G, F}
- British Chamber of Business in South Africa^{G, F}
- German Chamber of Commerce^{2, F}
- South African Chamber of Commerce and Industry^G
- South African Chamber of Commerce Singapore^N

Professional bodies

- ACI Financial Markets Association^N
- Association for Black Security and Investment Professionals^{G, F}
- Black Management Forum^{G, F}
- Fiduciary Institute of South Africa^G
- International Swaps and Derivatives Association^N
- Society for Trust and Estate Practitioners
- South African Institute of Stockbrokers^N

Other affiliations

- Corruption Watch^F
- Group of Thirty (G30)
- International Business Council
- United Nations Environment Programme Finance Initiative
- The World Economic Forum
- The Green Building Council of South Africa

Strategy

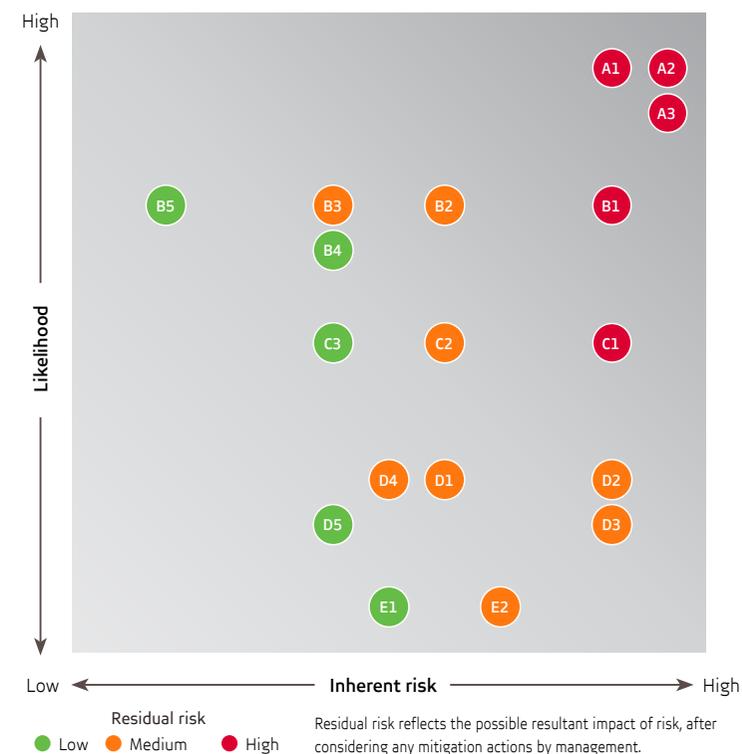
102-14 Statement from the senior decision-makers

We refer readers to our 2021 Integrated Report including:

- Group Chairman message and Chairman designate message
- Group Chief Executive Officer's message
- Absa Chief Financial Officer's message.

Diving deeper: [↓](#) 2021 Integrated Report

102-15 Key impacts, risks and opportunities





The Group actively identifies and assesses risks arising from internal and external environments and proactively identifies emerging risks. The consolidated response to these risks is monitored for effective implementation. Globally, high levels of uncertainty have kept risks faced by financial market participants and the economy elevated. Our focus remains on proactive risk and capital management to positively position the Group for the future.

The risks arising from the operating context as disclosed in the Group's Pillar 3 Risk Management Report are tabled below, along with management responses. Numeric number icons e.g., [A1], [B1] etc link the Pillar 3 disclosure to discussions of our material matters.

Diving deeper: [↓ Absa Group Pillar 3 Risk Management Report. 2021 Integrated Report](#)

Current and emerging risks	Management's response
<p>Global and local economic recovery uncertainty</p> <ul style="list-style-type: none"> • [A1] Recovery of economic activity remains under pressure from further variants and waves of infections while being impacted by the disparate government responses, COVID-19 vaccine rollouts and uptake. • [A2] Increasing global inflation driving fiscal policy tightening will affect growth and economic recovery, potentially introducing supply-side inflation into economies under economic pressure. • [A3] High sovereign debt levels, combined with reduced debt and interest servicing capacity, increase the possibility of sovereign defaults and an emerging markets debt crisis. 	<ul style="list-style-type: none"> • Maintain a dynamic approach to risk appetite setting in response to the outlook for 2022 and beyond. • Use scenarios to evaluate the potential outcomes of a variety of external and internal factors. Management develops mitigating actions and assesses their effectiveness to guide decision-making on an ongoing basis. • Monitor downside risk presented by the uncertainty in the outlook where the economic recovery is likely to be unstable and manage risk reduction strategies.
<p>Risk types affected: credit, market, treasury, business, insurance, operational, resilience, sustainability</p>	
<p>Strategic, execution and business risks arising from external and internal drivers</p> <ul style="list-style-type: none"> • [B1] Global uncertainty arising from developed markets protectionism, international relations and other market drivers, which result in increased pressure on emerging markets. • [B2] Actions taken to limit the impact of COVID-19 resulted in economic hardship, higher unemployment, increased inequality, and lower business and consumer confidence. • [B3] Power supply disruptions in certain markets continue to negatively impact stakeholders. • [B4] Disruption through changing customer preferences and competitor offerings. • [B5] Potential adverse impact of large strategic change projects on business risk, change risk and people risk. 	<ul style="list-style-type: none"> • Monitor and manage risk strategy and risk appetite based on the ongoing evaluation of global and regional developments to identify and mitigate risks as they arise. This includes re-evaluating credit policies and operational and resilience processes while enabling business to pursue selective strategic opportunities. • Ongoing alignment of risk objectives with the Group's strategy to support its customers and communities efficiently, responsibly and sustainably. • Actively engage governments, communities and customers to support initiatives to address economic hardship. • Ensure sufficient investment to continue delivering scalable digital solutions that focus on current and evolving customer needs. • Build and embed a winning brand with a focus on innovative business processes and products designed to meet unique customer needs and preferences. • Ensure strategic and large change projects are properly scoped, fully capacitated and closely monitored through senior oversight, including independent quality assurance.
<p>Risk types affected: credit, market, treasury, business, insurance, operational, resilience, model, sustainability</p>	

Current and emerging risks

Management's response

Environmental and social risks impact the Group, its customers and operating environment

- **[C1]** Adverse impact of ongoing and rapid climate and social change on communities and customers will sharply heighten the Group's credit and insurance risks.
- **[C2]** Evolving complexities in the management of social trends and the societies and political environments in which the Group operates.
- **[C3]** Increasing expectations from stakeholders to integrate sustainability risk management practices with business activities.

- Implement the United Nations Environmental Programme Finance Initiative Principles for Responsible Banking and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Reduce our direct environmental footprint in line with the Group's 2030 environmental action plan and understand physical climate risk impacts.
- Embed processes encouraging customers to adopt business strategies and practices aligned with the Group's sustainability policy.
- Develop financing standards for other climate sensitive industries in line with the existing coal financing standard.
- Continuously enhance credit and insurance risk models to assess the impact of climate change risk.
- Continue to develop internal capabilities to utilise scenario analyses and stress testing to better estimate the impact of climate change on the Group's portfolio to inform the review and alignment of Absa portfolios for climate change risk and opportunities.
- Regularly assess the suitability and strategic alignment of products and customer value propositions with changing environmental and social factors and the impact on the Group's risk profile.
- Maintain focus on the financial inclusivity of customers, including the ongoing support of small and medium-sized enterprises.

Risk types affected: credit, market, treasury, business, insurance, operational, resilience, model, conduct, reputational, sustainability

Heightened resilience, fraud, financial crime, people and cyber risks expected for the foreseeable future

- **[D1]** Heightened risk of social unrest due to weak economic environments and poor service delivery.
- **[D2]** Heightened fraud and security risks arising from economic pressure.
- **[D3]** Increasing opportunistic financial crime and cybercrime, combined with rising sophistication of criminal activity, impacting customers and the Group.
- **[D4]** Increasing exposure to potential data leaks arising from third- and fourth-party suppliers.
- **[D5]** Heightened risk to employee wellness from the pandemic and a prolonged work-from-home situation.

- Maintain focus on physical and digital operational resilience and proactively identify and mitigate risks.
- Maintain high stability of the technology estate to minimise incidents impacting customers and operational effectiveness.
- Continue to invest in security platforms and continuously evolve controls to secure customer information, including investments in technology, data capability (including external intelligence), customer awareness campaigns and industry collaboration.
- Embed a strong and resilient risk culture across the Group through ongoing awareness and training.
- Enhance due diligence performed on third-party suppliers through ongoing review and monitoring of controls.
- Monitor and manage the impact on employees through an expanded Group wellness programme and support employees in the evolution of working environments.

Risk types affected: credit, business, insurance, operational, resilience, conduct, financial crime

Increased compliance risk due to new and emerging regulations and oversight

- **[E1]** Increasing pace and evolving complexity of regulatory and statutory requirements across the Group's markets impact on the current business model, including:
 - Finalisation of Basel III
 - Benchmark reform
 - Sustainability regulations
 - Depositor Insurance Scheme
 - Conduct, culture and governance supervision
- **[E2]** Potential long-term impact of regulatory changes on business strategy and Group performance.

- Maintain a forward-looking approach to evaluate, respond to and monitor regulatory and statutory change.
- Engage with regulatory authorities and other stakeholders on upcoming regulatory changes to ensure the most appropriate outcomes for the banking sector and broader economy.
- Strengthen a culture of sound regulatory compliance across the Group.
- Develop systems with the agility to accommodate rapid change.
- Understand the impact of future requirements on the current business model and practices, and proactively make necessary changes.

Risk types affected: credit, market, treasury, insurance, operational, resilience, model, reputational, sustainability

Ethics and integrity

102-16 Values, principles, standards and norms of behaviour

Good conduct, underpinned by ethics, is fundamental to the sustainability of the financial services industry and the creation and preservation of value. Good conduct is evidenced through our daily behaviours and exhibited in our individual and collective actions and decisions. Absa is committed to the highest standards of integrity and ethical behaviour. The Board recognises that for leadership to be effective, it must be ethical. Our directors uphold the standards of conduct, required of them by law, regulation and our policies while demonstrating behaviours consistent with the Absa Values. The Board has agreed on and signed the Board Ethics Commitment Statement, committing to abide by the Absa Way Code of Ethics, that is to set the right tone from the top, to act ethically and fairly, and to ensure long-term value and sustainability for our stakeholders. Each member of the Board commits to the Absa Way Code of Ethics in their own capacity, as they individually and collectively take responsibility for the impact of their decisions and actions on the Absa Group, and broader society. The Board oversees the various tools, processes and systems used to embed an ethical culture in the organisation. The Financial Sector Conduct Authority's Conduct Standard for Banks (2020) requires the Board to be accountable for the approval, establishment, embedment, ongoing review of, and continued compliance with, the bank's governance arrangements to reasonably ensure the fair treatment of its financial customers. Absa's Values underpin our culture, and we continue on our journey to embed these as we unite under the Absa brand. These values resulted from extensive collaboration by employees across our business. They inform who we are and therefore impact our customers' and stakeholders' experiences.

We drive high performance to achieve sustainable results



- We are accountable for our results
- We innovate, are decisive, and act quickly
- We learn from our failures, and we are bold enough to change course.

We are obsessed with the customer



- We are curious, and we anticipate customers' needs
- We each take ownership of delivering the One Absa customer experience
- We outperform by going beyond customer expectations.

Our employees are our strength



- We integrate diverse perspectives to invent the future
- We collaborate with courage, honesty and powerful energy
- We trust, value and grow our employees to achieve their full potential.

We have an African heartbeat



- We deliver a uniquely Absa experience, across Africa
- We co-create across Africa to provide better solutions
- We actively engage with our communities to bring people's possibilities to life.

The Absa Way Code of Ethics

Our purpose of bringing possibilities to life is shaped by the Absa Way Code of Ethics.

The Absa Way and our values detail the expected set of behaviours when engaging with our fellow employees, customers, shareholders, government, regulators, business partners, suppliers, competitors and the broader community. We are deeply committed to helping Africa's people – young and old, employed and unemployed within the broader community – to unlock their potential, and we are dedicated to playing our part in promoting principled behaviour. Financial service providers like Absa safeguard customers' hopes and enable their success. Likewise, customer trust is indispensable to our existence. To maintain the trust of our customers and other stakeholders, we commit to acting with integrity as outlined in the Absa Way.

We continuously challenge ourselves to find better and more sustainable ways to achieve growth and bring possibilities to life. As our internal policies and standards evolve in response to changing legislation and customer requirements, so will the Absa Way. The foundational principles will, however, remain – that is, to act ethically, fairly and sustainably to ensure long-term value for our stakeholders.

It starts with me: "I commit to abide by the Absa Way and hold myself accountable against it. Each member of my executive team and each Absa employee commits to the code in their own capacity, as we individually take responsibility for the impact of our actions on the world." – Jason Quinn, Interim Group Chief Executive Officer.¹

¹ Jason Quinn was Interim Chief Executive Officer until 28 March 2022 and Group Financial Director effective 29 March 2022.

The Board endorses The Absa Way as reviewed and approved by the Social, Sustainability and Ethics Committee annually.

As an organisation, Absa understands that corporate culture is a significant influencer of behaviour. In line with this, the first ethics risk assessment survey was conducted. The results have set the foundation to improve on the culture of integrity and conducting business honestly and fairly. Employees continue to undertake annual Absa Way Code of Ethics training, including an assessment to confirm their understanding of the Absa Way.

An ethical culture fosters values-based decision-making and shows how our policies and practices align with the Absa Values. This drives the right behaviour in relation to our stakeholders.



Conduct risk is a principal risk and the associated framework is part of our Enterprise Risk Management Framework.

We monitor employee conduct through culture surveys and by tracking disciplinary cases, grievances and ethical breaches and whistleblowing matters. This analysis helps determine the areas impacting culture and identifies how to better align these with Absa's Values. In addition, conduct forms part of an employee's performance assessment and unethical conduct can result in a range of possible sanctions, including dismissal.

Our Social, Sustainability and Ethics Committee receives comprehensive updates on conduct and ethical matters from the Group Chief Compliance Officer and information of misconduct, dismissals and grievances from the Head: Employees and Culture.

Personal accountability is central to our culture. As outlined in the Absa Way Code of Ethics, we expect our employees to:

- Act ethically and with integrity
- Promote colleague collaboration
- Act with due skill, care and diligence
- Be open and cooperative with regulators
- Treat customers fairly
- Respect one another professionally, including our diversity
- Remember our communities in day-to-day business.

We use the Absa Lens as an ethics-based decision-making tool designed to help employees assess third parties, customers/clients, and suppliers from an ethics-based perspective. We do not condone the following activities:

- Child labour
- Discriminatory practices
- Harassment (including sexual and tacit harassment or material and/or statements)
- Human rights abuses/controversies
- Environmental pollution
- Unsafe health and safety practices
- Poor employment practices
- Wilful/negligent misconduct and unethical behaviour.

We apply additional scrutiny for businesses that fall within sectors deemed as high risk. This is as per various policies and standards

developed to manage the risks associated with high-risk clients/sectors and to ensure compliance with all regulatory and legislative requirements.

We are developing focused supplier training, blending the relevant aspects of the Absa Way Code of Ethics and the Supplier Code of Ethics, which will be delivered via the Ethics Suppliers Day in October 2022.

In addition to our own ethics and culture, laws, regulations and codes define how we are expected to conduct our business. The regulations relating to consumer protection and good conduct in the financial services industry continue to evolve towards being more customer centric, and this is a crucial pillar of our Conduct Strategy. We support the efforts to ensure a stable financial services sector and a safe and fair operating environment.

Our performance management processes, and reward decisions emphasise ethical behaviour and sustainable commercial objectives while making the consequences of unethical behaviour clear.

We define inappropriate conduct as:

- Any action that is contrary to the Absa Way and Absa Values
- Any action that suggests a criminal offence, or any activities that are being contemplated, which might constitute criminal behaviour
- Questionable accounting practices or any other financial impropriety by businesses or employees
- Behaviour that could cause detriment to any stakeholder or group of stakeholders
- Any action that endangers the health and safety of employees or customers or causes damage to the environment
- A breach of applicable regulations
- Any conflicts of interest that result from the business's activities or practices or employees' positions or duties that have been managed contrary to any applicable legislation, regulatory requirement or Absa policies or procedures
- Any behaviour that harms, or is likely to harm, the reputation or financial wellbeing of the Group
- Any action that constitutes a breach of any mandatory minimum controls, including a breach of the Group's policies or procedures
- Suppression or concealment of any of the above behaviours or practices.

Embedding ethical behaviour

We have a comprehensive ethics programme that educates employees on what is expected of them. This includes their responsibility to act in line with the Absa Way Code of Ethics and ethics-related policy with various underlying topics, for example:

- Conflicts of Interest Policy
- Gifts and Entertainment Standard
- Outside Business Affiliation Standard
- Personal Investment Standard.

Our training and awareness programmes empower our employees with the necessary skills to conduct business and ensure that they:

- Are aware of the values and behaviours expected of them
- Act ethically and with integrity
- Identify ethical challenges in everyday work situations
- Can apply the Absa Way ethical decision-making to resolve ethical dilemmas
- Understand the importance of fighting financial crime and observing sanctions legislation
- Understand the need to combat bribery, corruption, and money laundering
- Develop a sensitivity to situations of actual or perceived conflict of interest, including in relation to accepting gifts and entertainment, and learn how to deal with them when they arise
- Put customers at the forefront of what we do and apply a Treating Customers Fairly mind-set to all our engagements with our customers
- Are aware of the tools available to them to raise their concerns about unethical behaviour or suspected fraud through our whistleblowing programme.

Various training modules are scheduled for completion annually as per the operational and regulatory requirements.



General awareness training applicable to all in-scope employees, non-permanent employees and select contractors, includes modules on:

- Absa Enterprise Risk Management Framework
- Absa regulatory relations
- Absa Way Code of Ethics
- Business continuity management general awareness
- Conflict of interest management
- Data privacy
- Fraud basics
- Occupational health and safety awareness
- Preventing financial crime general awareness (including anti-money laundering, sanctions, suspicious transaction reporting, and anti-bribery and anti-corruption)
- Principles of market conduct
- Reputation risk awareness
- Secure remote working
- Understanding sexual harassment.

Over and above employee-wide training, more advanced role-specific training is delivered to relevant employees. This includes training on:

- Anti-bribery and corruption donations
- Anti-bribery and corruption hiring practices
- Anti-bribery and corruption introducer
- Anti-bribery and corruption strategic transactions
- Anti-money laundering correspondent banking
- Anti-money laundering politically exposed employees
- Corporate and Investment Bank cross-border curriculum
- Cross-border illicit financial flow
- Financial crime (financial crime, sanctions, beneficial ownership and complex control structures and tax evasion)
- Market conduct
- Regulatory authorisations
- Risk management and compliance programme
- Sanctions (specialist training)
- Strategic transactions (mergers and acquisitions and joint ventures)
- Suspicious transaction reporting
- Third-party payment providers
- Third-party standard.

Conduct Standard for Banks (2020), by the Financial Sector Conduct Authority (FSCA)

The Conduct Standard for Banks promotes the principle of Treating Customers Fairly in the provision of financial products and financial services to ensure:

- Customers are confident they are dealing with financial institutions in which the fair treatment of customers is central to their culture
- Products and services sold in the retail market are targeted at identified customer groups and designed to meet their needs
- Customers are provided with clear information and kept appropriately informed before, during and after point-of-sale
- Where advice is given, it is suitable and considers customer circumstances

- Products perform as firms have led customers to expect, and service is of an acceptable standard, and is as they have been led to expect
- Customers do not face unreasonable post-sale barriers imposed by firms to change products, switch providers, submit a claim or make a complaint.

The Conduct Standard balances principles-based and rules-based compliance requirements to ensure that banks deliver fair customer outcomes in a disciplined, transparent and consistent manner.

After a gap analysis of our policies and standards, the identified areas were addressed and changes implemented.

Conduct risk management framework

We monitor performance against our own standards, as well as regulatory requirements. Conduct risk is managed through a combination of internal processes, the three lines of defence, and stakeholder feedback.

Our 10 target conduct outcomes

- Our culture places customer interests and ethical decisions at the heart of our strategy, planning, decision-making and judgements
- Our strategy is to develop long-term banking relationships with our customers by providing products and services that meet their needs and do not cause detriment
- We do not disadvantage or exploit customers, customer segments, or markets
- We pre-emptively identify conduct risks, where possible, and intervene before they crystallise by managing, escalating, and mitigating them promptly

- Our products, services and distribution channels are designed, monitored and managed to provide value, accessibility, transparency, and meet our customers' needs
- We provide banking products and services that meet our customers' expectations and perform as represented. Our representations are accurate and comprehensible, enabling our customers to understand the products and services they are purchasing
- We address any customer detriment and dissatisfaction in a timely and fair manner
- We safeguard the privacy of personal data, using it responsibly, and for the purpose collected
- We facilitate market integrity and do not wilfully cause distortions and participate in anti-competitive behaviour
- We engage with regulators constructively, transparently and proactively.

102-17 Mechanisms for advice and concerns about ethics

Our Whistleblowing Policy provides a framework through which all employees, including temporary employees, seconded staff, contractors and consultants, can raise concerns. Whistleblowers may raise concerns about inappropriate or unlawful conduct anonymously. They may do so either through our Priority Investigations and Whistleblowing team, which falls under Group Compliance, or through our independent, external service provider, Tip-offs Anonymous.

Our Whistleblowing Policy mirrors legislation (specifically the Protected Disclosures Act in South Africa) in that it protects employees against retaliation. We also protect whistleblowers' identities when they choose to remain anonymous and, in so doing, prevent any form of retaliation. Other processes exist for addressing issues that may arise, such as an employee's treatment or a customer's complaint. Mandatory compliance training for all employees in 2021 also covered whistleblowing. The whistleblowing training emphasised that no attempt should be made to identify whistleblowers, the importance of anonymity, confidentiality and the prohibition of retaliation/victimisation.

Legislation and regulations governing whistleblowing vary significantly from country to country. Where any elements of the Group's policy would bring Absa into conflict with these laws and regulations, the laws and regulations take precedence. Any employee who has retaliated against an individual because they raised a concern about inappropriate conduct may be subject to disciplinary proceedings. We experienced no serious breaches of labour legislation.

Tip-offs are one of the most effective means of detecting fraud and misconduct. When received, a tip-off is categorised and assessed for allocation to the appropriate investigative unit. We refer identified issues to senior management for remedial action, which can range from disciplinary action to submission of required external reporting to the police, such as the reporting of offences as defined in the Prevention and Combating of Corrupt Activities Act (2004).

Our annual Whistleblowing Awareness Week in October included sharing relevant content, such as real-life stories of prominent whistleblowers, Cynthia Stimpel and Themba Maseko. We also issued regular communications via various channels encouraging employees to blow the whistle on fraud and misconduct.

As at 31 December 2021, 416 tip-offs were received, of which 112 substantiated, while 103 remain under investigation (2020: 434; 144; 236; 54). 311 tip-offs were conduct related, of which 76 (36% of closed cases) have been substantiated to date (2020: 98; 37%). Closure of whistleblowing cases improved significantly, with report-backs to the complainants. While a substantial number of cases were unfounded, those upheld contain important insights for management to ensure additional controls, consequence management, or other behavioural changes are instituted.

The necessary investigations were undertaken, and appropriate disciplinary action was applied, where necessary. During the year, six employees were dismissed. We refer criminal offences to the relevant authorities for criminal prosecution.

Whistleblowing is audited regularly (both internally and externally), where external audit focuses on the process and internal audit assesses the details.

Various channels are available for our customers to report irregularities. Customers can raise their concerns face-to-face at a branch, telephonically or via email. We provide further details on our web page (www.absa.co.za/talk-to-us/).

Substantial whistleblowing cases
2020 comparatives in brackets



Abusing or misappropriating resources	3	(3)
Breach of policy, procedures and control	27	(9)
Scams	18	(0)
General unethical conduct	13	(15)
Bullying/Victimisation/Harassment	12	(18)
Fraudulent transaction	11	(17)
Misuse of confidential/personal information	8	(4)
Other	23	(20)



Governance

King IV reference table

Leadership and organisational ethics			Stakeholder relationships		
Principles 1 and 2	1: The governing body should lead ethically and effectively. 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	102.16 – 102.25	Principle 16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	102.42 – 102.43
Responsible corporate citizenship and regulatory compliance			Risk governance		
Principles 3 and 13	3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen. 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	102.19 – 102.20	Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	102.18 102.30 102.56
Strategy and performance			Technology and information governance		
Principle 4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation.	102.26	Principle 12	The governing body should govern technology and information in a way that supports the organisation's setting and achieving of its strategic objectives.	102.18
Reporting and assurance			Delegation to management and committee		
Principles 5 and 15	5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects. 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	102.18 102.32 102.56	Principles 8 and 10	8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties. 10: The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.	102.28
Board's primary role and responsibility			Remuneration governance		
Principle 6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	102.18	Principle 14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	102.18 102.35 – 102.36
Board composition			Board and committee performance evaluation		
Principle 7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	102.24	Principle 9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	102.28
Responsibilities of institutional investors					
Principle 17	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.		 https://www.absainvestmentmanagement.co.za/wealth-and-investment-management/about-us/governance/		



102-18 Governance structure

The Board is the highest decision-making body for those matters that are of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.

The Board

1. **Sets and steers strategic direction:** The Board challenges the Group strategy and approves the related value-creating goals and ambitions, ensuring that a robust strategy process is followed, and that management define and execute the strategy.
2. **Approves policy and planning:** The Board approves major policies (such as the Enterprise Risk Management Framework) and related decisions, including financial plans and risk appetite, to support the Group's strategic ambition and to protect the interests of the Group's stakeholders.
3. **Provides oversight and monitoring:** The Board delegates to management the authority and responsibility for the day-to-day running of the business and reviews management's performance and effectiveness by overseeing strategy execution; delivery against plan; the customer franchise and the treating of customers fairly; the robustness of the control environment and the three lines of defence; the adequacy of data and information management and the resilience and suitability of technology systems, the attraction and retention of employees including through fair remuneration practices; the appropriate deployment of resources; and compliance with regulations and best practice.
4. **Ensures accountability:** Frequent and detailed reports and presentations are made to the Board and committees to ensure the accountability of management and the executive. This culminates in a determination of Group, business unit and individual performance as part of the performance and reward cycle. External disclosures are subject to governance processes to ensure that disclosures enable stakeholders to effectively assess the performance of the Group.

Our Board is committed to continuously improving our corporate governance principles, policies and practices through implementing evolving regulatory and best practices, as well as through acting on regular feedback from stakeholders.

Our Board Charter is the foundation of our governance principles and practices. The Charter:

- Outlines our Board and committees' mandates and specifies which matters are reserved for the Board
- Defines separate roles for the Group Chairman and Group Chief Executive Officer
- Outlines a formal process for director appointment, induction and training
- Dictates the Board's expectations of the directors, the chairmen of our Board committees and the Lead Independent Director
- Sets criteria for director independence and the assessment of such independence
- Requires that non-executive Board members attest to their independence and capacity on at least an annual basis

- Details how to deal with matters of conflict of interest, including disclosures and recusals, where relevant
- Describes the assessment methodology for Board and committee activities
- Sets out how the corporate governance provisions in King IV, the South African Companies Act, the Banks Act (including South African Reserve Bank Directive 4/2008) and the JSE Listings Requirements will be put into practice
- Is further supported by the Group Governance Framework in these areas, and more recently, an Engagement Protocols Document which covers, inter alia, the way in which the directors and executives engage with each other; and a group fit and proper policy which deals with the requirement for fitness and propriety of directors at the stage of appointment and on an ongoing basis
- Acknowledges that there are applicable regulations and codes in our presence countries outside of South Africa.

Directors act in a way that they consider, in good faith, promotes the success of the Group for the benefit of stakeholders. In doing so, they consider, among other matters, the:

- Likely consequences of any decision in the long term
- Interests of the Group's employees
- Need to foster the Group's business relationships with regulators, suppliers, customers and other stakeholders
- Impact of the Group's operations on the community and the environment
- Imperative of the Group to maintain a reputation for high standards of business conduct and ethical behaviour and the need to act fairly regarding shareholders and other stakeholders.

The non-executive directors have private meetings before each Board meeting to deal with any confidential matters that may need to be addressed. Representatives from compliance, internal audit and external audit can address the Group Audit and Compliance Committee separately in the absence of management. The Directors' Affairs Committee and Remuneration Committee also hold private meetings, as and when necessary. The Board has the authority to hire external advisers or consultants without management's approval.

The Board's structure balances the directors' powers so that no individual has unfettered authority in discussions or decision-making. Distinct roles exist for the Chairman, Group Chief Executive Officer, Lead Independent Director, Chairs of Committees, and other non-executive directors.

- **The Independent Chairman** – Leads the Board and has the responsibility for ensuring the effectiveness and integrity of the Board and its committees
- **The Lead Independent Director** – Provides support to the Chairman, is an intermediary for other directors, takes responsibility for the Board should a conflict of interest arise with regard to the Chairman, and manages the processes related to the performance assessment and annual reappointment of the Group Chairman
- **The Group Chief Executive Officer** – Leads the Group Executive Committee and has the responsibility for the execution of the Group strategy, as well as the effective day-to-day management of the businesses.

All executive directors are appointed on standard employment contracts and are subject to a six-month notice period.



Committees that support the Board

Each Board committee has formal written terms of reference that are reviewed annually and effectively delegate certain of the Board's responsibilities.

The Directors' Affairs Committee – Assists the Board in establishing and maintaining an appropriate system of corporate governance aligned with King IV, the corporate governance provisions of the Banks Act and other relevant regulations, for the Group and material subsidiaries. This includes the director nomination process; the composition and continuity of the Board and its committees; the induction of new Board members; director effectiveness evaluations; director independence and directors' conflicts and disclosures of interests; reviewing and proposing governance policies; monitoring the governance structures of subsidiary entities; and considering matters of regulatory and reputational risk.

The Group Audit and Compliance Committee (including the Disclosure Committee) – Is accountable for the annual financial statements, accounting policies and reports; oversees the quality and integrity of the Group's integrated reporting; is the primary forum for engagement with internal and external audit; and monitors the Group's internal control and compliance environment. The Committee recommends the appointment of external auditors to the Board and shareholders.

The Group Risk and Capital Management Committee – Assists the Board in overseeing the risk, capital, funding and liquidity management of the Group by reviewing and monitoring:

- i. The Group's risk profile against its set risk appetite
- ii. Capital, funding and liquidity positions, including considering applicable regulations
- iii. The implementation of the Enterprise Risk Management Framework and the 12 principal risks defined therein.

It receives assurance that processes are in place to comply with laws and regulations pertaining to risk, capital, funding, and liquidity management in all relevant jurisdictions.

The Group Remuneration Committee – Sets and oversees the implementation of the Group's Remuneration Policy to deliver fair and responsible pay aligned with current and emerging market practice and to meet regulatory and corporate governance requirements, and to align the behaviour of executives with the strategic direction of the Group. It approves the total remuneration spend, including fixed pay, short-term incentives and long-term incentives, and any

other remuneration arrangements, and the particulars of a defined senior population. It also considers and approves the Group's remuneration disclosure policies and ensures that disclosures are accessible, understandable, accurate, complete and transparent and that the Group remunerates fairly and responsibly, focusing particularly on remuneration differentials.

The Social, Sustainability and Ethics Committee – Monitors:

- i. Key organisational health indicators relating to social and economic development, good and responsible corporate citizenship, the environment, health and public safety, labour and employment, conduct and ethics, consumer relationships, stakeholder management and transformation
- ii. The Group's activities relating to its role as an active force for good in everything we do in Africa's growth and sustainability and the impact thereof on the Group's employees, customers, and environment.

It applies the recommended practices and regulation as outlined in King IV and the Companies Act in executing its mandate.

The Information Technology Committee – Assists the Board in effective oversight and governance of the Group's information assets and the technology infrastructure used to generate, process and store information. The focus is on resilience and stability, architecture, data management, security (cyber and other), and digitisation.

The Board Finance Committee – Assists the Board in reviewing and approving certain levels of investments, outsourcing, acquisitions and divestments within the Committee's mandate; considers and recommends to the Board the short- and medium-term financial plan underpinning the Group strategy; considers and finalises the profit commentary as it relates to interim and year-end financial results; and approves the publication of the dividend declarations within the parameters determined by the Board.

The Group Credit Risk Committee – Considers and approves all large exposures that exceed 10% of qualifying capital and reserves, including single-name exposures and key country and sovereign risk limits, with reference to the credit risk appetite of the Group, as approved by the Board from time to time. It has oversight of credit risk and monitors industry, sector, and single-name concentration risks, trends and exposures.

The Models Committee – Assists the Board in approving Absa's material risk models on inception and then annually, as per the Group Model Risk Policy and the Prudential Authority guidelines. It also

approves the model risk framework; approves and monitors model risk appetite; approves appropriate post-model adjustments; sets thresholds and tolerances for models and related post-model adjustments; and oversees the model governance process, the external audit findings, and the combined assurance work for all models.

Subsidiary relations

Our Group Governance Framework standardises the application of key governance principles, frameworks, policies and standards across the material entities within the Group. The framework ensures the Group's minimum requirements are complied with regarding governance, internal controls, financial management, disclosure controls, risk management, legal and regulatory compliance, internal audit, ethics management, human resources management, information management, stakeholder relationships and sustainability. It provides clarity on the roles and responsibilities of the Group and subsidiary boards, management of discretion limits across the Group and the proportional application of King IV by subsidiaries.

As a major bank, investment manager and insurer in various jurisdictions, we have significant responsibilities to our customers, our depositors, and the public at large to ensure a stable, secure and prosperous environment. We acknowledge our significant responsibility to our regulators and continue to foster open, transparent, and cooperative relationships with them. At subsidiary level, each management team is responsible for reporting to the legal entity's board regularly to enable the entity's board to monitor business performance, matters affecting the risk profile and risk appetite, the control environment, and matters of citizenship, ethics and stakeholder relationships. As a shareholder, the Group is involved in considering the material decisions of its subsidiaries, although ultimate approval rights rest with the subsidiary boards.

While recognising the importance of local regulatory requirements, our various Group functions are responsible for the design of the systems and processes required to promote adherence to minimum Group requirements. Engagements take place between the Group Chairman and the chairs of major subsidiary boards to discuss both strategic and operational matters.

Through the Absa Financial Markets Index, we also provided thought leadership on the importance of building resilient financial markets

and proffer possible blueprints to different regulators and policy markets. The annual Absa Financial Markets Index report has become a significant development index on the financial markets and widely quoted by governments, policy makers and journalist as the benchmark indicator for excellence.

Each ordinary share constitutes a vote. The shareholders can vote on any matter to be decided by the Board, participate in the distribution of profits and share in the Group's residual value upon its dissolution. Voting can take place via electronic communication. Special resolutions require support of 75% of the voting rights exercised. The Annual General Meeting will be broadcast to any listener, however only ordinary shareholders will be able to participate.

Diving deeper: [↓ 2022 Notice of Annual General meeting](#)
[↓ 2022 AGM Form of proxy](#)

102-19 Delegating authority and 102-20 Executive-level responsibility on economic, environmental and social topics

The Group Board actively engages with management in setting, approving and overseeing execution of the strategy and related policies. It ensures that management:

- i. Maintains internal controls for effective and efficient operations, and compliance with laws and regulations
- ii. Does so within an ethical environment
- iii. Receives assurance over key controls and related activities.

ESG matters are delegated to various Executive Committee members, in accordance with their responsibilities. Each report directly to the Group Chief Executive Officer.

Social, Sustainability and Ethics Committee meetings are, as a minimum, attended in addition to the non-executive director members and the Group Chief Executive, by the:

- Group Chief Compliance Officer
- Group Executive: People and Culture
- Chief Executive: Retail and Business Banking
- Chief Executive: Corporate and Investment Bank
- Group Financial Director
- Group Executive: Absa Regional Operations.

These executives represent key functions supporting the substantive matters within the remit of the Social, Sustainability and Ethics Committee. Our Financial Director is responsible for various matters relevant to the Committee, including the Group's sustainability

programme, real estate management (direct environmental impact), supplier management, and the Group's integrated and ESG reporting and attends the Social, Sustainability and Ethics Committee when the relevant teams report on these matters.

The Executive Committee and its various committees report to the Board and Board committees in accordance with their respective mandates to ensure the appropriate flow of information from the mandated executive forums to the relevant oversight forums.

102-21 Consulting stakeholders on economic, environmental and social topics

The Group and Board proactively engage with material stakeholders, including regulators, shareholders, employees and other stakeholders indirectly through reports and updates. The Board aims to balance the needs, interests, and expectations of stakeholders and to address any concerns they may have. We have a decentralised stakeholder engagement model and outcomes are considered through various management and Board processes.

In 2021, the Social, Sustainability and Ethics Committee considered and approved the annual revision of the Group Stakeholder Policy, and noted the related Business, Industry and Professional Association Standard.

Chairman engagements included:

- Engagement with shareholders on Board changes and our Board Chairman designate process
- In conjunction with Remuneration Committee chairs, interacted with shareholders on our remuneration
- Together with the Lead Independent Director, interacted with shareholders on management changes
- The Chairman engaged with shareholders ahead of the June 2021 annual general meeting on various matters, including governance matters and the arrangements and composition of the Board
- The nature of the reporting from management committees to the Board (and its committees) forms a key part of the formal annual meeting between the Chairman and the Prudential Authority. Matters pertaining to Board succession, Chairman succession, executive succession and Board training and development are all topics discussed at this meeting.

Diving deeper: 25 and 26 ESG 102-40 to ESG 102-43

102-22 Composition of the highest governance body and its committees and 102-23 Chair of the highest governance body

As at 31 March, our Board comprised 15 members, including 12 independent directors, one non-executive director and two executive directors. 11 directors are South African, of whom six are AIC¹ and six are women. The remaining members are Ghanaian/British, Kenyan, Ugandan/British and British. Our outgoing Group Chairman, Wendy Lucas-Bull, is an independent director. We welcomed Sello Moloko as an independent non-executive director and chairman-designate to the Board on 1 December 2021. Sello will take up the office of Group Chairman with effect from 1 April 2022.

Various regulations, including the South African Companies Act, the JSE Listings Requirements, the South African Banks Act, the South African Reserve Bank Directive 4 of 2018 and King IV guide the composition of the following committees:

- **Directors' Affairs Committee:** We require only independent directors; chaired by the Group Chairman
- **Group Audit and Compliance Committee:** We require only independent directors
- **Social, Sustainability and Ethics Committee:** We require a majority of independent directors
- **Group Remuneration Committee:** We require only independent directors
- **Group Credit Risk Committee:** We require three suitably skilled and experienced non-executive directors, as well as the following voting members: Chief Executive Officer; Financial Director; and Chief Risk Officer
- **Chairs of statutory committees** – the Directors' Affairs, Group Audit and Compliance, Social, Sustainability and Ethics, Credit Risk, Remuneration, and Risk and Capital Management committees – are independent directors. The Models Committee is chaired by an executive director.

 [Board member biographies www.absa.africa/absafrica/about-us/board-and-management/](http://www.absa.africa/absafrica/about-us/board-and-management/)

The number of each member's other significant positions and commitments are disclosed in the 2022 Notice of Annual General Meeting.

¹ All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.



102-24 Nominating and selecting the highest governance body

The Board endorses the recommendation of King IV that a board of directors should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence. The JSE requires listed entities to establish a policy on the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills, and experience. We set and regularly review targets for race and gender. Other aspects will continue to be managed and, where appropriate, disclosed. The extent and complexity of the Group influences our Board's composition, and we strive to have an appropriate balance of diversity to ensure robust governance, keen commercial decision-making, and strong technical inputs. The Board considers a range of factors in the selection of candidates. These include, but are not limited to, skills, knowledge, professional experience, the ability to provide strong technical inputs, cultural and educational background, gender, race, age, tenure, and the requirements of all relevant regulations.

Our Board is diverse in terms of age, race, gender, ethnicity, tenure, country of origin, culture, educational background, skills, experience, and knowledge, providing a fertile environment for discussion, debate, input and challenge, and thoughtful outcomes. The composition review considers rotation plans, tenure, succession, retirement, resignation, skills, and the outcomes of Board evaluations. The Board evaluation is prescribed in terms of the Group Board Charter, and we have the policy to comply with the JSE debt listings requirements. Our Directors' Affairs Committee formally facilitates and recommends director appointments for final approval by the Board after considering various factors, including but not limited to the fitness and propriety of the director. The election or re-election of Board members is recommended to shareholders for vote at the annual general meeting.

Race and gender policy

The targets for race and women representation are a minimum of 40% and 30%, respectively. As a Pan-African financial services group, the Board recognises the benefits of having South African, Pan-African and non-African Board members.

- 40.0% of the members of the Group's Board are women
- 40.0% of the members of the Group's Board are AIC¹.

¹ All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.

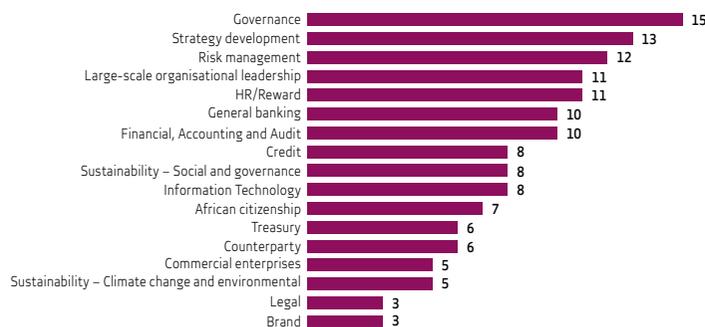
Skills and expertise policy

Members must have the highest levels of integrity, a deep understanding of governance, an appropriate technical, financial and non-financial knowledge and interpersonal skills. Skills and experience in banking, risk and capital management, technology, commercial and industrial, accounting, legal and human resources, and sustainability are required of the Board as a collective.

In assessing the skills requirements within our current operating context, our analysis shows that additional skills in the areas of (i) banking, risk and treasury would be ideal given the ever increasingly complex regulation and developments in these areas; and (ii) legal due to the importance of the South African legal environment to our business and the commercial arrangements dealt with. This will be addressed with the appointment of suitable non-executive directors in due course. All Board members will need to become skilled in the areas of environmental and social sustainability, and climate change. We began bolstering these skills in 2019 through training and deep-dive sessions, and this remains a focus to ensure a general understanding of these challenges and their ramifications.

Over the past year, we continued to strengthen and refresh our Board skills and experience, specifically in technology, human resources and sustainability. The below analysis, as at 31 March, provides the mix of skills and expertise. Our boards outside of South Africa also continue to focus on their composition and skill sets.

Skills and expertise (Number of Board members)



Independence policy

The Board should have a majority of non-executive directors, most of whom should be independent. The majority of our Board members are independent directors, which complies with King IV and global best-practice governance. Related-party transactions rarely arise and would be dealt with on a recusal basis when they do.

Directors who were assessed in 2021 maintained their independent status. Independent non-executive directors are assessed annually in accordance with the JSE Listings Requirements and King IV recommendations.

In early 2022, we reassessed independence and conducted a detailed time and capacity assessment as recommended by the South African Reserve Bank Governance Directive 4 of 2018. We use the outcome classifications to assist the Board with its director recruitment/appointment priorities. The Chairman would address an adverse outcome related to time and capacity with the director concerned. Our Board charter also contains provisions on the maximum number of outside directorships that a Board member may hold.

We seek to promote independent judgement and diverse mindsets and opinions, irrespective of classification. All directors must exercise their judgement independently, irrespective of their independence status.

Other directorships

The Group recognises the benefits of non-executive director appointments on the boards and governance forums of other companies or in other public roles, however, in line with King IV's recommendations, non-executive directors are required, annually, to formally confirm their capacity to effectively discharge their duties and responsibilities as members of the Board and its committees.

The Board Charter provides guidance regarding the maximum number and types of directorships/trusteeships/advisory roles and other appointments that a director may hold in addition to his/her directorship(s) within the Absa Group. Non-active entities and family-related entities are not considered for this purpose.



For non-executive directors with no executive role:

- One additional large-cap listed entity board; plus
- Four sizeable active private company boards; or
- Two mid-cap listed boards and two sizeable private company boards.

For the non-executive directors with an executive role:

- One sizeable active private company board; or
- One mid-cap listed board.

An appointment as a director, trustee (in respect of an external trust) or advisory board member of any company or other entity outside the Group (including any form of public role) is subject to the prior approval of the Directors' Affairs Committee which will consider any conflict or potential conflict that may arise as a result of the appointment. If required, the appointment may be referred to the Directors' Affairs Committee and/or the Board for approval. Executive directors should not hold any external directorship, trusteeship, or advisory board membership, or take up a public role (outside of the normal scope of business) unless the Directors' Affairs Committee has approved the external appointment. Further, they should not accept an appointment as a non-executive director of any other company or entity where a non-executive director of Absa Group or Absa Bank is also a director or holds another similar position.

Tenure policy

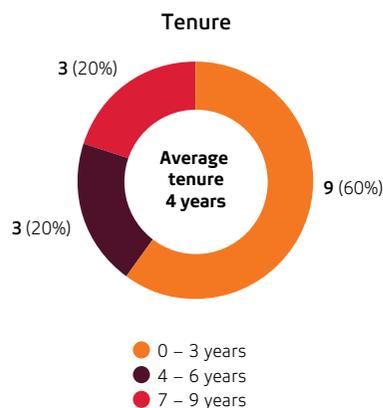
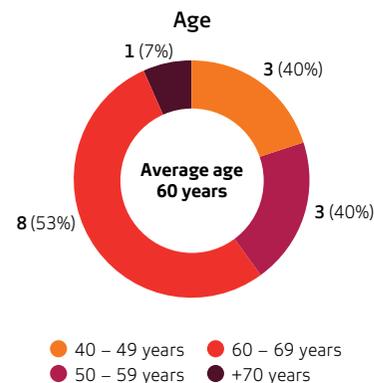
The Board is responsible for succession planning, with a view to the organisation retaining and developing the key talent needed for the future and appropriate benchstrength. The Directors' Affairs Committee is responsible for considering succession planning for the Group Chairman, other key roles on the Board and executive management. The Committee conducts an annual succession planning review, including identification of candidates and, in particular, committee chair candidates and proposes same to the Board.

We provide for a staggered rotation of Board members to retain knowledge, skills and experience and to maintain continuity, while simultaneously introducing new expertise and perspectives. Directors serving over nine years are subject to annual re-election and length of service forms part of our succession planning. The balance of longer-serving directors

and recent appointees provides a combination of Group-specific experience and fresh challenge. In terms of the South African Reserve Bank Directive 4 of 2018, directors who have served for longer than nine years are categorised as non-independent. Colin Beggs served on the Board over ten years and retired at the June 2021 annual general meeting. The current Board Chairman, Wendy Lucas-Bull, reaches her nine-year tenure in March 2022 and will retire on 31 March 2022. Sello Moloko is the Chairman-designate will become the Group Chairman on 1 April 2022.

Age

Diversity of age complements diverse sets of skills, experience, capacity supporting the diversity of the Board.



102-25 Conflicts of interest

Ethics and culture

Our Board appreciates the importance of ethics and culture and their contribution to value creation. The Board is therefore committed to instilling ethical values throughout the Group, beginning with the conduct of individual directors. Directors must strive to:

- Uphold the standards of conduct required of them by law, regulation, policies and ethical standards
- Demonstrate the behaviours that are consistent with the Group's values.

The Board monitors the Group's activities, relating to relevant legislation, other legal requirements or prevailing codes of best practice applying to employees, culture and labour/employment matters, and the overall franchise health. Ethics and conduct are key features of the mandate of the Social, Sustainability and Ethics Committee, with management having the implementation responsibility.

Directors have a responsibility to avoid situations that place, or are perceived to place, their personal interests in conflict with their duties to the Group. The Board Charter requires directors to declare any actual or potential conflict of interest immediately once they become aware of it. Before each scheduled meeting, each director submits a declaration of interest form, outlining his/her other directorships and personal financial interests, including those of their related parties. Where actual or potential conflicts are declared, we implement a recusal procedure and affected directors are excluded from discussions on any decisions on the subject matter related to the declared conflict.

We consider actual and potential conflicts of interest in the annual assessment of directors' independence. Any proposed Board appointment must also be agreed with the Chairman prior to the director accepting such an appointment. In the case of the Group Chairman's acceptance of an appointment as Chairman of a major South African retailer, the matters of capacity and conflicts were discussed. Regarding conflicts, given that the retailer is a client, although most activity takes place at a management level, in the event that any decision were to come to the Board or Committee, the Chairman will not have sight of the papers and will be recused from any discussion and decision.

Our Conflicts of Interests Policy discretionary limits and the JSE rules, which protect shareholders, the public and the market, are the main safeguards on transactions with major shareholders.

There is no controlling shareholder of the Group. Related parties are disclosed in Note 48 of the Group's 2021 consolidated and separate annual financial statements.



102-26 Role of the highest governance body in setting purpose, values and strategy

In the 2017 Integrated Report, we announced our revised purpose – to bring possibilities to life – and a growth strategy, which had been deliberated and approved by the Board.

Our purpose statement Bring your possibilities to life was co-created and symbolises the Group's intention to be an entrepreneurial, innovative organisation and is an embodiment of growth for Africa, our employees and the business. This purpose is the driving force that defines our brand, continually inspires the desired culture and connects customers to opportunities.

In the 2018 Integrated Report, we announced the Group's new values, which resulted from an extensive collaboration by employees across our business and were considered and approved by the Board.

The Board is responsible for delivering sustainable value through oversight of the management of the Group's business, through challenging and approving strategic plans proposed by management, and by monitoring implementation of the strategy and plans within the context of the approved risk appetite, the available opportunities, and the macro and regulatory environments.

The COVID-19 pandemic accelerated many banking trends and cemented their criticality to banking going forward. Further, as the crisis materially influenced customer needs, behaviours and expectations, as well as impacted our business performance trajectory, a review of our strategy was undertaken. Through this process, we sought to identify pertinent changes in the market, our performance gaps, and what was needed to thrive post-crisis. The Board received updates on the progress and outcomes of the review process. The refreshed strategic priorities, which are re-anchored to the 2018 strategy, were then presented to the Board in October 2021. The process confirmed that our strategic choices remain relevant, and that our execution could benefit from greater precision and speed. The process culminated in the Board's approval of the Group's integrated plan and medium-term plan in December 2021. We believe the strategy accelerates growth, primacy and digitisation without materially altering the Group's risk appetite. It focuses on more efficient and precise implementation.

Alongside this process, the Social, Sustainability and Ethics Committee considered and supported the Group's refreshed ESG strategy, which brings together various aspects of the Group's ESG activities into a consolidated framework.

Diving deeper: 3 An active force for good in all we do

Absa Group Limited 2021 Environmental, Social and Governance Report

102-27 Collective knowledge of the highest governance body

The Group Board is committed to training and upskilling its Board members. Newly appointed directors receive comprehensive induction training, which includes engagement with customer-facing business leaders and functional executives in the areas of risk, finance, treasury, credit, human resources, brand and marketing, compliance, legal and internal audit, in order to give them a holistic understanding of the Group.

Directors are continually provided with training and briefings on relevant topics to enable them to stay abreast of developments in the regulatory, technology, corporate governance, socioeconomic and business environments. Specific training is delivered through presentations from internal and external experts, as required. The topic determined by the Prudential Authority for 2021 was 'The impact of new technologies on regulated financial institutions', which led to an enhanced focus on technology and cyber security presentations and demonstrations as part of the Board training for the year. The Board and Board Committees attended the following training (27 hours):

- JSE and Debt Listings Requirements training
- Technology architecture and related pre-reading
- Digitization of Banks – looking at the Russian banks in particular
- Investor feedback and peer analysis
- Macro-economic updates
- Basel IV updates in particular relating to Risk Weighted Assets
- South African debt sustainability and Absa's balance sheet resilience
- Benchmark Reform
- Interest Rate Risk in the Banking Book
- Financial Conglomerate Supervision
- Traded Market Risk
- Cyber Risk and lessons learned
- Electric Vehicles
- Large Exposures Framework and related regulation
- FAIS Requirements and FSCA Conduct training
- Financial Crime

Further reading material is provided to the Board and Board Committees on current interest related topics.

102-28 Evaluating the highest governance body's performance

The Group conducts biennial reviews of all governance structures through alternating between a self-assessment and an independent facilitated process. The Institute of Directors of Southern Africa facilitated the 2020 evaluation and assessed the effectiveness of the Board and its committees (including the Social, Sustainability and Ethics Committee and its coverage of ESG topics), individual directors and the Group Chairman. The Chairman provides individual peer review feedback to each Board member while the Lead Independent Director provides peer feedback to the Chairman.

No significant matters of concern were noted with all governance areas rated four and above, out of five. The Group rated exceptionally well in governance areas covering Board Culture and Board Committees.

The governance areas covering Board Composition rated marginally lower, and an action plan was put in place to address the granular findings identified for improvement, and updates were provided to the Board. The Social, Sustainability and Ethics Committee was assessed along with all the other committees. The Committee was comfortable with the assessment that all key matters within its agenda, including anti-corruption, corporate citizenship, the United Nations Global Compact Principles, B-BBEE, environmental, health and public safety, sufficiency of coverage regarding ESG, customer relations, employees, talent management and conduct and ethics, were adequately or well covered in the assessment. The Social, Sustainability and Ethics Committee received an overall rating of 4.2 out of five, and corporate citizenship and B-BBEE were rated as excellent. Room for improvement was noted concerning achieving effective alignment between shaping the role in society for the business in all regions across Africa and integrating the entire spectrum of ESG matters into activities related to business as usual. The Board considered the outcomes of the assessment in recommending directors for re-election by shareholders at the 2021 annual general meeting and in recommending the annual appointment of the Group Chairman after that meeting.

We amended the terms of reference of the Social, Sustainability and Ethics Committee considering the evaluation outcomes and relevant legislation to reflect:

- Greater oversight of sustainability and ESG matters
- The Financial Sector Conduct Authority's Conduct Standard for Banks (2020), which requires the Board be accountable for the approval, establishment, embedment, ongoing review of, and continued compliance with, the bank's governance arrangements to reasonably ensure the fair treatment of its financial customers
- Greater emphasis on the importance of culture



- The approval of the refined role in society strategy to support the Group's strategic enabler – to play a shaping role in Africa's growth and sustainability.

Group Company Secretary

Our Company Secretary advises the Board and individual directors on their fiduciary duties and on corporate governance requirements and practices. She has unfettered access to the Group Chairman and her office is sufficiently resourced to perform its duties. The Board evaluates the qualifications, competence and experience of the Group Company Secretary annually and remains satisfied that she is qualified for the role. During its annual review in 2021, the Board reconfirmed her independence in relation to her interactions and arm's-length relationship with the Board and its members.

102-29 Identifying and managing economic, environmental and social impacts

As indicated above, the Social, Sustainability and Ethics Committee monitors the Group's activities relating to social and economic development, including consideration of socio-economic challenges like structural inequality, growing unemployment and lack of a path to sufficient economic growth, sustainability more generally, good corporate citizenship, conduct, ethics, sustainable development, labour and employment, consumer relations, stakeholder management, transformation, the environment, and health and safety. These considerations are informed by various regulatory requirements, stakeholder inputs as well as emerging ESG frameworks.

In 2021, the impact of the COVID-19 pandemic and the resulting impacts on the Group remained a primary focus, as well as the social and economic fabric of society. COVID-19 has exacerbated the negative impacts of many of the ESG matters actively managed by the Group and thus influenced the way we have, and continue to, respond.

The Social, Sustainability and Ethics Committee spent significant time discussing the impact on customers, the payment relief provided and the resultant trends, as well as the wellness of our own employees and the various initiatives by management to support them. The Committee also considered the Group's ESG ratings and progress against the Principles for Responsible Banking; the United Nations Global Compact and related requirements; and the refreshed role in society strategy to increase the Group's positive impacts relating to ESG matters, for example, in the arena of sustainable finance and supporting the just transition.

Diving deeper: 20 ESG 102-19, 102-20 and 102-21

↓ 2021 Principles for Responsible Banking Report (publication in May 2022)

Absa Group Limited 2021 Environmental, Social and Governance Report

102-30 Effectiveness of risk management processes

While the Group Risk and Capital Management Committee assists the Board with the governance and oversight of risk, capital, funding and liquidity management, other Board committees monitor the key risks relevant to their mandates:

- Group Credit Risk Committee: Credit and concentration risk
- Social, Sustainability and Ethics Committee: Conduct, reputation, employees and sustainability risks
- Directors' Affairs Committee: Reputational risk
- Group Audit and Compliance Committee: Financial reporting, operational, fraud and tax risks
- Models Committee: Model risk
- Information Technology Committee: Information and technology risk, including cyber risks.

The Group's Enterprise Risk Management Framework, incorporating principal risks and sub-risk types, which touch on ESG matters, is reviewed and approved by the Board annually and provides the basis for setting policies and standards, as well as for establishing the appropriate risk practices throughout the Group.

Executive management is responsible for determining the standards supporting the application of these policies and standards, and for executing risk policies and embedding risk management in the business.

In terms of ESG risks, our Social, Sustainability and Ethics Committee assesses management's response in terms of the Conduct Risk Framework, relating to customers, labour and conduct.

The committees are also responsible for overseeing the expansion of our environmental risk management approach through the sustainability programme.

The Group applies a risk-based, combined assurance approach over its operations, combining management assurance, compliance, and internal audit reviews, as well as utilising the services of independent external service providers to assess the effectiveness of risk management practices.

Stringent regulatory requirements, predominately in the Banks Act, which has special provisions for approvals of shareholdings exceeding certain thresholds, as well as through the Companies Act's Takeover Regulations, empower the Absa Board to regulate any takeover devices, thus negating the need for anti-takeover devices.

102-31 Review of economic, environmental and social topics

The outcome of our ESG management approach review in 2020 was a public commitment to the Principles for Responsible Banking, Sustainability Policy and a Coal Financing Standard, which complements the current policies, standards and guidance documents.

In 2021, the Social, Sustainability and Ethics Committee deliberated management's submissions on various ESG matters, including an assessment of the impacts, risks and opportunities relating to the environment; compliance of our buildings with environmental and health and safety norms; our physical presence footprint; the Group's spend in relation to our communities; and other citizenship and constitutional initiatives.

Diving deeper: ↓ 2021 Principles for Responsible Banking Report (publication in May 2022)

102-32 The highest governance body's role in sustainability reporting

We demonstrate our commitment to these governance principles through credible and comprehensive financial and non-financial reporting and disclosures, as well as through constructive stakeholder engagement. As appropriate, our Board aims to ensure that public disclosures align with best practice and are subject to proper internal and/or external assurance and governance procedures.

In 2020 and 2021, the Social, Sustainability and Ethics Committee:

- Approved the Group Transformation scorecards for 2020 and 2021 and the Group's 2021 B-BBEE Report
- Approved the 2021 ESG Report, the Group's first United Nations Environment Programme Finance Initiative's Principles of Responsible Banking Report and the Group's first Task Force on Climate-related Financial Disclosures (TCFD) Report. The climate-related disclosures as approved by shareholders at the 2021 annual general meeting were disclosed in the 2020 TCFD Report.

The Disclosure Committee is a sub-committee of the Group Audit and Compliance Committee, which comprises the chairs of the various Board committees and two executive directors. The Committee oversees the Group's integrated reporting process and reviews and recommends the approval of the Integrated Report to the Board.

Diving deeper: ↓ 2021 TCFD Report (publication in May 2022)



102-33 Communicating critical concerns and 102-34 Nature and total number of critical concerns

The Executive Committee, or the relevant management committee reporting to the Executive Committee, reviews any critical concerns in the first instance. As required, these matters are then escalated to the relevant Board committee chair and on to the committee in question. Finally, if deemed appropriate, the final escalation will be to the Board as a special topic:

- Through the Group Chief Executive Officer, Chief Risk Officer or Financial Director's reports; or
- Through a Board committee chair's report back.

We do not disclose the number and nature of specific critical concerns, however, the thematic critical concerns for 2021 included:

- Banks and other financial institutions responses to the COVID-19 pandemic including capital and liquidity management; health and safety; customer relief interventions; and other support to the economy
- Compliance with and/or readiness relating to various regulatory frameworks, including the International Financial Reporting Standards accounting standards, capital and liquidity, privacy, and conduct
- Socio-political issues, including:
 - The governance and going concerns status of state-owned entities
 - Extremely high unemployment and whole industries and sectors at risk due to the pandemic/corruption and rising inequality which threatens social and economic stability in South Africa/civil unrest and looting in KwaZulu-Natal in July 2021 and the impact on the Group, customers and employees.
 - State capture in South Africa
 - Global commitments to sustainable development/Climate change and the green transition
 - Sovereign debt/systemic economic weakness in certain of our presence markets
 - The knock-on impact of each of these matters on the economy and outlook
- Fraud, including cybercrime
- The payments systems and the control environment
- Talent retention and emigration (loss of certain key skills)
- Transformation in the financial sector and the related ownership of equity in the Group.

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102-35 Remuneration policies and 102-36 Process of determining remuneration

Our comprehensive Remuneration Report provides information on our Remuneration Policy, any changes made in the year, and the progress in implementing such changes. This includes information on the process of determining individual remuneration, focusing particularly on senior executives. Readers are referred to the detailed Remuneration Report for our complete disclosures.

Diving deeper: [↓ 2021 Remuneration Report](#)

102-37 Stakeholders' involvement in remuneration

The Board and Remuneration Committee chairmen met shareholders to discuss our Remuneration Policy prior to adoption. We received an 93.96% 'For' vote for the Group's 2020 Remuneration Implementation Report, an 84.52% 'For' vote for our Remuneration Policy and 86.70% vote in favour of the proposed remuneration for the non-executive directors at the 2021 annual general meeting (2020: 82.99%; 87.22%; and 98.57%, respectively).



The 2021 annual general meeting voting outcomes will be published on www.absa.africa following the meeting that will be held on 3 June 2022

Stakeholder engagement

102-40 List of stakeholder groups

Our key stakeholder groups are the investment community (current and prospective shareholders; debt investors; investment analysts and credit rating agencies); customers; employees and recognised employee unions; regulators and government; the planet; and society, which includes suppliers, community organisations and the media.

102-41 Collective bargaining agreement

We uphold the constitutional rights of our employees to freedom of association, the right to collective bargaining, the protection of employee representatives and the right to be a member of a trade union of their choice. Our commitment to ensure freedom of association and the right to collective bargaining is laid out in our Employment Relations Policy. Furthermore, we rely on in-country laws and the International Labour Organization principles. We have two formal agreements with the collective bargaining units:

- Retrenchment Collective Agreement, which is applicable when the bank is contemplating section 189 retrenchment processes
- Recognition Agreement, which sets out the rules and procedures to be used by the majority union, Sasbo (formerly the South African Society of Bank Officials), and the bank in carrying out

consultations, collective bargaining and representation. We have a wage agreement that is concluded annually after completion of the salary negotiations.

Our agreements with bargaining units include the following topics: health and safety, remuneration, working hours, training, career development, work time flexibility, age conscious human resources management, stress management, equal opportunities and corporate social responsibility issues. When we consider any major changes, the bargaining units communicate this to their members.

In terms of the South African Employment Equity Act, the bank must consult with the union when compiling the employment equity plan and report and have representation in the employment equity forum.

Informally, the unions can raise any safety-related matter at any given time, including at our National Consultative forum, which is held quarterly. Due to the magnitude and nature of COVID-19, as well as the social unrest in Gauteng and KwaZulu-Natal in July 2021, we engaged in frequent consultations with the unions to provide updates and gather feedback on how to improve the current protocols to ensure the safety of our employees and their members.

The union representatives are also part of the campus forum, which is set up to manage safety issues.

The grievance management procedure guidance makes provision for employees to raise grievances without the fear of victimisation. The Whistleblowing Policy encourages employees to anonymously report unbecoming conduct.

We have recognition agreements with 15 trade unions across our operations, covering 38.1% of our employees (2020: 13; 53.8%).

For employees outside the collective bargaining process, their working conditions and terms of employment are governed and/or determined in terms of their contract of employment and relevant policies.

Diving deeper: 16 ESG 102-17

102-42 Identifying and selecting stakeholders

The Group's primary stakeholders are:

- Customers
- Employees (and recognised labour/employee unions)
- Investor community (including rating agencies)
- Regulators (and broader government)
- Society (including suppliers, media and civil society).

Diving deeper: 28 ESG 102-44

102-43 Approach to stakeholder engagement

Creating value for Absa means delivering on our purpose of bringing possibilities to life. We do this by delivering tangible value to our stakeholders. We recognise that the quality of our relationships with stakeholders impacts our ability to fulfil our purpose. We therefore measure the quality of our relationships through various mechanisms to make an informed assessment.

Stakeholder engagement is a process that provides valuable information about our business, social, political, and physical environment to shape strategic thinking and hone our decision-making processes. We regard all our material stakeholders as important partners and seek to effectively identify, understand and manage these relationships to enhance business sustainability, reduce risk and ensure a successful implementation of our strategy.

To deliver sustainable performance, we balance the needs of stakeholders over the short, medium, and long-term. The input and challenges raised by stakeholders are important in shaping and validating our strategy and conduct.

Management of stakeholder risk is an integral part of risk management and is managed through our Group Stakeholder Engagement Policy and the Business and Professional Associations Standard.

Other related policies include the Group Citizenship Policy, the Group Media Relations Policy and the Sponsorship Standard. These policies and standards are reviewed annually. All sponsorships and citizenship investments are subject to the Group's due diligence assessments, which include anti-bribery and corruption, sanctions, politically exposed employees and adverse media screening.

The frequency of engagement is designed and customised to each stakeholder based on the Group's strategy, priorities for the business, identified risks or developing issues. Executives define the engagement approach, including the mechanisms of engagement, the frequency of engagement, issue management, reporting, and dispute management.

The Board and Social, Sustainability and Ethics Committee provide supervision of, and direction for, stakeholder engagement matters and recognise our decentralised stakeholder engagement approach, which makes use of a central point to collate engagement results.

It is the responsibility of all employees to manage relationships effectively, guided by the Absa Way Code of Ethics, to ensure, within reason, that both internal and external stakeholders' reasonable needs and expectations are understood and met. Continuous assessment and monitoring of our stakeholder engagement efforts is important, and we continue to refine our stakeholder management methodologies and improve the measurement of the quality and maturity of stakeholder relationships.

While not a formal part of our annual reporting process, we solicit views from stakeholders on the matters covered in our reports through ongoing interactions and seek informal feedback following the publication of our integrated reporting suite.

Stakeholder engagement principles

The principles that underscore our stakeholder engagements are:

- Consistent messaging to all stakeholders
- Understanding the needs, interests and expectations of stakeholders and incorporating them into the Group's decision-making processes
- Consistent collaboration to establish meaningful relationships with stakeholders and to align them with our goals
- Transparency through continuous communications that are proactive and honest
- A commitment to creating a sustainable business and to being an active force for good in society
- Responsiveness to a changing business environment and to the legitimate needs, interests and expectations of our stakeholders.

Whistleblowing contacts

Our external service provider, Tip-offs Anonymous, is managed by Deloitte. It operates a call centre on a 24/7/365 basis, offering assistance in all official South African languages and several international languages, including German, Spanish, French, Italian, Polish and Portuguese.

Whistleblowers can email protect@tip-offs.com or visit www.tip-offs.com. They can also email the Absa Priority Investigations and Whistleblowing team directly on protected@absa.africa.

Botswana

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Mascom 71 119 312/
BTC 0800 600 644

Ghana

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Kenya

0800 720012

Mauritius

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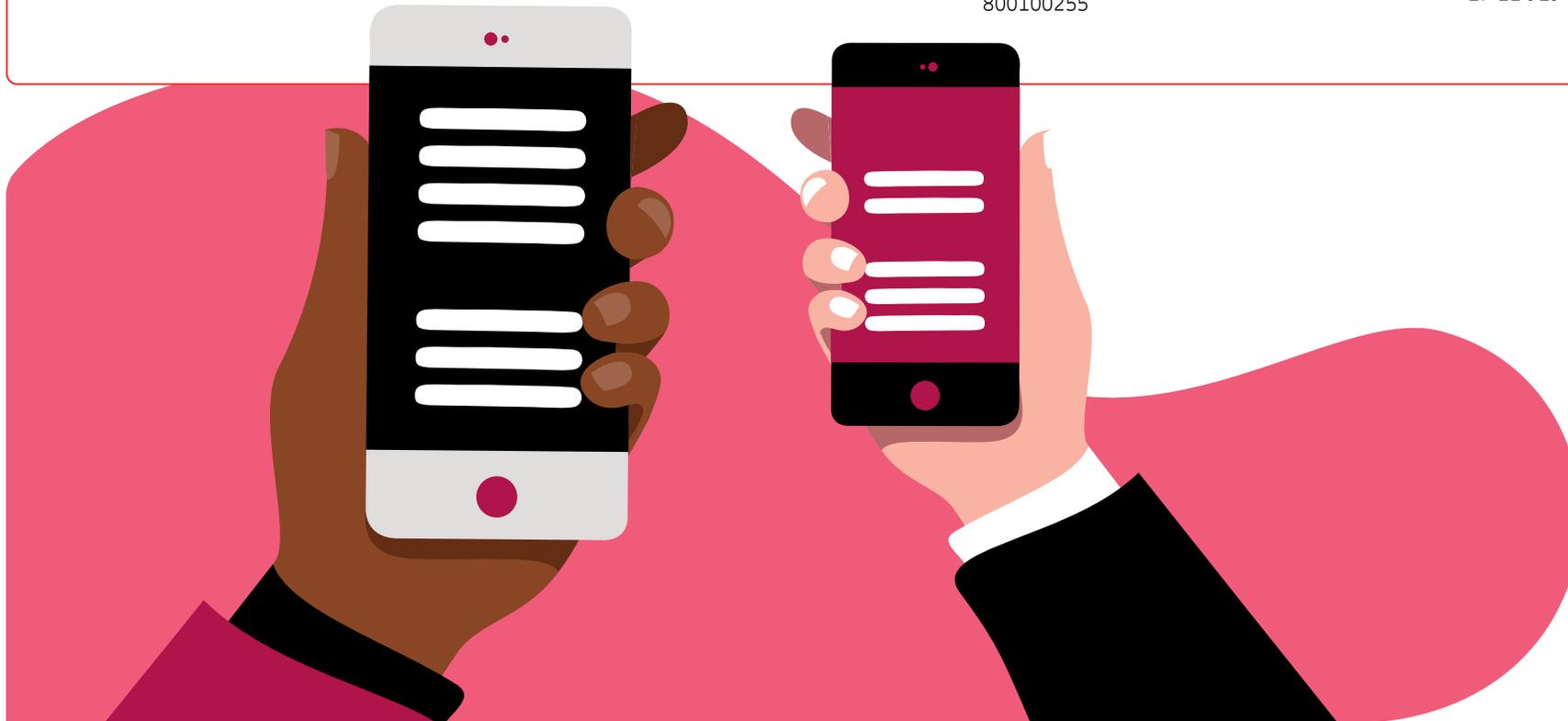
Zambia

+260 971231250

Call back number Africa

(except South Africa and Namibia)

+27 11 929 3332



102-44 Key topics and concerns raised

Our stakeholders' needs and expectations **Value for Absa means delivering on our purpose of bringing possibilities to life.** We do this by delivering tangible value to our stakeholders. We recognise that the quality of our relationships with stakeholders impacts our ability to fulfil our purpose. We therefore measure the quality of our relationships through various mechanisms to make an informed assessment.

Investor community

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<p>Who they are</p> <ul style="list-style-type: none"> Over 43 000 local and international shareholders, including retail investors, asset managers, pension funds, sovereign wealth funds and corporate holdings Investment analysts Prospective investors Debt investors and credit rating agencies. 	<p>Needs and expectations</p> <ul style="list-style-type: none"> Strong operational performance including efficiency, revenue growth and returns Maintaining a well-capitalised balance sheet (strong capital and liquidity positions) Adequate, sustainable shareholder returns Sound risk management Transparent reporting and disclosures and effective communication Sound ESG practices.
<p>Strategic response/value proposition</p> <p>We effectively manage risk and create sustainable returns by:</p> <ul style="list-style-type: none"> Ensuring Absa remains well-diversified both by revenue streams and geography Maintaining substantial market share in our presence countries Offering improving shareholder returns and a rising dividend pay-out ratio Ensuring strong capital and liquidity levels to support a solid balance sheet. 	<p>Measuring performance</p> <ul style="list-style-type: none"> ▼ Speed of succession planning ▲ R85.9 billion revenue (2020: R81.4 billion) ▲ R18.6 billion headline earnings (2020: R8.0 billion) ▲ Total shareholder return: 29.9% (2020: (15.6%)) ▲ 15.8% return on equity (2020: 7.2%) ▼ 0.77% credit loss ratio (2020: 1.92%) ▼ 55.2% cost-to-income ratio (2020: 56.0%) ▲ Dividend of 785 cents declared (2020: Nil) ▲ All shareholder resolutions passed, including 85% for our remuneration policy and 94% for our implementation report.

Quality of relationship

PoorGood

Our ranking is based on total shareholder return.

Customer

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<p>Who they are</p> <ul style="list-style-type: none"> Individuals: Entry-level to high net-worth, across all ages Businesses: Sole proprietors; small and medium enterprises; large corporates and multinationals Public sector: Local, provincial and national government and state-owned enterprises Various other legal entities such as development finance financial institutions, trusts, other governmental entities and associations. 	<p>Needs and expectations</p> <ul style="list-style-type: none"> Cost-effective, convenient and innovative financial services Credible brand, trustworthy relationship, safety and protection against fraud encompassing physical and data security Responsible banking with transparent pricing Excellent customer service and advice System reliability and ability to transact through their chosen platform Best practice safety measures for customer wellbeing.
<p>Strategic response/value proposition</p> <p>We deliver innovative technologies and propositions to help our customers bring their possibilities to life.</p> <ul style="list-style-type: none"> Improving access to financial services and local, regional and global markets Deepening relationships with customers through a life-stage/ecosystem approach Providing an extensive and accessible network combining physical outlets, call centres, digital platforms and strategic partners Protecting data privacy and ensuring cybersecurity through robust technology and data management. 	<p>Measuring performance</p> <ul style="list-style-type: none"> ▼ 79.5% Treating Customers Fairly score (2020: 80.4%) ▲ 82% RBB SA customer experience (2020: 80%) ▲ 79% CIB customer experience (2020: 72%) ▼ 66% ARO Business Bank customer experience (2020: 69%) ▲ 76% ARO Retail Bank customer experience (2020: 72%) ▼ 37% NPS¹ RBB SA (2020: 38%) ▲ 24% NPS ARO Retail (2020: 20%) ▼ 9% NPS ARO Business banking (2020: 11%). <p><small>¹ Net Promoter Score (NPS).</small></p>

Quality of relationship

PoorGood

We achieved a 79.5% Treating Customers Fairly score in the SA – CSI index.

Employees

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Who they are

- 35 267 employees (South Africa 25 908, ARO 9 180; international 179)
- 60.9% women and 39.1% men
- 77.3% AIC² employees (South Africa)
- 54% below the age of 40 and 84.6% below the age of 50
- 15 recognised employee trade unions covering 38.1% of employees.

Needs and expectations

- An ethical workplace with opportunities to contribute to society and one that is supportive of environmental and social sustainability
- A diverse, inclusive and supportive workplace where all employees are treated equitably without bias
- Job security, strong leadership and change management, especially during the COVID-19 pandemic
- Dynamic working hours and workspaces
- Fair pay and terms of employment with market-related reward and benefits
- Training, development and career opportunities
- A safe workplace.

Strategic response/value proposition

We create an environment where employees can fulfil their potential and deliver excellence to our customers by:

- Creating differentiated experiences and inspiring a diverse and inclusive workforce
- Attracting and retaining the best talent
- Encouraging self-led development and opportunities for career progression
- Delivering performance-based reward and recognition
- Providing a comprehensive wellness programme and supporting different ways of work.

Measuring performance

- ▲ 80% response rate for employee experience survey (2020: 73%)
- ▲ 64.7% achieved in the Employee Experience Index (2020: 64.1%).
- ▲ 71.1% engaged employees¹ (2020: 69.6%).
- ▼ 8.7% permanent employee turnover rate (2020: 7.0%)
- ▼ 95.4% retention of high-performing employees (2020: 96.5%)
- ▲ 52.6% senior AIC² management (2020: 50.7%) remains below target
- ▲ R449 million invested in training and development (2020: R406 million).

¹ As measured through the Employee Experience Index.

² All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.

Quality of relationship



Our overall employee experience score for 2021 was 64.7%.

Regulators

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Who they are

- **South Africa:** Reserve Bank; the Prudential Authority; the National Payments System Department and the Financial Surveillance Department; the Financial Sector Conduct Authority; National Credit Regulator; Revenue Service; National Treasury; Financial Intelligence Centre; the Information Regulator; the South African Revenue Services and the JSE
- **ARO:** Central Banks/banking regulators; capital markets, securities and revenue authorities; insurance regulators and local stock exchanges
- **UK and US:** Financial Conduct Authority, Prudential Regulation Authority and the US Securities and Exchange Commission
- **Other** relevant government departments, including, but not limited to, labour, health, environmental, and trade and industry.

Needs and expectations

- Compliance with all relevant laws and regulations
- Financial system stability spanning financial soundness to fair treatment of customers
- A business responsive to regulatory change
- An ethical work environment
- Contribution to governmental development plans and national priorities as well as to the fiscus through fair tax payments.

Strategic response/value proposition

We support the creation of an environment that facilitates sustainable growth for all.

We do this by working with regulators and providing input into policymaking and the development of regulations.

- Comprehensive regulatory change management programme
- Facilitating responsible banking by ensuring appropriate due diligence is followed.

Measuring performance

- ▲ 12.82% common tier 1 equity ratio (2020: 11.2%) remains within the Board target range and above minimum regulatory requirements
- ▼ 116.8% liquidity coverage ratio (2020: 120.6%) remains above regulatory requirements
- ▲ 116.1% net stable funding ratio (2020: 115.9%) remains above regulatory requirements
- ▲ 98.17% of employees completed preventing financial crime training (2020: 92.02%)
- ▲ 96.3% of employees completed the Absa Way Code of Ethics training in 2020 (2021 cycle due date not yet reached).
- R2.1m in regulatory fines and penalties (2020: R9.8m)

Quality of relationship



We seek to maintain appropriate relationships with regulators in our presence countries.

Society
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<p>Who they are</p> <ul style="list-style-type: none"> Individual citizens Communities Civil society organisations Non-governmental organisations Media Suppliers. 	<p>Needs and expectations</p> <p>Meaningful contribution towards scalable and innovative solutions that address societal and economic challenges. This includes supporting the post-COVID-19 pandemic recovery efforts as articulated in:</p> <ul style="list-style-type: none"> The national development plans, including transformation The UN SDGs Global ESG frameworks.
<p>Strategic response/value proposition</p> <p>We actively contribute towards helping create inclusive sustainable economic growth aimed at positively impacting the communities we operate in, through:</p> <ul style="list-style-type: none"> Providing products and services with a positive social impact Supporting inclusive growth by supporting national development objectives and policies Preparing young people for the future of work Advancing financial literacy and inclusion Supporting an inclusive and responsible supply chain Generating and distributing economic value. 	<p>Measuring performance</p> <ul style="list-style-type: none"> ▲ B-BBEE Level 1 (2020: Level 2). ▼ R195 million citizenship disbursements, including R23 million spent in supporting the COVID-19 response across the continent to protect lives and livelihoods and R11 million in response to civil unrest in South Africa (2020: R380 million) ▼ 32 639 consumer education participants (2020: 50 246) ▲ 86.2% B-BBEE procurement as a percentage of South African total (2020: 81.4%) ▼ Total procurement spend for the Group was R20.5 billion (2020: R20.9 billion).

Quality of relationship

PoorGood

Our B-BBEE level improved from the prior year and we have reached many consumers through financial education programmes, however the pandemic hampered roll-out of some citizenship initiatives.

Planet
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<p>Who they are</p> <p>The natural resources on which we, our stakeholders, and future generations depend.</p>	<p>Needs and expectations</p> <ul style="list-style-type: none"> Comprehensive climate change response, increased transparency in risk management and sustainability-related policies and standards Proactive management of the environmental and societal impacts of our business to encompass lending practices and our operational footprint Mobilising funds to support the just transition to a low-carbon economy and support for other environmental priorities such as a circular economy and responsible consumption.
<p>Strategic response/value proposition</p> <p>We seek to address climate change and play an active role in minimising pressure on nature's resources by:</p> <ul style="list-style-type: none"> Supporting customers in responsible consumption and the transition to a low-carbon economy Advancing our environmental and social risk management practices and capabilities in climate risk management Minimising our direct environmental impacts. 	<p>Measuring performance</p> <ul style="list-style-type: none"> ▲ Improved all seven ESG ratings ▲ R19 billion in renewable energy lending (84% of projects approved under REIPPP Programme¹) ▲ 3 219 transactions screened for environmental and social impacts (2020: 2 949) ▼ Two Equator Principles transactions (2020: three) ▲ 5.02 tCO₂ carbon emissions per full-time equivalent employee (2020: 4.81 tCO₂). <p><small>¹ Department of Mineral Resources and Energy's Renewable Energy Independent Power Producer Procurement (REIPPP) Programme.</small></p>

Quality of relationship

PoorGood

Our ESG ranking among banks globally is in the 80th percentile.

102-45 Entities included in the consolidated financial statements

We provide a list of related parties, including significant subsidiaries and consolidated structured entities, in note 48.2 of the Group's consolidated and separate financial statements

We consolidate entities over which we have control. This is the case when we are exposed, or have rights, to variable returns from our involvement with the investee and can affect those returns through our power over the investee. In some cases, judgement has been applied in determining first, whether an entity meets the definition

of a structured or sponsored entity; and second, whether we control such an entity.

↓ 2021 Annual consolidated and separate financial statements

Our Integrated Report and this ESG Report include information regarding our stakeholder relationships, opportunities and risks, and the outcomes of our business activities, covering key banking and insurance subsidiaries. Our B-BBEE disclosures apply to our South African operations and a list of the underlying entities is disclosed in the Verification Certificate.

102-46 Defining report content and topic boundaries

As a financial services provider, we play a pivotal role in the economic activity of individuals, businesses, and nations, helping to create, grow and protect wealth through partnerships in economic development. Our ability to create value is impacted by many factors, including our operating environment, stakeholders, responses to risks and opportunities and our chosen strategy. This report provides the context for what we have deemed our material matters – those which can significantly affect our ability to create, preserve or erode value over the short, medium, and long term. Our materiality determination process is discussed below.

1. Identifying a list of potential matters considering:

- The external environment
- Our strategic intent
- Stakeholders' legitimate needs and expectations
- General and industry-specific assessments.



2. Considering the relevance of identified matters by:

- Validating potential matters through local, regional, and global peer review
- Understanding their significance within our industry through scrutiny of thought leadership
- Engaging with various internal functions, including strategy, risk, investor relations, company secretariat, sustainability, and citizenship
- Noting whether matters are key topics of discussion at Board Committee meetings
- Understanding root causes of changes in performance
- Identifying differences in geographical risk and opportunities: In 2021, we did not identify significant variances from one presence country to another.



3. Assessing the importance of a matter, taking into consideration:

- Our deep-dive strategy review process, including a detailed business environment assessment, alongside risk and opportunities
- The likelihood of a risk or opportunity coming to fruition
- The arena of the effect, be it internal or external
- Our risk appetite framework to ensure a balanced approach between future growth and responsible risk management
- Quantitative and qualitative factors that influence the risk appetite of each principal risk
- Our integrated planning process, considering:
 - Potential opportunities and prospects
 - Response to changing consumer needs and dynamics
 - Resource needs and relative availability
 - The trade-offs between possible responses
 - Timing and execution requirements
 - The importance to, and impact on, our strategy
 - Contribution to strengthening Absa's brand equity and reputation.



4. Prioritising material matters

Prioritising material matters enables us to respond quickly to risks and opportunities specific to Absa and our strategic intent, magnifying our ability to create value. Prioritisation of the risks and opportunities arising from the operating context is based on our Risk and Issue Classification Standard. Refer to 102-15 for more detail.

Diving deeper: ↓ 2021 Integrated Report





102-47 List of material topics

The issues below will present matters that are dealt with in this report, materially impacting our ability to create sustainable value. Mindful of the dynamic nature of the environment we are operating in, many other matters are monitored.

This ESG Report includes further disclosure on these items, as well as additional topics that are of relevance to the Group and other stakeholders, such as occupational health and safety, labour relations and so forth. Refer to 102-15 for more detail.

1. Maintaining economic momentum

Recovering from the lows of the 2020 global recession and creating momentum toward economic recovery remains top of mind for governments and businesses globally. While specific sectors and countries show signs of recovery, momentum can be significantly affected by further waves of infections, coupled with access to vaccines, the efficacy of vaccine rollouts and disparate sovereign responses [A1]. This is particularly important for industries hardest hit by the pandemic, such as tourism. Russia's Ukrainian invasion also carries enormous risks for the global economy. The pandemic's primary aftershocks include high inflation and volatile financial markets, and, regrettably, the Ukraine-Russia war looks set to worsen both. [A2], [B1]. In response to these conditions governments across the globe are keeping financial conditions relaxed to boost economic activity. However, we anticipate a degree of repo rate tightening, which will impact the borrowing costs for households and businesses alike and potentially introduce supply-side inflation into economies under pressure.

In our primary market of South Africa, the financial system has displayed a relatively high level of resilience under challenging conditions. Financial markets experienced some volatility and sharp sell-offs in asset prices at times but have held up reasonably well. The level of loan defaults appears to have risen sharply in recent months, and the SARB's internal modelling suggests that it may not have peaked yet. Credit loss and impairment risk remain high, especially if interest rates increase and economic recovery loses momentum, and customers experience continued distress. Increases in long-term and short-term insurance claims can negatively impact Absa's solvency and capital requirements.

Approximately 85% of South Africa's systemically important banks' loans are to South African domiciled entities. Therefore, domestic economic developments have a significant bearing on the credit risk exposures of these institutions¹.

The uncertain and slow economic recovery has reduced the availability of capital, funding and liquidity, which requires Absa to carefully preserve capital, be conservative about discretionary expenditure and proactively manage credit portfolios.

Global uncertainty around economic recovery has resulted in risk aversion to emerging markets from investors in an attempt to protect asset values and de-risk portfolios. Changes in market conditions and uncertainty around international relations place increased pressure on emerging markets [B1]. As a Pan-African bank, the majority of our presence is within emerging economies. African banks can play a leading role in facilitating trade flows within prominent global trade corridors. At the same time, the successful adoption of the African Continental Free Trade Agreement offers many possibilities for intra-Africa trade.

2. State-to-sector interconnectedness

Financial stability is at risk with high sovereign debt levels and reduced debt and interest servicing capabilities leading to potential sovereign defaults and an emerging market debt crisis [A3]. In the past decade, the South African government's debt-to-GDP ratio has doubled, with National Treasury projecting stability to 89% of GDP being achieved by 2026. Based on National Treasury's Medium-Term Budget Policy Statement released in October 2021, public debt is projected to grow from 69.9% of GDP in 2021/22 to 77.8% of GDP in 2024/25. The six credit downgrades received from rating agencies in the past ten years have impacted government creditworthiness. As South Africa continues to attract lower levels of foreign investment, local financial institutions become more exposed to government debt.

Credit downgrades combined with slow economic recovery, along with the increasing cost to service debt, have spurred concerns regarding governments' ability to act as a backstop to the financial sector should another unforeseen market shock arise. The importance of the public sector backstop creates a link between banks' credit ratings and the sovereign. For example, In South Africa, the SARB is currently investigating policy options to address the financial sector-sovereign nexus after the Financial Action Task Force (FATF), the international body that develops and monitors policy to combat financial flows of organised crime and terrorism, warned of a possible grey-listing.

Similarly, the Ghanaian sovereign's budget for raising GH¢27.9 billion to fund its deficit could be hampered by recent credit downgrades.

Uncertainty arising from developed market protectionism, international relations, and other market drivers increases pressure on emerging markets [B3]. As a strategy to cope with protectionism, many emerging market governments focus on localisation, often in the form of committing to local greenfield investment and labour practices. This poses an increased barrier to entry for businesses aiming for growth in new markets and is a barrier to trade and investment. Government policy concerning international trade and investment is vital for growth in Africa.

Economic development is reinforced by sound infrastructure investment, as it boosts a country's competitive advantage. To the extent that infrastructure is vital for a country's economic development, it is also crucial in improving the quality of life for the poor, primarily where infrastructure investment is focused on the provision of water, sanitation and electricity. Power supply disruptions in certain markets continue to negatively impact potential investors [B1]. Positively, we have observed an increased focus on infrastructure development by governments in our presence countries.

Absa has the opportunity to support government policies in the collective interests of societies and contribute to a more stable operating environment. We proactively engage with regulators and government to positively influence national agendas.

3. Managing societal change

Actions taken by governments, such as lockdowns, to curb waves of COVID-19 infections result in economic hardship, higher unemployment, increased inequality, and lower business and consumer confidence. [B2]. These negative impacts are expected to continue until COVID-19 vaccine programmes have reached herd immunity, and new variants of the disease or other potential threats of infectious diseases can be effectively controlled. In South Africa, the effect has heightened risk of social unrest [D1] due to public anger over deteriorating economic conditions and rising fatigue from lockdowns.

The livelihood crisis expresses itself in many forms, including heightened youth disillusionment over ever declining job opportunities, the social discourse created by vaccine mandates, digital divides and geopolitical debates, as well as the stark realities of employees adapting to prolonged work-from-home scenarios [D5]. Moreover, multiple factors such as increasing automation, fundamental evolution in required talent mix, increasing scarcity of key skills (e.g., digital

¹ South African Reserve Bank, Financial Stability Review, First Edition.



talent), and new ways of working (e.g., hybrid/remote working) are changing what defines a compelling employee value proposition and the manner in which social complexities are managed [C2]. For Absa, this emphasises the need to re-connect to our purpose and the importance of our employee experience. Attracting and retaining the best skills is critical to becoming a winning, talented and diverse team.

The volatility within this context has increased the pressure on businesses to manage employees' health [D5], customers and suppliers and rethink the extent and relevance of our contributions to promoting diversity and inclusion. We believe an opportunity exists to drive financial inclusion through non-traditional finance solutions, supporting social upliftment while enabling business growth. Through our products and services, we support the financial wellbeing of the middle class and extend financial inclusion to lower-income groups, as well as provide inclusive financial services to small and medium-sized businesses, women and youth. Furthermore, by delivering a comprehensive payment relief programme and a full range of client and employee support, we continue to strengthen relationships with our clients while contributing to societal stability.

The pandemic has had a lasting impact not only on employees' work preferences but also on our customers' preferences [B4] in how and what they consume, resulting in disruptions to product and distribution channel relevance. Defending and growing key value pools will require refreshed propositions. New entrants (e.g., digital attackers and challenger banks) are gaining share, often with fundamentally different cost structures, agility, and therefore propositions for clients [B4]. Certain products and geographies require a clear approach to targeting growth. Client numbers and primacy have become even more significant in this increasingly competitive environment. Competition is moving beyond local banks and other financial services players, including e-commerce platforms and retailers. This has led to an increasingly fragmented relationship with clients (e.g., clients being multi-banked). Incumbent competitors are expanding client touchpoints, increasing engagement, and meeting a broader set of needs.

4. Climate change and the green transition

Extreme weather events brought on by climate change directly affect the banking industry through physical risks to operations and indirectly by physical risks through lending, mortgage investment and trading books.

Transition risks are primarily brought on by the impact of cleaner technology, regulatory and market changes. These risks can result in stranded assets for clients or impact the bank's ability to earn revenue

from project finance or transactional banking. There is growing pressure to move away from financing fossil-fuel-based-energy, influencing banks' financing decisions. The SARB views both the physical and transition risks of climate change as material to financial sector stability in South Africa.

Absa is primarily exposed to transition risk by lending to the energy and other high-emission sectors, such as mining, quarrying and manufacturing. To a lesser extent, transition risk impacts asset values in our Markets trading business (within CIB). Extreme weather events, and the associated physical risk, impact our short-term insurance operations by increasing motor, home and household claims. Climate change will adversely affect communities and customers, as well as sharply heighten the Group's credit and insurance risks [C1]. At the same time, a focus on a just transition to a low-carbon economy is necessary to mitigate rising unemployment and reduce inequalities. For South Africa and other emerging markets, a delicate balance must be maintained between a green transition and a just transition, based on impacts to macroeconomic stability.

By leveraging our market-leading experience in renewable energy financing, we are supporting clean energy projects that are economically, environmentally and socially feasible. In this way, we are playing a role in the diversification of electricity supply as articulated in the national development plans of many of the countries in which we operate.

Working through BASA, we are engaging with the South African government regarding plans for an orderly transition, which will allow the country to comply with its international greenhouse gas emission reduction commitments. We are also engaging with the National Treasury's Climate Risk Forum, Presidential Climate Change Coordinating Commission, Green Economy Advisory Group, Business Unity South Africa's Just Transition Task Group and the World Wildlife Fund Landscape Finance Coalition. We are also represented at the International Banking Federation Environmental Committee, a member of the IFC Sustainable Banking Network and a vital partner in the UN Environment Programme Finance Initiative.

Through the work of these committees and initiatives, Absa is actively contributing to the sustainability of the financial sector and economy while keeping it globally competitive as there are increasing expectations from stakeholders to integrate sustainability risk management practices with business activities [C3]. We are further committed to aligning with the Financial Stability Board's TCFD framework for climate change.

Greening capital markets are crucial to attracting investors looking for alternative asset classes while enabling countries to finance sustainable projects. Globally, the green bond market has grown significantly, and 2020 issuances, according to the Climate Bond Initiative, were at least USD269 billion. Global Green bond issuances to date exceed USD1 trillion, of which USD150 billion have been certified. Green loans are another debt instrument increasingly identified for lending activities dependent on environmental criteria for the planned use of funds, whether to finance or refinance, in totality or part, new or existing eligible green projects, assets or activities. Similarly, sustainability-linked loans provide a structure that promotes borrowers/companies/financial institutions to meet their SDG goals.¹ There is significant opportunity in sustainability-linked financing, and as Absa, we have set ourselves the ambition to become the leader in this area. By embedding ESG into all our processes, we mitigate risk and create a competitive advantage by becoming a partner of choice for our corporate clients.

5. Regulatory change

Regulation or deregulation directly affects a financial institution's ability to generate or protect value for itself and its customers. The increasing pace and developing complexity of regulatory change and statutory requirements [E1], however, place a heavy burden on financial institutions. Furthermore, within an ever-evolving industry, regulatory change can potentially impact our Group strategy and performance in the long term [E2]. Continuous engagements contribute to our ability to influence the legislative processes related to regulations, directives, guidance notes, conduct standards and the like, which help promote, drive and shape the Group's strategy and ensure the most appropriate outcome for the banking sector and the broader economy.

We see technology as a pivotal opportunity to streamline and simplify regulatory compliance, accommodating rapid change while enabling the Group to provide more effective and secure services to our customers.

In response to the pandemic, many regulators introduced policy changes to protect financial market stability. Restrictions are now being lifted to allow for optimistic economic growth. For example, in South Africa, the Prudential Authority has proposed reinstating bank capital requirements at the pre-COVID-19 level and has adjusted its guidance on paying dividends by banks. Similarly, the Loan

¹ South African Reserve Bank, Sustainable Finance paper



Guarantee Scheme is being phased out in 2022. The most widely used policy measure that remains in place is the allowance for banks to restructure credit agreements for borrowers who have been affected by the pandemic without the need to hold additional capital against those loans. Although subsequent waves of COVID-19 seem less aggressive and countries are recovering from the initial shock of the pandemic, most regulators have not allowed financial institutions to revert to pre-pandemic price structures, which could adversely affect future revenue generation for the industry.

Increased competition, technological change and disruptive business models have resulted in regulatory bodies introducing up-to-date regulation to maintain global equilibrium and promote responsible banking, protecting customers and banks alike. However, implementation costs on financial institutions are heavy (although necessary) if they wish to be compliant and free of reputational damage.

Financial Crime Compliance is playing a prominent role in proactively providing input and steering changes in legislation that may result from the recently published Financial Action Task Force (FATF) Mutual Evaluation Report of South Africa. The Mutual Evaluation report follows the assessment that FATF performed on the country's Anti-Money Laundering/Countering the Financing of Terrorism (CFT)/Counter Proliferation Finance (CPF) system.

Absa continues to build and maintain sound, positive and healthy relationships with regulators and government, recognising the essential nature of these role players in ensuring the financial system's stability.

6. Digital inclusivity

The digital revolution offers limitless business opportunities in its product design and access to customers. It does, however, offer the same inclusivity to many new market entrants, increasing competition – especially from mobile network operators – and placing pressure on companies to provide digitally accessible products and services. Conversely, the high cost of capital acts as a barrier to digital inclusivity where businesses have insufficient capital to replace legacy systems and ageing technology. The pace of change is such that companies must think more strategically about technology architecture and the rate and investment of renewal or risk being left behind.

The pandemic accelerated digital adoption with rapid expansion in digital self-service capabilities, e-commerce, online education and

remote work. However, this shift can be seen to have exacerbated the digital divide as those with digital access could continue trading, working and learning. In contrast, those without digital access were excluded from these activities, increasing inequality. Furthermore, the widening gap in digital ability poses the threat of the emergence of a digital underclass.

Across all markets, there is an opportunity to improve digital adoption, as mobile penetration is high, supporting financial inclusivity. Partnerships continue to be a key focus as we build our digital propositions and expand customer reach. Reimagining how we do business by accelerating digital sales will enable the Group to capture opportunities in the constrained environment. Improving our ways of working allows us to become faster and more efficient in delivering a great customer experience. By using technologies such as open-source, the cloud, software-as-a-service and modern IT architecture principles, we are transforming our current business into a more cost-effective and connected model, enabling Absa to support our customers in the ecosystems and platforms they choose to transact in.

As much as the changing digital landscape provides opportunities for work and commerce, the same inclusivity relates to greater vulnerability to fraud, cyber and security risks. Opportunistic financial crime and cybercrime are increasing, combined with the rising sophistication of criminal activity [D3]. Economic pressure has increased fraud and security risks [D2]. In addition, data protection and cybersecurity regulation in some ARO markets have led to the localisation of data centres.

Research by the Bank of International Settlements indicates that the financial sector faced more cyberattacks than other industries. However, due to the significant investment in cybersecurity by the financial sector, the industry has faced lower actual average cybercrime costs.

Reliance on third-party technology service providers has grown, along with the risk associated with an attack on these providers. This risk is heightened as many large financial intermediaries rely on the same third-party firms for critical services. Another risk brought on by third-party technology suppliers is the increasing exposure to potential data leaks [D4]. For the digitally active customer, maintaining and protecting data becomes a key differentiator. As a result, we continue to enhance due diligence performed on third-party suppliers through ongoing review and monitoring of controls.

102-48 Restatements of information and 102-49 Changes in reporting in terms of material topics and topic boundaries

Financial reporting changes

We report International Financial Reporting Standards (IFRS) compliant financial results in our financial results and annual financial statements.

The amendments to IFRS 9, IAS 39, IFRS 7 Interest Rate Benchmark Reform and the Conceptual Framework for Financial Reporting had no impact on the financial position and financial performance of the Group, with limited impact to disclosures in the financial statements.

From 2021, Retail and Business Banking and Corporate and Investment Bank were managed on a Pan-African basis. The Absa Regional Operations centre, which had largely been providing support to the in-country Retail and Business Banking teams, has been merged into Retail and Business Banking South Africa. Absa Regional Operations Corporate and Investment Bank was already set up as a Pan-African business with support provided by the centre. The Group's operating segments have been updated to reflect the aforementioned change in the operating model. A portion of the Commercial Property Finance portfolio, which was previously reported in Retail and Business Banking South Africa, has been moved to Corporate and Investment Bank in line with portfolio segmentation criteria. The Absa Regional Operations term debt book was moved from Corporate Absa Regional Operations to Investment Banking Division Absa Regional Operations to align with the South African statutory reporting structure.

Several new standards and amendments to existing standards, such as IFRS 17 Insurance Contracts, have been issued but are not effective for the current reporting period.

[↓](#) 2021 Annual consolidated and separate financial statements. Accounting policies 1.1 and 1.21 – Reporting changes.

Environmental data

Our data collection processes on our environmental footprint CO₂ emissions are continuous and each year we report the most accurate data available for the baseline and subsequent years. This can lead to restatements of previously reported data if data quality improves, more data is available, or updated carbon emission factors are applied. Where we have collected new data for previously unreported



consumption, we will restate the baseline if the new data amounts to a material change greater than 1% of the total consumption. If the change is less than 1%, we will report consumption from the point at which the data became available. If it is greater than 1%, we will restate the baseline and previous year's figures based on actual or estimated figures. We strive to improve our internal processes for our environmental data through both an internal and an external review.

In 2020, we aligned our latest carbon conversion factors of grid electricity for South African operations as released by the Eskom factors. The 2018 and 2019 comparatives were not restated.

Material topics/topic boundaries

We continuously monitor the environment for matters that may influence some, or all, of our material matters, either fundamentally, or in ways that require refinements to our responses to these issues.

102-50 Reporting period; 102-51 Date of most recent report and 102-52 Reporting cycle

Our reporting period runs from 1 January to 31 December. Any notable or material events after this date and until the approval of each report within our reporting suite are included in the relevant report. This document forms part of our 2021 integrated reporting suite issued for the reporting period ended 31 December 2021.

Further, we publish interim financial results along with additional risk and capital disclosures that are published at various times throughout the year in accordance with regulatory requirements.

Diving deeper: Our annual report archive is available at www.absa.africa/absafrica/investorrelations/annual-reports/

102-53 Contact point for questions regarding the report

Queries and/or comments can be sent to esg@absa.africa.

These will be redirected appropriately, depending on the nature of the query.

102-54 Claim of reporting in accordance with GRI Standards and 102-55 GRI content index

We have prepared this report in accordance with the GRI Standards Core Option. We present this report in a GRI content index format, which includes the number of the disclosure, page numbers or URL(s), where applicable. Our GRI index is detailed in Annexure 1 of this report.

102-56 External assurance

The Group applies a combined assurance approach, which is aligned with King IV and requires coordinated assurance activity across the three lines of defence, as outlined in the Group's Assurance Standard. The objective of combined assurance is to optimise overall assurance to ensure that a holistic and integrated view of the risk and control environment is communicated to management, the Executive and the Board. Wherever possible, the Group aims to have a high level of process automation and an equally high proportion of preventative controls. The combined assurance strategy is a risk-based approach, which focuses on those aspects that are most material to the Group.

We expect each business to:

- Drive the coordination of assurance activities across the three lines of defence by implementing effective governance and oversight processes
- Demonstrate adequate risk and control coverage over critical processes, material control issue remediation and strategic change initiatives as requested by senior management, Board and regulatory request
- Demonstrate appropriate remedial responses to the identification of unacceptable residual risk exposure and control issues.

Combined assurance coverage, plans and reports are monitored at business and functional levels, and the Executive Risk Committee and the Group Audit and Compliance Committee report these to Executive Committee and Board, respectively.

Assurance service providers and functions may include:

- Our line functions that own and manage risks
- Our specialist functions that facilitate and oversee risk management and compliance
- Internal auditors, internal forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries
- Independent external assurance providers
- Other assurance providers, such as sustainability and environmental auditors, external actuaries, external forensic fraud examiners and auditors
- Regulatory inspectors.

The assurance process for each published report, including external assurance activities, is disclosed on the opening pages of the respective reports.

103 Management approach

103-1 Explanation of the material topics and boundaries

We look at materiality, both internally and externally. Outside of the organisation, matters considered to be material range from labour and environmental issues to economic issues, and stem from a variety of sources, including government, regulators, and special interest groups.

In our Integrated Report, material matters are those that have influenced or could influence our ability to create value over the short, medium and long term as we pursue our objective of delivering shareholder value and having a positive influence on society.

In this 2021 ESG Report, identified material issues are those that reflect our significant economic, environmental, and social impacts or substantively influence the assessments and decisions of stakeholders.

As a financial services organisation, the correlation between these two views is high and there are therefore no significant differences between the material matters disclosed in the two reports.

Diving deeper: 32 ESG 102-47

We recognise the importance of various matters and so provide greater detail on the following matters in this report:

1. Economic performance
2. Risk management, including, but not limited to, business continuity; cyber risk management/cybersecurity; fighting financial crime (anti-bribery and anti-corruption; anti-money laundering; fraud); and data privacy
3. Product responsibility/responsible banking (products/services; affordability; environmental and social impacts in lending)
4. Labour practices, training and development, diversity and equal opportunity, and occupational health and safety
5. Transformation, including ownership, local procurement and access to financial services
6. Human rights
7. Community support
8. Direct environmental impact management.

103-2 The management approach and its components

Key to our management approach is the Group's Enterprise Risk Management Framework and the execution thereof.

Risk strategy and appetite

The strategy is set within the parameters of an agreed risk appetite. The risk strategy is developed alongside the Group's strategy. The risk appetite defines the nature and amount of risk the Group is willing to take to achieve strategic objectives.

Risk management framework

The Group's approach to managing risk is outlined in the ERMF. The following foundations underpin the ERMF:

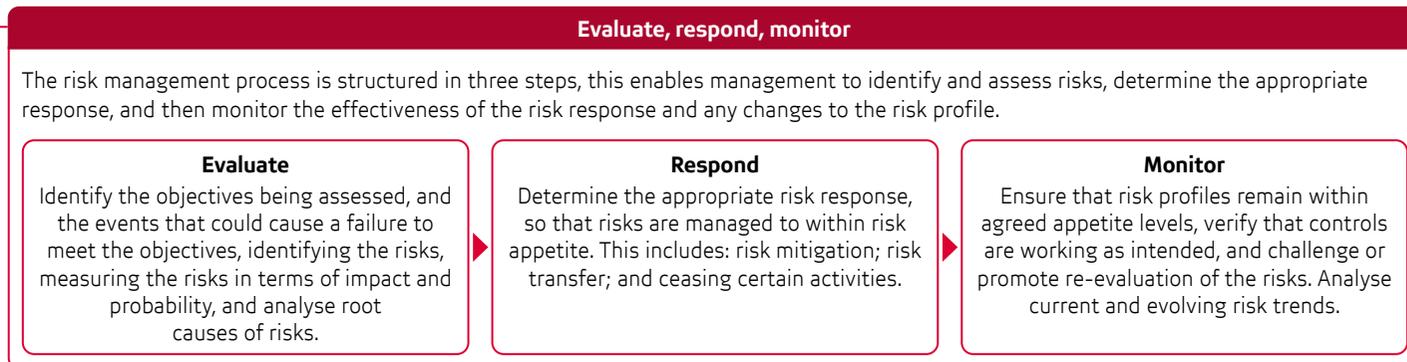
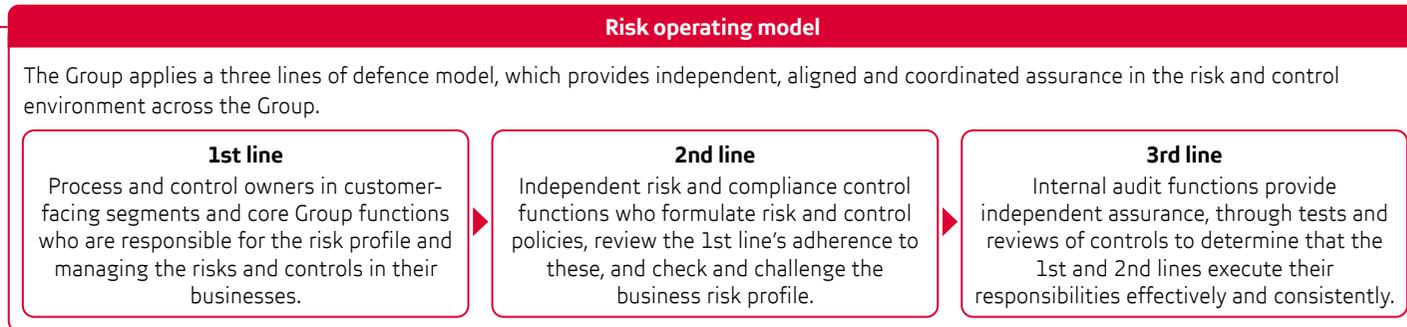
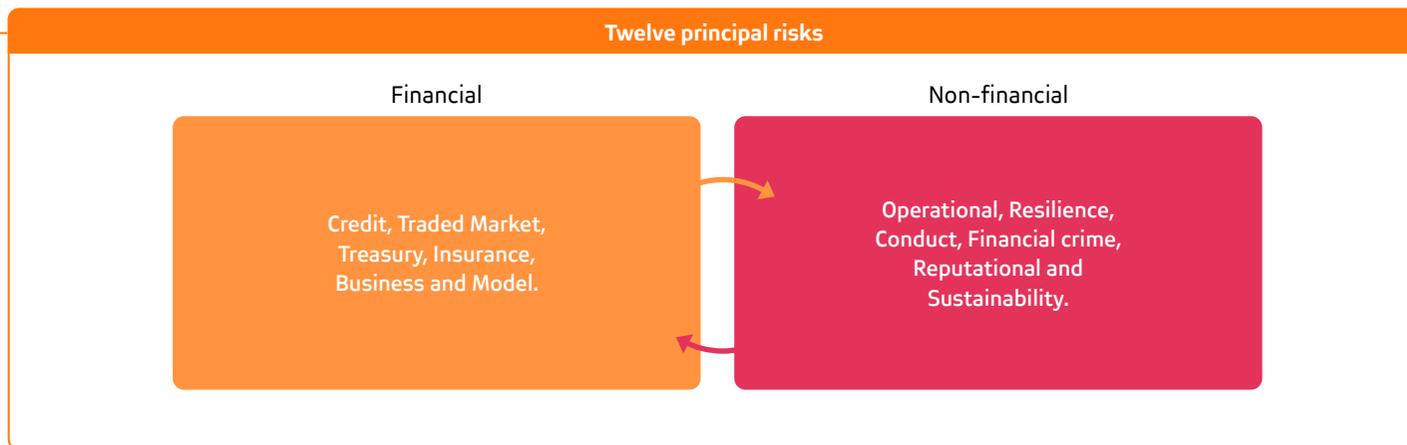
1 A robust and consistent governance structure at Group, country, business and enterprise core function level.

2 Well defined material risk categories known as principal risks.

3 A three lines of defence model with clear accountability for overseeing and managing risk.

4 A structured three-step process to evaluate, respond to and monitor risks.

5 A robust risk operating model which provides clear roles and responsibilities.



Our frameworks define our management processes for a collection of related risks management activities.



Organisational resilience

- Employees
- Process
- Premises
- Operational design.



Incident management

- Robust threat analysis
- Incident and crisis management
- Robust testing.



Technology resilience

- Infrastructure
- Applications
- Services.



Supplier resilience

- Internal and external supplier analysis
- Contract and service level management.



Cyber resilience

- Robust threat analysis
- Exercising cyber response
- Continuous monitoring.

Economic performance

A successful, vibrant finance and banking sector is an essential enabler of social and economic progress, growth and development. We believe the best way to support our stakeholders is by operating a strong, profitable and growing business, which creates jobs and contributes to the economic success of the communities in which we live and work. In our Integrated Report, we deal with our strategy to deliver economic performance. Furthermore, as a responsible taxpayer, we will continue to optimise the tax position of our commercial operations.

Financial services organisations play a central role in financing the real economy.

This is done by, for example, providing financial products to:

- Individuals – We enable them to enhance their financial stability and quality of life
- Businesses – We contribute to economic growth and job creation and provide access to capital markets
- Sovereigns and state-owned entities – We contribute to the funding opportunities and the financial services requirements of the country.

Diving deeper: [↓](#) 2021 Integrated Report
78 The role of financial markets

Business continuity

The sustained operation of our business is imperative in managing our material topics. We have a comprehensive business continuity programme that serves to protect the Group and our stakeholders.

Fighting financial crime

In accordance with Section 42 of the Financial Intelligence Centre Act, 38 of 2001 as amended (FIC Act), we have a Group-wide Risk Management and Compliance Programme that applies to all entities, businesses, and jurisdictions within the Group. The Risk Management and Compliance Programme, as approved by the Board, provides the strategic direction pursued by the Group towards achieving its objectives and expected outcomes in respect of financial crime risk management and compliance. It is aligned with local regulatory requirements and international best-practice standards. The Risk Management and Compliance Programme covers financial crime holistically and is underpinned by the Group Anti-money Laundering Policy, Group Sanctions and Proliferation Policy and Group Anti-bribery and Anti-corruption Policy and associated standards. Our training and awareness programmes ensure our employees are aware of their responsibilities in terms of fighting financial crime.

To strengthen the collective efforts to fight financial crime, we collaborate with private and public sector bodies, locally and globally, to drive thought leadership. These bodies include the South African Anti-Money-Laundering Integrated Task Force, South African Revenue Service, Banking Association of South Africa, South African Banking

Risk Information Centre and Royal United Services Institute. Moreover, we play a prominent role in offering comment on new legislation for both the banking and insurance industries.

South African Anti-Money Laundering expert working group

Through our role as a member of the South African Anti-Money Laundering expert working group, we have actively prioritised specific crimes, such as investment scheme fraud (ponzi schemes), income tax and value-added tax (VAT) refund fraud as well as corruption. These efforts have not just strengthened our ability to report meaningful information to the Financial Intelligence Centre but have also improved our ability to detect and disrupt this behaviour. We have worked with various agencies, such as the South African Revenue Agency and the Financial Surveillance division within the South African Reserve Bank to freeze and forfeit assets believed to be the proceeds of crime.

Diving deeper: 48 ESG 205

Data privacy

Our relationship with our customers is important to us and we therefore treat our customers personal data with great care. We are aware that the ethical handling and protection of our customers personal data is critical to maintaining trust and sustaining long-term partnerships with our customers.

In light of the growing online banking presence of our customers, digital migration and new ways of work, we have implemented policies, standards, guidelines and trained our employees on the handling of personal information.

Training and awareness campaigns for our employees on how to treat personal data is consistent and group-wide to ensure a privacy culture is firmly embedded.

We have invested and continue to invest in world-class data protection technologies to ensure that we have the best defenses inhouse and obligate the same degree of care from our third-party suppliers handling our customer’s personal information.

We also work closely with our local and international Regulators to deal with data breaches in the unfortunate event of an occurrence.

Diving deeper: 78 Financial Sector Disclosure

- [↓](#) 2021 TCFD Report (publication in May 2022)
- [↓](#) 2021 Principles for Responsible Banking Report (publication in May 2022)
- [↓](#) 2021 Integrated Report

Labour practices and decent work

The Group complies with all relevant local employment regulations and subscribes to the International Labour Organization Protocol on decent work and working conditions. We manage occupational health and safety for the Group in line with local laws using a framework that encompasses policy, standards, procedures, a control library and key indicators that cover all premises and employees.

Diving deeper: 61 ESG 400

Human rights

We operate in accordance with the International Bill of Human Rights, including the United Nations Guiding Principles on Business and Human Rights, and consider other internationally accepted human rights standards. We also respect and promote human rights through our employment policies and practices, our supply chain, and the responsible provision of our products and services.

Diving deeper: 76 ESG 412

Transformation

In our commitment to transformation, we aim to promote diversity and inclusion as a catalyst for sustainable growth. Our transformation agenda covers a broad range of activities, from our employment and procurement practices to the development of our products and services, which serve a wide spectrum of customers.

This focus is supported by our commitment to the United Nations Sustainable Development Goals. In South Africa, we focus on South African employment equity and the Amended Financial Sector Code, which emphasises historically disadvantaged South Africans.

Diving deeper: [↓ 2021 B-BBEE Report](#)

Community support

Beyond our core business activities, we play a broader role in the communities in which we live and work. We support communities by:

- Investing money, time and skills into partnerships with respected and relevant non-governmental organisations, charities and social enterprises
- Enabling employees to use their professional skills and expertise in a range of activities, including volunteering and fundraising.

Diving deeper: 39 ESG 201-1

[↓ 2021 Principles for Responsible Banking Report \(publication in May 2022\)](#)

Direct environmental impact

Our direct environmental footprint falls under the sustainability principal risk and is managed through our Environmental Management Standard. Operational environmental risks and opportunities relate to greenhouse gas emissions, energy, water use and wastewater generation, as well as the procurement of the goods and services needed to operate our business. Our corporate real estate team evaluates and manages these risks and opportunities in collaboration with relevant business units, such as Group Procurement. We aim for continuous improvement in mitigating our direct environmental impacts by reducing and diversifying our use of natural resources and preventing pollution.

Diving deeper: 56 to 60 ESG 300

103-3 Evaluation of the management approach

We continually assess our management approach regarding the issues outlined in this section. Notable developments in the year under review include:

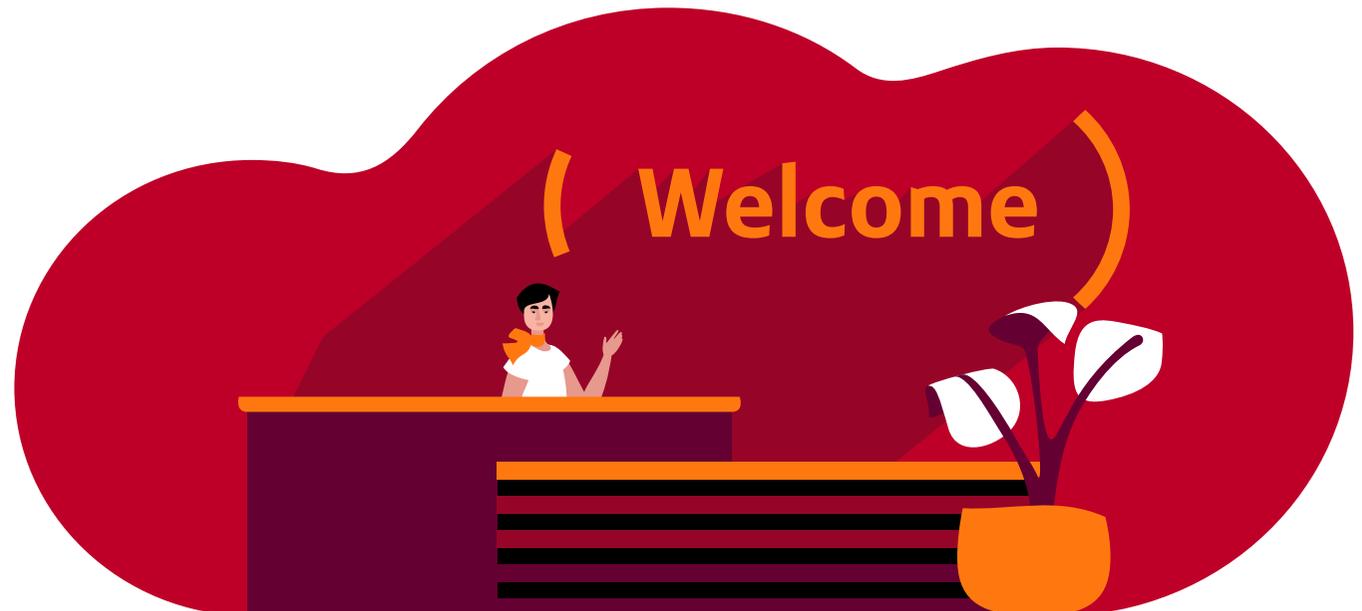
- We are a founding signatory to the United Nations Environment Programme Finance Initiative Principles for Responsible Banking, committing to strategically aligning our business with the Sustainable Development Goals and the Paris Agreement on

Climate Change. The principles provide an effective framework to systematically identify and seize new business opportunities created by the emerging sustainable development economy, while enabling the bank to effectively identify and address related risks. Sustainability is included as a principal risk. The Sustainability Risk Framework was approved in 2021.

- In terms of direct environmental impact, we continue to develop our central environmental data collection system to capture data across our operations and to monitor performance against targets across the organisation. This enables us to identify areas where investment or focus is required to ensure that we continue to reduce our environmental impacts. We have applied the science-based approach to our targets, although they are not verified.

External benchmarks and self-assessment tools continue to be used. We also analyse the outcomes of independent assessments from various sources, such as local and international ESG indices and independent ESG assessments, to confirm the effectiveness of various programmes and controls or to enable Absa to identify efficiencies and, where feasible, to adopt appropriate remedial and/or mitigating steps.

Diving deeper: 23 and 25 ESG 102-26 and 102-34





200 Economic

201 Economic performance

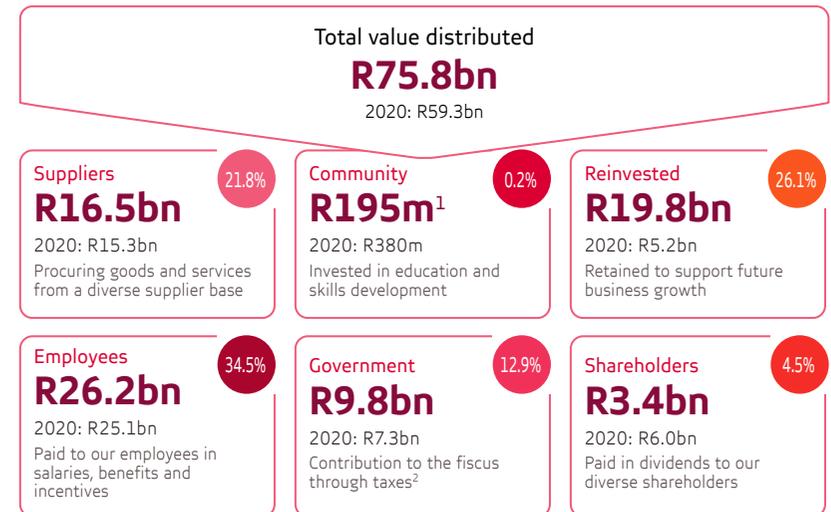
201-1 Direct economic value generated and distributed

Total income R85.9bn 2020: R81.4bn	Income from associates and joint ventures + R0.1bn 2020: R0.04bn	Impairments - R8.5bn 2020: R20.6bn	Non-controlling Interest - R1.7bn 2020: R1.4bn	Total value available for distribution = R75.8bn 2020: R59.3bn
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An active force for good

Our role in society strategy, which is based on the pillars of inclusive finance, environmental sustainability, education and skills development and a just society still holds true. However, we wanted to be more intentional that we see ourselves as active contributors to the greater good, not mere participants. In light of this, we refined our strategic direction as ‘an active force for good in everything we do’, which also aligns with the re-anchored Group strategy on ‘Growth’, that aims to become A leading African bank bringing possibilities to life.

In so doing, we embedded ESG aspirations into core business strategy, which is key to delivering true long-term value linked to our purpose of bringing possibilities to life. Our active force for good strategy aims to purposefully create inter-generational value through active participation in managing planetary boundaries, contributing meaningfully to the societies in which we operate and being committed to the highest standards of governance and ethics, thus requiring us to speak up publicly and be an active, positive influence in the world.



¹ Charitable donations 30%; Community investments 65%; Commercial initiatives 5%.
² Taxes paid includes indirect taxes and dividend withholding taxes and value-added tax. The amounts reflected above relating to employees, dividends and retained earnings may not align with the financial statements.

2020 and COVID-19	2021	2022-2024
<p>Our Covid-19 response considered the extent of the disruption, as well as the possible shape of the recovery. Our 2020 core strategic initiatives were reprioritised as follows:</p> <ul style="list-style-type: none"> All face-to-face initiatives were put on hold and/or postponed to the last quarter of the year Processes were implemented to enable remote and/or online delivery of strategic initiatives. Reprioritisation of delivery on our core strategic objectives towards Covid-19-related support to mitigate against its negative impact. 	<ul style="list-style-type: none"> Environmental sustainability: Furthering environmental sustainability and justice through progressive sustainable finance solutions, driving thought leadership, and sustainably managing Absa’s own environmental impact Education and skills development: Supporting demand-led skills development initiatives in technical, vocational and digital skills to reduce unemployment and develop future skills. Focus on institutional development and supporting fourth industrial revolution education linked to leadership development Inclusive financing: Advancing financial inclusion through innovative product and service offerings for small and medium enterprises, retail customers and underserved markets, enterprise development, knowledge and equipping to drive financial growth Promoting a just society: Promoting efforts to deepen democracy, accountability and the effectiveness of public equality. Support efforts to overcome issues relating to equality, social wellbeing, employment and justice. 	<ul style="list-style-type: none"> Environmental: Promoting environmental sustainability through proactively managing climate change and biodiversity risks and opportunities and providing innovative sustainable finance products and solutions Social: Contributing meaningfully to the societies in which we operate, through providing inclusive financial services and solutions, supporting demand-led education and youth employability interventions, and championing diversity and inclusion Governance: Commitment to the highest standards of governance and ethics by ensuring fair outcomes and transparency with all stakeholders for a more resilient and robust control environment Public policy and regulation: Promoting just and equitable societies through actively influencing public policy and regulation, and strengthening trust, by acting as a strategic thought leader in key regulatory dialogues.

COVID-19

In 2020, Absa took a principles-based approach to formulating a consistent and sustained Group-wide COVID-19 strategic response, guided by two core imperatives – protecting lives and livelihoods.

In 2021, we continued supporting vulnerable communities with food relief, aiding sustainable food security efforts, promoting vaccination awareness, and assisting in the vaccine roll out.

In July 2021, the impact of the pandemic in South Africa was exacerbated by the civil unrest that unfolded in KwaZulu-Natal and Gauteng. We therefore prioritised assisting those affected by the unrest, providing relief, and supporting economic recovery and rebuilding efforts.

Our citizenship response

Our COVID-19 and civil unrest responses evidenced our aim of being an active force for good in everything we do. We leveraged existing relationships and new partnerships to support communities effectively and sustainably. Below is a view of some of our initiatives, with a total investment of R22.9 million.

- Food relief and food security for vulnerable communities:
 - Working with partners, we provided 3 890 households with food parcels, with 3 000 also receiving household farming kits, access to digital training and the option to sell surplus fresh produce to local agri-hubs
 - Supplied 1 176 470 meals, supporting approximately 294 329 beneficiaries, as well as helping establish three mobile rural food depots.
- Augmenting the COVID-19 public health response:
 - Supported the Solidarity Fund to enable a national Vaccine Awareness and Education drive
 - Helped roll out the vaccine to over 78 000 individuals across peri-urban and rural community clinics, with this extending into 2022 for increased reach
 - Supplied essential items, 10 000 litre Polytanks, as well as PPE to 10 underprivileged schools in Ghana to aid the fight against the COVID-19 pandemic
 - Donated medical equipment to four hospitals in Uganda as well as necessary equipment to hospitals in Zambia
 - Donated PPE in Tanzania to support the WASH project and masks to pupils in the Hukuntsi sub-district in Botswana
 - Donated masks and bags made of upcycled marketing materials to 46 special needs schools in Kenya.
- Humanitarian relief in response to the civil unrest in South Africa:
 - Supported the Humanitarian Crisis Relief Fund to enable food relief, restoration of the supply chain and dispensation of chronic medication for vulnerable communities, in KwaZulu-Natal and Gauteng
 - Distributed 67.2 tonnes of maize meal to affected communities in KwaZulu-Natal
 - Provided over 8 000 food parcels to households in Gauteng, KwaZulu-Natal and Mpumalanga.
- Business relief for informal traders and micro-enterprises:
 - We worked with trusted partners to support informal traders in addressing loss of income due to the unrest through the replacement of goods, and/or repairs to vandalised property, and/or replacement of business assets, such as machinery and equipment. Due to the extent of the need, the geographic spread of the traders, and the verification required, the initiative will be continued in 2022 to reach 100 traders in Gauteng and KwaZulu-Natal.

Education and skills

We partner with leading specialists to empower young people with the training and tools they need for employment and entrepreneurship in the workplace of the future. In this way we deliver demand-led and innovative interventions that are aligned with national imperatives aimed at addressing youth employability. This includes funding access to quality tertiary education; advancing digital, technical and vocational skills development; promoting women and youth entrepreneurship; and supporting institutional capacity building and educator development.

Absa scholarships



R41.3m
invested

(2020: R67.3m)

96
universities

(2020: 100)

863
students

(2020: 1 511)

In 2021, the Group shifted the focus from broad-based scholarships to our **Absa Fellowship programme**. Our bespoke scholarship programme seeks to enhance access to tertiary education and help to develop and create a cadre of future leaders that will actively shape and impact their societies and promote sustainability. The programme aims to put the basic building blocks in place to ensure that young Africans have the opportunity to reimagine their futures and turn their possibility into action. A total of **50** fellows were supported.

We have also continued supporting 43 beneficiaries in our AgriBusiness scholarship initiative, 49 Mandela 100 scholars attending the African Leadership University in Rwanda, as well as 49 students attending the African Leadership Academy.

ReadytoWork



20 620
participants

(2020: 20 914 participants)

Africa remains a continent filled with opportunity, with almost one billion young people under the age of 35. However, people on the continent continue to face enormous challenges in realising their possibility. Africa's youth constitute 60% of the continent's unemployed population, with between 30-50% living with no prospect of future job security.

In line with our focus on education and youth employability, we have taken this support a step further through the **ReadytoWork App**, a vehicle to deliver the ReadytoWork programme to young people between the ages of 18-35 (SDG5).

The Absa ReadytoWork App enhances the programme and offers users the following benefits:

- Provides the accessibility to the programme via a dedicated mobile app
- Offers the opportunity to connect to a community of other job seekers which, additionally, facilitates networking
- Provides useful resources, such as a curriculum vitae template and access to previous ReadytoWork webinars
- Connects users to the leading recruiters in their country.

 <https://www.absa.africa/absafrica/citizenship/ready-to-work/>

Consumer financial education



32 639
face-to-face training participants

(2020: 52 246)

One of the focus areas of our Financial Inclusion strategic pillar is to enable stronger individual financial behaviours through among others, literacy and expanded financial education.

Our consumer financial education is a regulatory spend set out in the Financial Sector Charter and seeks to ensure financial literacy among the communities that we operate in by transferring financial knowledge and skills pertaining to products, risks, opportunities and ability to make informed financial decisions appropriate to individuals' circumstances.

In support of actions against gender-based violence and femicide we have partnered with Father of Nation to incorporate GBVF training into our financial management and financial literacy programme. The training benefited 10 000 beneficiaries across South Africa.

In South Africa, the programme is provided to consumers with household incomes of less than R250 000 per annum. It is delivered by accredited training partners, with over 80% of beneficiaries comprising black households and at least 25% living in rural areas. (SDG10)

Youth employability



1 818
Youth

(2020: 601)

The World Bank estimates that by 2050, half of the one billion people in sub-Saharan Africa will be under the age of 25. This estimation underscores the need to create employment opportunities for young people.

Many young people are unable to make successful transitions to the labour market as they remain marginalised and trapped in a negative cycle of exclusion from economic participation.

Through our Education and Skills Development strategic pillar, the Group seeks to prepare young people for the workplace of the future by adopting a coordinated ecosystem and partnership approach to develop a range of digital, technical, vocational and future skills in demand. (SDG8)

To this end, we reached 1 818 young people through various employability interventions, including:

- General repairs – Training and placement of unemployed young employees into entry-level jobs as general repairs, with pathways to qualifying as artisans
- Educator development – A school-based teacher development programme that enables participants to master both the technical and practical elements of teaching
- Software engineering – Digital skills training to develop pathways into full-time employment in the tech sector
- Youth acceleration – Coordination across various sectors to empower young people and enable their access to economic opportunities, targeting new entrants into the job market and those who lost jobs due to COVID-19.

Cross-skilling initiative

238 Youth

Our new cross-skilling initiative sought to provide jobs to young people that were laid off due to the global COVID-19 pandemic in the sectors impacted the most, (i.e., tourism and hospitality). Through the initiative young people were upskilled and cross-skilled. Thereafter, participants were assisted in finding employment in the global business services/ business process outsourcing sector. The job opportunities included among others, customer service agents; sales agents (in bound and out bound); debt collections agents; and back-office administrators. The programme is being implemented in collaboration with Absa Corporate and Investment Bank clients that were impacted by the pandemic, along with the Business Processing Enabling South Africa and Harambee Youth Employment Accelerator (the implementing partners). To ensure sustainability, the programme is aligned with national imperatives (in South Africa), such as the Presidential Youth Employment Intervention as part of the Economic Recovery and Reconstruction Plan. (SDG8)

The programme enables Absa to:

- Drive our contribution towards supporting the country's economic recovery efforts and protecting livelihoods by helping young people to continue being economically active
- Enable our corporate clients and their employees to build a bridge in employment opportunities
- Play an active force for good through shaping the youth employability agenda.



Enable matriculants to obtain entry into higher education institutions

2 012 grade 12 learners

(2020: 834)

This initiative seeks to address the long-standing educational challenge of a lack of access to education. Too frequently, some of the strongest academic performers in Grade 12, often those hailing from rural areas, do not have access to information or the tools to enable them to gain entry to higher education.

Absa, in collaboration with Gradesmatch, have facilitated training and support to matriculants from 116 rural schools in Eastern Cape, KwaZulu-Natal and Limpopo provinces, to:

- Expose them to the requirements for applying for entrance into university
- Help secure the relevant funding.

The training also helps to ease the administrative burden associated with applications to enable matriculants to focus on their academic work.



High school scholarship support

41 high school learners

(2020:11)

Our high school scholarship programme seeks to provide academically distinguished and economically disadvantaged high school learners with an opportunity to be educated at some of South Africa's best performing schools. The programme focuses on providing learners from low-income families with quality high school education to improve their chances of a bright and prosperous future.

High school learners supported were in Grades 8 to 12 across 19 schools in four provinces in South Africa.

The programme is delivered in partnership with:

- Ruta Sechaba Foundation – Provides school scholarships, bursaries and awards to qualifying learners at Curro and Curro-managed schools
- Student Sponsorship Programme – Assists academically distinguished learners to realise their potential during their high school years with scholarships and bursaries
- Alexandra Education Committee – Uplifts the standard of education for children from the Alexandra township in Johannesburg, through offering high school scholarships, and academic support programmes.



University strategic support

R10.3m Invested

2020: R10.6m

As part of our strategic focus to support institutional capacity building, we help strengthen the academic competitiveness of universities in South Africa through funding research chairs. In this way, we strengthen the ability of universities to produce high-quality research and further develop post-graduate students. Research chairs included:

- Chair in Actuarial Science –University of Pretoria
- Chair in Data Science – Sol Plaatje University
- Chair in Data Science – University of Pretoria.



Leadership development programme

99 learners

(2020: 1 022)

We continue to focus on investing in Africa's future leaders by working with high school learners to advance leadership skills and develop a pipeline for our branded and bespoke Absa Fellowship programme.

To this end, we have continued our collaboration with the Gordon Institute of Business Science (GIBS) to enable the delivery of the Spirit of the Youth programme. The initiative seeks to provide action-oriented high school learners with a platform to define and voice their vision for South Africa and Africa. It focuses on building inclusive societies, supporting personal development and the development of skills and knowledge that informs leadership. A total of 99 learners from diverse socio-economic backgrounds were reached.



Promoting fairness, equality and transparency

We promote fairness, equality and transparency by supporting efforts to deepen democracy, accountability, and the effectiveness of public institutions in the countries and communities in which we operate. Our interventions are aimed at strengthening trust and social cohesion, building strong governance, advocating for gender equality and helping shape policy for the benefit of society.

Sustainable Development Goals symposium



The initiative seeks to strengthen multi-stakeholder approaches to catalyse accelerated action on the Sustainable Development Goals (SDGs) in South Africa.

To this end, a community-based South African working group was established to build public support towards accelerated delivery of the SDGs. Citizen hearings were conducted in three provinces, namely, the Free State, Gauteng and the Western Cape, aimed at identifying policy interventions needed to meet SDG targets in their districts and provinces.

An SDG advisory body was also established in consultation with the Department of Planning, Monitoring and Evaluation, and the Department of Environment, Forestry, and Fisheries. The advisory body aims to catalyse delivery of the SDGs through the institutionalisation of multi-stakeholder partnerships in order to bring forth recommendations from the community-based working groups and the civil-society-led SDG clubs at National level.

A digital launch event was convened in June 2021. The event aimed to:

- Facilitate narrative on the pathways for an institutionalised and durable 'whole-of-society' approach to support critical transformation areas and the transition towards sustainable development
- Strengthen the work of advisory bodies around the world in supporting their governments in achieving SDGs.

Over and above helping to facilitate this initiative, Absa was able to act as a strategic thought leader, to engage at a national level, and contribute to, influence, and shape the agenda for the country.

Small-scale fishers' development programme



38 women-owned enterprises

(2020: 178)

In 2020, we enabled the delivery of the small-scale fishers development programme to support vulnerable coastal communities in the Eastern Cape and KwaZulu-Natal provinces that had been adversely impacted by the COVID-19 pandemic.

In partnership with the Moses Kotane Institute and the South African Maritime Safety Authority, beneficiaries were upskilled with pre-sea, skippers and business and financial management training to support the establishment of fishing businesses that generate sustainable incomes. (SDG8)

As part of the second phase of the programme in 2021, 38 small-scale fishers were supported to obtain licences to become Category C boat skippers. This included training on:

- Operating the vessel within the marine safety rules and regulations throughout the assessment
- Preparing and starting the motor safely
- Safely departing a berth
- Safely retrieving a simulated man overboard.

Promoting gender equity and empowering women (Gender Index)



In 2021 we partnered with the National Business Initiative to help develop a Gender Index, that aims to gain a deep understanding of how companies are contributing to achieving equality and equity against a set of themes and measured against key indicators. The initiative showcases Absa's support of work being done to promote a Just Society, as well as achieving the SDGs by tackling gender inequality in South Africa.

During 2021, the following milestones were achieved:

- A benchmarking tool was developed. The tool includes various gender thematic areas using the UN Women Empowerment Principles as a guiding framework, as well as key performance indicators and a weighting criterion
- 25 JSE-listed private companies were mapped, comprising a combination of small, medium and large entities, spread across various sectors.

As a next step, the Gender Index will be launched in 2022, including the publication of results and findings to be used for advocacy drives and dialogues aimed at addressing gender inequity within the workplace in order to galvanise companies towards action.

This will provide an opportunity and create a platform for Absa to be an active force for good in everything that we do, through championing diversity and inclusion, as well as women empowerment, as part of our strategic imperative to promote and advocate for gender equality.

The public-private growth initiative



To support the economic recovery efforts post-COVID-19, we continued collaborating and leveraging our strategic partnerships. We therefore continued our collaboration with the Public-Private Growth Initiative to drive actions to implement identification of catalytic mega-projects for immediate implementation to stimulate rapid and inclusive growth in South Africa. The initiative also helps identify inhibitors and/or constraints to sector implementations, which are unlocked in collaboration with government.

Our key outcome delivered in 2021 was the initiation of the District Development Model that brings together the three tiers of government (national, provincial, and local) to create a District Development One Plan to be piloted for the Waterberg District Municipality.

The District Development Model's One Plan approach aims to improve coherence and coordination among various stakeholders in decision-making and implementation, supported by political champions. Through the ministries of the Department of Cooperative Governance and Traditional Affairs and Small Business Development, business solution centres were established to facilitate business services and enhance service delivery. Other ministries are being brought on board in support of the Waterberg projects.

As part of this initiative, approximately 629 jobs were created through the recycling project, including the collectors and buy-back centres, in a public-private partnership in around the Waterberg, Lephalale and Modimolle municipalities.

Absa Mozambique helping to preserve the Gorongosa National Park



Gorongosa National Park, which is widely recognised as one of the great riches of Mozambique, is celebrated as one of Africa’s greatest restoration stories. Situated in the centre of the country, the park was a devastated by the civil conflict that spanned a generation stripping it of 95% of its wildlife. Since 2017, we have partnered with the Gorongosa Project, which was inspired by the vision of Mozambique’s former president Joaquim Chissano, who sought to change the nature of national parks into enterprises that benefit the local people. (SDG15)

Our partnership focuses on the Gorongosa Coffee Project. It is set on the slopes of the majestic Mount Gorongosa, where local farmers plant indigenous trees to provide shade for coffee trees. It provides a way to reforest the hills and reinvigorate the forest destroyed by civil war and destructive farming techniques. The project provides employment, and all profits are used to fund conservation and human development projects in and around the national park.

The project’s goals are to assist 20 000 girls to achieve high school diplomas, ensure that there are 250 000 large thriving animals in the park and to reforest Gorongosa National Park with one million rainforest trees by 2035. Gorongosa National Park provides jobs for over 600 people and its tourism division provides skilled employment opportunities for Mozambicans. This strong focus on the employment and education of local people has been at the core of its redevelopment. Gorongosa National Park is now recognised as a place where successful restoration benefits nature, wildlife and the local people.

The programme reached the following milestones:

- 3 560 girls were supported to finish school, in 89 clubs, in the six districts of Gorongosa, Nhamatanda, Cheringoma, Dondo, Maringué and Muanza
- 100 000 large mammals in the reserve
- over 600 000 trees planted by local coffee farmers.

Supporting youth skills development in Uganda

Absa Bank Uganda donated 50 computers to public libraries to support youth skills development. The world is shifting towards a digital future, and this has resonated throughout all sectors, including education. Digitisation has been accelerated by the COVID-19 pandemic. As a bank, we believe that education remains a key driver supporting positive social economic development in our communities.

Absa young Africa works



Youth and small and medium and micro enterprises (SMMEs)

For a decade, SMMEs have been major players in the Ghanaian economy, contributing 70% of GDP and providing significant employment. To this end, Absa Bank Ghana entered a joint partnership with the Mastercard Foundation to create the Absa Young Africa Works, aimed at enabling young people, particularly young women, to access work by investing in SMMEs. In this way, we seek to stimulate the growth of SMMEs to create access to 50 000 dignified and fulfilling jobs for young people and women in Ghana. The Absa Young Africa Works initiative is a five-year partnership and is part of Mastercard Foundation’s Young Africa Works strategy in Ghana – an ambitious 10-year programme to enable three million young people (70% women) to access dignified and fulfilling work. (SDG8) Absa contributed R1.6 billion (USD 100 million) to the project. The total value of the project is R2.5 billion (USD 155.6 million).

The initiative is aligned with our commitment, to playing a shaping role in society through enterprise skills development initiatives designed to facilitate job creation and sustainable livelihoods for young people. Further, this initiative underpins our commitment to equip SMMEs and support an equitable post-COVID-19 recovery in Ghana.

In 2021, the programme achieved the following:

- 44 SMMEs supported financially with a total of USD2.32 million
- 500 SMMEs trained under the EMPRETEC Ghana Foundation capacity building programme to accelerate business growth
- 494 SMMEs supported with business development and advisory services through monthly SME clinics.



Absa Young Africa Works in Ghana

Planting trees in Ghana



Planting trees to support the Green Ghana initiative

In March 2021, the Minister of Lands and Natural Resources and the Chief Executive Officer of the Forestry Commission of Ghana launched the Green Ghana Programme as part of activities to mark the United Nations International Day of Forests. The goal of this initiative was to plant five million trees in a day across the country. As a business that positions itself as an active force for good in society, the initiative presented an opportunity to demonstrate our commitment to driving environmental sustainability. (SDG15) Further, Absa Ghana launched the Colleague Volunteering Initiative – Green Ghana Campaign, which sought to help preserve the environment through afforestation, as well as provide employees with the opportunity to contribute meaningfully to the societies in which we operate. Over 1 000 Absa employees planted 5 000 trees nationwide in communities and homes.

School bags and masks



In line with our commitment to responsible consumption and production (SDG 12), we sought to have minimal and/or zero impact on the environment from the waste generated through our rebranding exercise carried out in Kenya. Assisted by a supplier, we made school bags for 4000 pupils at 46 special needs schools from over 85 billboard flexy materials used for advertising during the transition period. The schools were identified through the branch network and reviewed by the Ministry of Education. We also worked with the Association of the Physically Disabled in Kenya to produce 20 000 reusable masks, distributed to the same pupils.



Absa marathon challenge for the community - Zambia



201-2 Financial implications and other risks and opportunities due to climate change

Climate change, with its risks and financial implications, is an issue that must be addressed. Further, disclosing the related risks and opportunities is necessary to enable market participants to make informed and efficient capital allocation decisions.

Risk management

Our Enterprise Risk Management Framework governs the way in which we identify and manage our risks, defines the Group's principal risks and related sub-risks, and assigns clear ownership and accountability.

Diving deeper: 10 ESG 102-15

↓ 2021 TCFD Report (publication in May 2022)

Sustainability risk

Sustainability risk is an overarching principal risk bringing together environmental, climate change, premises environmental, indirect investment, and social sub-risks. These risks are also reflected in other principal risks, including credit, operational, insurance, reputation, and legal.

Credit risk

Providing credit facilities to customers who are engaged in, or are planning to engage in, activities that could potentially have material environmental or social risks exposes the Group to an increased likelihood of credit loss and potential reputational damage should the customer fail to identify, manage and mitigate these risks effectively.

The materiality of climate-related risks is considered in two ways when reviewing credit applications: risks related to the transition to a lower-carbon economy are assessed, as are risks related to the physical impact of climate change.

Operational risk

Premises risk management assesses risks and opportunities associated with extreme weather events, while business continuity management includes the assessment of natural hazards associated with climate change, the potential impact of these on location selection, and relevant contingency plans. Location risk assessments include climate change risks where relevant.

Reputation risk

Banks face increasing pressure from shareholders, society at large and national governments regarding the management and disclosure of their climate risks and opportunities, including the activities of their customer base. This risk includes potential reputational risk associated with climate-related issues arising from our operational, banking, and insurance practices.

Insurance risk

This risk is governed by the Insurance Principal Risk Control Framework, which aligns to both the requirements of Board Notice 158 of 2014 (BN 158) and the risk-based Solvency Assessment and Management regime, as required by the Financial Services Board. Factors for consideration include the impact of weather/climate-related catastrophe events and scenario planning.

Legal risk

Legal risk is defined as loss or penalties, damages or fines from the failure of the Group to meet its legal obligations, including regulatory or contractual requirements, and would encompass climate-related matters when applicable. Reliance is placed on the policies and standards set by the Group to identify and manage potential environmental and social risks in lending.

Climate-related opportunities

Significant financing is required for the energy transition and the development of resilient infrastructure. Revenue pools will continue expanding as demand accelerates. Banks are uniquely positioned to facilitate the flow of capital by enabling access to capital markets through sustainable financial instruments, such as social/green/sustainability bonds and bank debt, while creating innovative funding solutions.

We have a CIB sustainable finance target of R100 billion ESG-related financing by 2025 and Relationship Banking's renewable finance of R2.5 billion or 250MW by 2025.

We are actively involved in delivering innovative solutions to help our customers achieve their environmental goals and ambitions. For example, we actively support the renewable energy sector, offering strategic advice, and facilitating access to finance for wind, solar, geothermal, waste and hydroelectric energy. Our agriculture teams

continue to work with farmers on sustainable farming practices through thought leadership and financing solutions aimed at improving water management and enhancing crop production. We are also prepared to embrace future opportunities, such as electric vehicle production and financing, when these become viable in the economies in which we operate.

Diving deeper: 79 Financial Services Sector Disclosure

↓ 2021 Principles for Responsible Banking Report (publication in May 2022)

↓ 2021 TCFD Report (publication in May 2022)

201-3 Defined-benefit plan obligations and other retirement plans

We operate several pension fund schemes, including defined-benefit schemes and defined-contribution schemes, as well as post-retirement medical aid plans. The most significant schemes operated by the Group are the Absa Pension Fund, the Absa Bank Kenya Pension Fund and the Absa Bank Mauritius Pension Fund. Apart from these, the Group operates several smaller pension and post-retirement medical aid plans. The benefits provided under these schemes, the approach to funding, and the legal basis of the plans reflect their local environments.

A minimum contribution level is applied with an option to allow employees to increase their contributions. Several of our Absa Regional Operations entities also have defined-benefit funds, which are largely closed to new membership. Contributions to these funds are made in line with the recommendations by each fund's actuary.

The Absa Pension Fund

Employer and employee contributions and investment income finance the fund. Employer contributions to the defined-benefit portion are based on actuarial advice. The expense or income recorded in profit or loss includes the current service cost, interest income on plan assets, and the interest expense on the defined-benefit obligation and the irrecoverable surplus. The Group's policy is to ensure that the fund has adequate financial reserves to provide for the benefits due to members and to ensure that any shortfall in the defined-benefit portion will be met by additional contributions.



Over the year, the investment strategy of the Trustee Portfolio moved to a fully matching strategy with the objective of matching the investment strategy for these assets to the nature, term and cashflows of the current pensions in payment, together with the future targeted pension increases (as a percentage of inflation). The aforementioned strategy is known as a Liability Driven Investment strategy. The portion of the assets in the Trustee Portfolio not invested in the liability matching strategy or reserve accounts are invested in growth assets to create some potential upside for funding increases above the policy increase. The assets in the liability matching strategy will mainly be invested in South African nominal and inflation-linked government bonds. This strategy aims to fully match the reasonable benefit expectations of the pensioners to receive annual pension increases in line with the inflation target chosen by a pensioner at retirement.

The Absa Pension Fund adopted a Responsible Investment and Proxy Voting Policy in 2018. In 2019, the Fund invested a portion of its global assets into the Old Mutual ESG Leaders Tracker Fund (approximately 8% of total assets of the Fund). In 2020, Old Mutual Listed Equity Stewardship Services were appointed to provide stewardship services on the Fund's local listed equities, to include:

- Consolidating and screening of the overall equity holdings of the Fund and apply a proprietary ESG score
- Flagging material ESG concerns identified in the screening process
- Actively engaging with company management where material ESG concerns have been identified
- Actively engaging with industry bodies, such as the Association for Savings and Investment in South Africa, to advocate and influence sustainability and raise the bar on addressing ESG issues within investee companies
- Voting all proxies across all the listed equity holdings of the Fund.

The Fund also reviewed its Responsible Investment Policy, which now also addresses regulatory requirements, fiduciary obligations, local and global best practice and the Fund's specific responsible investing belief system. The Fund also adopted a Responsible Investment Framework and describes this process in the Responsible Investment Policy.

Looking ahead, the Fund will assess the effectiveness of the current approach adopted in the fixed income component of the Fund (approximately 40% of the Fund's assets), which will be completed in 2022.

Other subsidiaries' plans

The pension fund plans across Absa Regional Operations are administered by separate funds that are legally separate from the individual companies. The boards of trustees of the funds are responsible for the overall management of the funds.

Defined-benefit structure

Most of the defined-benefit liability relates to deferred pensions and pensioners. There are a few active members accruing additional defined-benefit liabilities. The calculation of liabilities in respect of the defined-benefit structures is based on assumptions in respect of expected death, withdrawals, early retirement, family statistics, rate of increase in pensionable remuneration, medical allowances and administration costs based on past experience.

Contributions are generally determined by the employer in consultation with the actuary following the fund valuation to ensure sustainability and financial soundness. Surpluses and deficits are managed as per the funds' rules and applicable legislation.

Minimum funding requirements are limited to the deficits of the funds. The actuary recommends the contribution rate using valuation results. The employer decides the final applicable contribution rate, acting on advice from the actuary and, in some cases, with the agreement of the fund trustees. Where pension increases are granted in excess of what can be afforded by the fund, the employer must agree to the increase and must contribute additionally to fund the increase.

In addition, if the valuation reveals a deficit, and if regulations require special additional contributions to be made to the funds, the respective employers within the Group will need to make such contributions in line with a funding plan approved by the relevant country's regulator.

Defined-contribution structure

Defined-contribution structures provide benefits based on accumulated retirement funding contributions and the return on investments. The funds are governed by the applicable legislation of the countries in which the funds are based. The funds operate on a pre-funded basis, i.e., benefits payable on exit are determined by the value of the accumulated assets.

Diving deeper: [↓](#) 2021 Annual consolidated and separate financial statements
Note 43 Retirement benefit obligations

201-4 Financial assistance from government

We do not receive financial assistance from any government. South African tax residents are subject to income tax on their worldwide income, regardless of the source of the income. The Group, due to our operations in various foreign jurisdictions, may incur taxes in those jurisdictions and, as such, the South African Revenue Service provides for tax relief by offering credits, exemptions and deductions, as applicable, against the Group's South African tax liabilities to reduce the impact of double taxation. Tax credits, deductions and reliefs that are made available to us and to others by legislation are not considered financial assistance.

The Public Investment Corporation, the investment manager of the South African government's pension funds, is a large shareholder of the Group. This shareholding is on an arm's-length basis and forms part of the publicly traded shares on the JSE.

The Tanzanian government is a minority owner in National Bank of Commerce.

202 Market presence

202-1 Ratios of standard entry-level wage by gender compared to local minimum wage

Our reward philosophy and supporting principles delivers fair and responsible remuneration, which includes dignified standards of living through annual reviews and decisions that influence our most junior employees. Higher average increases are typically awarded to our more junior employees to ensure that our lowest-paid employees can maintain a reasonable standard of living. This may be impacted by business performance considerations and affordability.

In our South African business, we apply a minimum cost-to-company level of R185 080 (2020: R177 620) for full-time employees, male and female, which is higher than the national minimum of R45 120.

We disclose the minimum wage in the African Regional Operations in local currencies to avoid any exchange rate distortions.



		Legislative financial sector minimum wage annual	Minimum wage per CBA ¹ annual	Minimum Absa salary ² annual
Botswana ³	BWP	14 315	51 000	n/a
Ghana ⁴	GHS	3 518	39 000	n/a
Kenya ⁵	KES	n/a	830 064	n/a
Mauritius	MUR	n/a	273 572	n/a
Mozambique ⁶	MZN	160 922	161 983	n/a
Seychelles	SCR	74 627	n/a	120 000
Tanzania ABT ⁷	TZS	4 800 000	n/a	n/a
Tanzania NBC ⁷	TZS	4 800 000	9 600 000	n/a
Uganda	UGX	n/a	n/a	15 790 962
Zambia	ZMW	37 819	80 172	n/a

¹ Collective Bargaining Agreement.

² Internal minimum – market benchmarked ranges.

³ Botswana – minimum wage per CBA remained unchanged from 2020. Legislative minimum wage converted from hourly rate to annual rate.

⁴ Ghana – the 2020 CBA minimum wage was restated (GHS36,821). Legislative minimum wage converted from hourly rate to annual rate.

⁵ Kenya – do not have a minimum wage specifically for the Financial Sector, CBA provides for entry level which can be viewed as minimal wages.

⁶ Mozambique – there were discrepancies in the numbers with the Mozambican Banking Association, the 2020 minimum wage per CBA should have reflected MZN 156,964.29.

⁷ Absa Bank Tanzania and National Bank of Commerce.

202-2 Proportion of senior management hired from the local community in South Africa

The South African businesses remain the most significant contributors to our operations. In South Africa, we report against the Amended Financial Sector Code, which focuses on the proportion of historically disadvantaged South African employees. Black¹ representation at top management remained at 37.5% (2013: 15.1%). Black¹ senior management representation increased to 52.6% in 2021, from 50.7% in 2019 (2013: 32.2%) and black female senior management representation increased to 22.2% from 21.8% in 2021 (2013: 12.0%).

Diving deeper: [↓](#) 2021 B-BBEE report

¹ All African, Coloured, Indian or Chinese employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.

203 Indirect economic impacts

203-1 Infrastructure investment and services supported

We are part of the mandated lead arrangers for the Zimborders project. The Beitbridge border post is the busiest border post in southern Africa, facilitating passengers and freight between South Africa, Zimbabwe and the other Southern African Development Community countries.

Due to its location on the North-South Corridor, many of the trucks passing through the border post originate from, or are destined to, countries north of Zimbabwe, such as Zambia, Malawi and the Democratic Republic of Congo. The current operations at the Zimbabwe side of the border post are inefficient, resulting in freight delays of up to five days.

The project will be undertaken through the participation of the private sector. To facilitate this process, the Zimbabwean government granted the project a National Project Status in August 2018.

The project involves the design, development, financing, insurance, construction, upgrade, rehabilitation, refurbishment and installation of information and technology infrastructure at the Beitbridge border post, solely on the Zimbabwean side of the border. The development will include certain indirect infrastructure in the town of Beitbridge near the border post, such as a new water reticulation network (which includes the pipeline and reservoir), sewer points, the relocation of the Ministry of Transport offices, and the construction of flats for housing. The total project cost is estimated at USD297 million and the project will be funded with senior debt, mezzanine debt, and equity. Currently, the project is on time and on budget.

203-2 Significant indirect economic impacts

We strive to fulfil our role as an enabler of social and economic progress, growth and development in the economies in which we operate. It is our goal to make a positive impact on society while also delivering shareholder returns. We are committed to contributing to Africa's growth and towards finding sustainable solutions to some of the most pressing challenges faced on the continent.

By supporting our customers and working in partnership with other stakeholders, we can create an environment in which individuals, institutions and governments can invest in sustainable progress and enable growth.

We need to address several challenges in order to achieve long-term sustainable economic growth. We do this by, among other things,

working to improve employment rates and access to housing, as well as supporting families in planning for their futures. All these goals rely on access to appropriate and responsible finance. In addition, access to appropriate financing is needed to help innovate, develop, commercialise and scale deployment for new solutions that help tackle social and environmental challenges.

We also play a key role in enabling the flow of capital towards environmentally or socially beneficial activity. A range of business lines throughout the Group are actively involved in delivering solutions across product groups, geographies and industry sectors.

204 Procurement practices

Our procurement value chain sets out the principles for governing and managing suppliers through the supplier lifecycle from appropriate selection to sound performance management and to the termination of services. It identifies the various market risks that cover business continuity and concentration risk.

Our Group Procurement Policy, which is revised annually, promotes responsible sourcing and is supported by our Supplier Diversity Standard, External Supplier Management Standard, and our Supplier Code of Conduct. Our Supplier Code of Conduct and contracting provisions adhere to the International Labour Organization principles.

Our Group Procurement Policy provides the minimum control requirements, for example, shortened payment periods to support small and medium enterprises with financial relief during the pandemic. These principles and controls are encapsulated into the signed supplier contract.

Our enterprise and supplier development approach supports entrepreneurs in growing their businesses and therefore contributes to job creation. In adhering to our Supplier Code of Ethics Policy, we align with risk management and sustainability frameworks. In managing the aforementioned risks and frameworks, we enable responsible sourcing and supplier engagement. Our suppliers are required to establish and demonstrate a baseline for ESG practices and management from which future performance improvements and impact can be tracked, measured and communicated.

Depending on the strategic relationship, the contracts are long-term (five years or more), or medium-term (two to four years). As a financial service provider, these contracts have a specialised service orientation that is not labour intensive. As part of the supplier selection process,

an assessment of the risks must be undertaken, and the appropriate evaluation conducted. The options for selection include exception/ deviations from process and market engagement through a tendering process. Due diligence activities must be carried out prior to ultimate supplier selection. Once a supplier has been selected, an appropriate contract must be put in place and engagement with the relevant subject-matter experts should be pursued across the bank.

In terms of the assurance standard and methodology, an assurance team provides on-site periodical reviews on a sample basis. Any gaps identified are remediated by the supplier and validated by business. The focus is on specialised risk types, such as cyber and data privacy.



Absa Regional Operations enterprise and supplier development



Business connect series: Digital in Ghana

204-1 Proportion of spending on local suppliers

The businesses in South Africa remain the most significant contributors to our operations. We report against the South African Amended Financial Sector Code, a requirement that focuses on the proportion of historically disadvantaged South African suppliers. Our preferential procurement programme ensures that a growing number of small black and black women-owned companies supply us with goods and services. This includes enabling emerging enterprises to participate in tenders, providing preferential interest rates on recoverable lending, offering non-refundable development support grants for capacity building to qualifying small enterprises providing goods and services in our value chain, and unbundling large contracts into smaller pieces of work.

In South Africa, our total procurement spend was R18.9 billion, of which R16.0 billion (84.7%) was with locally registered suppliers (2020: R18.8 billion; R15.3 billion; 81.4%). The weighted spend (calculated in accordance with the Department of Trade, Industry and Competition's Financial Sector Code) is allocated as follows:

- R4.4 billion with 698 exempted micro enterprises and 413 qualifying small enterprises (2020: R3.5 billion; 909 small to medium enterprises and 466 qualifying small enterprises)

- R6.5 billion with 462 suppliers who are 30% or more black women-owned (2020: R4.8 billion; 479 suppliers)
- R8.5 billion with 773 suppliers who are 51% or more black-owned (2020: R9.2 billion; 903 suppliers)
- R642.1 million with 43 designated suppliers, including unemployed and disabled individuals, youth, black military veterans, and employees from rural and under-developed areas (2020: R175.5 million; 17 designated suppliers).

We also contributed R140.5 million (2020: R231.0 million) to supplier development initiatives, which included R68.5 million (2020: R153 million) in funding at preferential interest rates and capacity-building grants for SMEs supplying goods and services to Absa.

Beyond the borders of South Africa, in our regional operations and international offices, we spent R2.1 billion. We focus on electing and contracting with local entities wherever possible. We also collaborate with multinational corporations to identify and develop local companies to promote the growth of the respective countries' economies by, for example, SMEs for subcontracting.

Diving deeper: [↓ 2021 B-BBEE report](#)

In 2021, we continued the partnership with external stakeholders to develop the capacity and expertise of SMEs.

We carried out the following interventions to enable access to markets for more businesses:

- Provided access to markets for SMEs by procuring personal protective equipment from SMEs for distribution to Absa stakeholders nationally
- Sponsored female entrepreneurs in the construction sector to attend and exhibit at the annual construction expo whereby they were exposed to business opportunities and prospective clients in their sector
- Supported the Annual Smart Procurement Indaba, an online exhibition to over 1 000 corporates and chief procurement officers for SMEs, including a year's membership to the online platform
- Featured certain SMEs on the eTV Gamechangers show, discussing their business offerings with the audience.



Pavati Plastics



Spif Chickens

205 Anti-corruption

We take a zero-tolerance approach to bribery and corruption. Our Anti-bribery and Anti-corruption Policy and related standards summarise our commitments to conducting our global activities free from any form of bribery or corruption. Our performance management processes, and reward decisions emphasise behaviour and commercial objectives, encouraging the right conduct and making the consequences of misconduct clear.

Our Group-wide Risk Management and Compliance Programme covers financial crime holistically and consequently, underpinned by the Group Anti-Money Laundering Policy, Group Sanctions and Proliferation policy and Group Anti-Bribery and Anti-Corruption Policy and associated standards. Furthermore, training interventions are rolled out periodically to ensure that colleagues are aware of their responsibilities in terms of the Financial Intelligence Centre Act and Group policies.





Uniting for wildlife

We have played an active role in the United for Wildlife Financial Taskforce and the South African Anti-Money Laundering expert working group on illegal wildlife trade. We were a lead participant in a working group established under the United for Wildlife Financial Taskforce, which developed a bespoke illegal wildlife trade risk assessment template that the global financial industry can utilise as part of their wider risk management framework. The illegal wildlife trade risk assessment, as well as the output produced by the South African Anti-Money Laundering expert working group, strengthen our ability to detect and disrupt animal poaching and illegal wildlife trafficking across all jurisdictions where we have a presence.

Furthermore, we are a regular participant at the United for Wildlife webinar series. United for Wildlife, in partnership with Focused Conservation, developed this webinar series for United for Wildlife Taskforce members and partners. The series aims to challenge current ways of thinking about global wildlife trafficking and provides actionable insights into trends relevant to financial institutions, transport companies and governments.

United for Wildlife work together with conservation organisations, governments and global corporations to protect endangered species, including elephants, rhinos, tigers, and pangolins, so that they can share our world with future generations. (SDG15)

The commitments aim to help the private sector fight the illegal wildlife trade. These focus on:

- Securing information-sharing systems for the transport industry to receive credible information about high-risk routes and methods of transportation
- Developing a secure system for passing on information about suspected illegal wildlife trade from the transport sector to relevant customs and law enforcement authorities.

Notifying relevant law enforcement authorities of cargo suspected of transporting endangered wildlife and related products illegally and, where possible, enabling authorities to refuse to accept or ship such cargo.

205-1 Operations assessed for risks related to corruption

Absa performs regular bribery and corruption risk assessments, which identify the level of bribery and corruption risk that Absa might reasonably anticipate. These risks tend to relate to the countries in which we conduct business, how we engage certain parts of our diverse customer base, and how we manage third-party relationships. We analyse, assess and prioritise the identified bribery risks, and evaluate the suitability and effectiveness of the existing controls to mitigate these risks. The assessment is informed by quantitative and qualitative measures and is performed monthly with oversight by the relevant governance structures. The financial crime function monitors the completion of action plans to mitigate identified key risks.

Absa performs appropriate due diligence on suppliers, vendors, rights holders and other third parties at the point of engagement and on an ongoing basis. The checks include politically exposed employees and sanction screening prior to contracting. There are ongoing or periodic reviews of third parties. The Social, Sustainability and Ethics Committee monitors the Group sponsorship and citizenship spend.

We also provide support to Corruption Watch and Business Against Crime South Africa. The Group has embarked on obtaining ISO 37001 certification to demonstrate our dedication to implementing and maintaining a compliant and effective anti-bribery management system to support overarching principled business practices.

205-2 Communication and training about anti-corruption policies and procedures

Our Anti-Bribery and Anti-Corruption Policy and related standards, processes and controls are in place to mitigate against bribery and corruption. The policy is benchmarked against international practices and standards to comply with legislation in all jurisdictions in which Absa operates. It considers the recommendations of various financial crime international standards setting bodies, such as the Organisation for Economic Co-operation and Development Anti-Bribery Convention, the United Nations Global Compact or UK Bribery Act, and ISO 37001. The policy is formally reviewed and we benchmark the control requirements to independent ratings or best practices.

The policy and related standards, which are published on the Group intranet, are communicated to, and apply to all employees. Suppliers and third parties (including introducers, who win or retain business on behalf of Absa) sign specific contractual clauses that outline Absa's expectations regarding anti-bribery and ethical behaviour, specifies anti-bribery requirements and processes for monitoring, reappointment, remediation, termination and exit. We also take a

zero-tolerance approach to the facilitation of tax evasion in any country and have procedures in place to prevent it. We expect the same from our agents and third parties providing services to the Group, or on our behalf. Our anti-bribery and anti-corruption statements are shared with our correspondent banks.

Training and awareness

Absa has role-based training to educate and empower employees in terms of their roles and responsibilities in reporting and identifying suspected bribery and corruption. All employees are required to undertake annual mandatory compliance training courses, such as fighting financial crime training, which includes anti-bribery, anti-corruption, anti-money laundering and sanctions modules.

The training and awareness programmes ensure our employees are:

- Able to develop a sensitivity towards situations with real or perceived conflicts of interest and learn how to deal with them when they arise
- Aware of the tools available to them to raise their concerns of unethical behaviour or suspected bribery and corruption or fraud through our whistleblowing programme.

Further awareness training is conducted in addition to our electronic training and other awareness campaigns conducted throughout the year. 98.2% of our employees received anti-bribery and anti-corruption awareness training.

Targeted bribery and corruption training is also provided to senior management and members of the Board periodically. There is an explicit commitment from the Board to support anti-bribery and anti-corruption.

205-3 Confirmed incidents of corruption and actions taken

We are committed to conducting our global activities with integrity and will not tolerate any breach of financial crime laws and regulations that apply to businesses and the transactions they undertake (for example, bribery, corruption, money laundering or tax evasion). Consistent with this, we have developed a robust anti-bribery and anti-corruption control framework to manage the legal, regulatory and reputational risks associated with bribery and corruption. Our financial crime risk framework adopts a risk-based and proportionate approach to meet risk management, legal and regulatory expectations.

Any breaches can be reported via the whistleblowing process. Non-adherence to any requirement in the Anti-bribery and Anti-corruption Policy may result in disciplinary action, which could lead to dismissal.



Any improper payment/settlement could cause substantial reputational harm to Absa and may expose the Group to prosecution, regulatory censure or other sanctions for engaging in unlawful activity.

The number of disciplinary cases as a percentage of employees remains stable. Most matters dealt with in 2021 relate to less serious offences. Of the 1 557 disciplinary cases concluded in the year (2020: 1 502), 414 were due to ethical breaches (2020: 321). In addition, no third parties were under review for possible corruption-related violations.

206 Anti-competitive behaviour

206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices

We respect our competitors and acknowledge that free and fair competition is good for business, customers and clients, driving innovation and improvements in service provision. Absa is committed to complying with competition/anti-trust laws in all the jurisdictions in which we operate, as set out in our Competition/Anti-trust Policy. Competition laws prohibit anti-competitive behaviour, such as unlawful collaboration with competitors, which would disadvantage clients and customers.

As per the Absa Way Code of Ethics, we require our employees to:

- Complete competition law training
- Refrain from undesirable conduct as explained in the Competition/Competition Law Policy and training material
- Seek guidance from the Absa Group Legal Competition team on issues that may arise while doing business or concluding transactions
- Immediately report any potential competition law issues to Absa Group Legal.

The Group is engaged in various legal, competition and regulatory matters both in South Africa and several other jurisdictions. It is involved in legal proceedings that arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data protection, money laundering, employment, environmental and other statutory and common law issues.

207 Tax

207-1 Approach to tax; 207-2 Tax governance, control, and risk management; 207-3 Stakeholder engagement and management of concerns related to tax; and 207-4 Country-by-country reporting

Normalised

Profit before tax R27.8bn	Total net tax charge R7.6bn	Effective tax rate 27.4%
Cash tax rate 22.7%	Adjusted profit before tax R27.9bn	Corporate tax paid R5.5bn

International Financial Reporting Standards (IFRS)

Profit before tax R26.6bn	Total tax charge R7.3bn	Effective tax rate 27.4%
Cash tax rate 23.8%	Adjusted profit before tax R26.7bn	Corporate tax paid R5.5bn



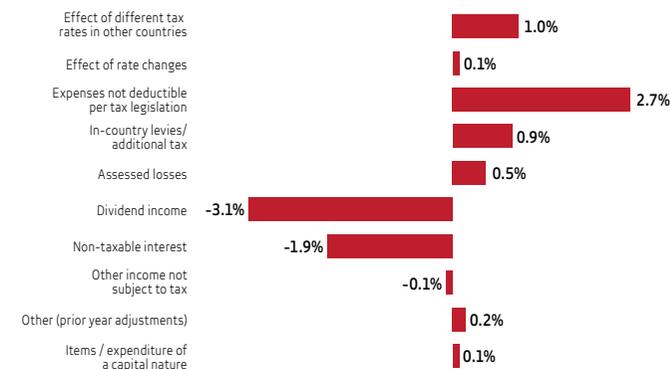
Absa Evolve account



Absa cashflow manager

We contribute significantly to the economies in the countries in which we operate and believe it is essential to be fair and transparent in the disclosure of our tax affairs. We recognise that taxes are one means through which we create and distribute value.

Our effective tax rate is 0.6% lower than the South African rate (with the rand as our reporting currency). Moreover, our corporate tax rate is 28%.



Profit before tax provides the starting point for the corporate income tax calculations in each country to determine their taxable income. The effective tax rate as disclosed in the Annual Consolidated and Separate Financial Statements Note 39 is based on the total tax charge as a percentage of the profit before tax and not only the corporate income tax charge. In each country, the corporate tax rate multiplied by the profit before tax may not necessarily reflect the total tax charge and this gives rise to the effective tax rate reconciliation. For more information, see page 55.

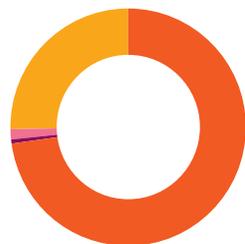
Our tax contributions include tax on profits, withholding taxes on dividends and certain other income received, and value-added tax (VAT) on goods and services from suppliers. Unlike most other businesses, banks can only claim back a proportion of the VAT incurred in daily operations, making this a significant final cost.

We also collect taxes on behalf of governments and others. Taxes paid and taxes collected make up our total tax contribution.

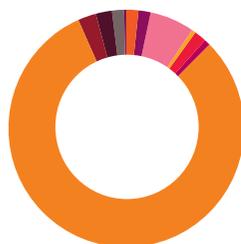
Taxes collected on behalf of governments

(2020 comparatives)

Per tax type (%)



Per country (%)

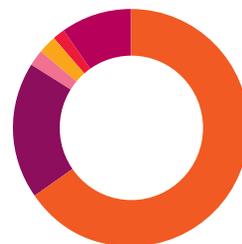


- | | | |
|---|------------------------|----------------------------|
| ● 72.8 (75.0) PAYE | ● 1.8 (2.5) Botswana | ● 81.0 (85.5) South Africa |
| ● 0.7 (0.7) Unemployment Insurance fund/Social security | ● 1.7 (0) Ghana | ● 2.5 (1.5) Tanzania |
| ● 1.4 (1.3) Security transfer tax | ● 6.1 (4.9) Kenya | ● 2.2 (2.2) Uganda |
| ● 25.1 (23.0) VAT recovered | ● 0.6 (0.7) Mauritius | ● 1.7 (1.9) Zambia |
| | ● 1.5 (1.0) Mozambique | ● 0.1 (0.0) Namibia and UK |
| | ● 0.8 (0.2) Seychelles | |

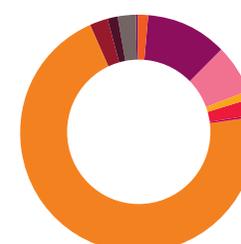
Taxes paid

(2020 comparatives)

Per tax type (%)



Per country (%)



- | | | |
|---|------------------------|----------------------------|
| ● 65.6 (52.9) Corporate tax | ● 1.4 (4.1) Botswana | ● 70.5 (67.0) South Africa |
| ● 18.6 (27.0) Irrecoverable VAT | ● 11.3 (5.8) Ghana | ● 2.5 (3.3) Tanzania |
| ● 2.0 (2.5) Payroll taxes | ● 6.5 (9.4) Kenya | ● 1.6 (2.5) Uganda |
| ● 2.5 (2.6) Regional Service Council Levy | ● 1.1 (1.8) Mauritius | ● 2.4 (3.3) Zambia |
| ● 1.9 (2.1) Property taxes | ● 2.4 (1.9) Mozambique | ● 0.1 (0.1) Namibia and UK |
| ● 9.5 (12.9) Withholding taxes | ● 0.1 (1.0) Seychelles | |

Responsible approach to tax

Tax continues to be an important matter for our stakeholders, and we pay all taxes in accordance with legislative requirements in each of the countries in which we operate.

Our tax function manages the impact of taxes through appropriate and responsible structuring to support all our businesses and to manage financial and reputational risks.

Tax is a complex area, and we understand the importance of having strong governance in relation to our tax affairs. All employees adhere to a set of documented standards and procedures. These standards are under continuous review and are revised to align with material changes to our business operations.

Our Tax Strategy is reviewed and approved every three years at the Africa Tax Committee and annually reviewed internally by Group Tax during the annual strategy pillar session.

We have appropriate controls and procedures in place to ensure compliance with relevant tax legislation in all jurisdictions in which we operate. This includes compliance with transfer pricing legislation and documentation, as required by the Organisation for Economic

Co-operation and Development. We are also subject to South African Controlled Foreign Companies legislation, which is aimed at taxing passive income realised by foreign subsidiaries.

The formal procedures around governance of tax matters are consistent with the Group's enterprise risk management approach, which includes tax risk as a specialist risk type under the principal risk – operational risk.

The key risk indicators included in our tax risk governance documents are a set of quantitative measures used to evaluate tax compliance. We measure these quarterly across the Group and consider them essential in the assessment of the tax risk appetite.

The timeous submission of tax returns, the timeous payment of taxes and the transfer pricing end-to-end process are three critical processes, which are also measured and monitored through the key risk indicator process.

We report on the number of late tax returns filed outside the statutory deadlines, the number of tax payments that were late and not submitted within the required timelines, and the number and value of tax penalties imposed by tax authorities due to the late

payment of taxes and the value of transfer pricing adjustments from operational errors.

All significant tax-related decisions are subject to review and approval by appropriately qualified and experienced employees. Uncertain tax positions are properly evaluated and reported in terms of International Financial Reporting Interpretations Committee 23. We disclose materially uncertain tax positions, which are evaluated by our external auditors.

Mechanisms to report unethical behaviour

Group Compliance reports on key risk indicators as part of conduct risk and financial crime risk, and the information is received from all areas across the Group. Regarding fraud risk, it is every business/function's responsibility to manage fraud risk and control responsibilities. This includes significant employee breaches to policy compliance, employee disciplinary outcomes and whistleblowing statistics.

Financial Crime monitors money laundering practices, that is, the process of concealing the true origin, ownership, and/or purpose of the proceeds of any criminal activity, including drug trafficking, terrorist financing, corruption, many types of fraud, human trafficking and tax evasion.

Our philosophy

Our Tax Strategy factors in our targeted commercial outcomes while aligning with our business objectives. We consider the expectations of various stakeholders, our role in society, and the contribution we make to the economy and to the lives of our employees, customers and communities. We recognise and appreciate our responsibility to pay the legally required level of tax.

We combine a strong control mindset with a business partnering ethic and clear accountability, ensuring full compliance with regulations, generally accepted practices and the Group's requirements as set out in our Tax Strategy.

We seek to fully comply with tax laws and regulations and address legacy tax exposures promptly. The Group supports legislation aimed at good conduct and is committed to providing all tax authorities with the information required in terms of various reporting regulations, including those that support the prevention of tax evasion.

We consider the needs of all stakeholders, including shareholders, customers, tax authorities, regulators and society as a whole. We only undertake tax structuring if it is aligned with our tax planning principles.

We align our tax and businesses' strategies to ensure that we legally optimise commercial outcomes.

We foster constructive and professional relationships with tax authorities and other government departments. As we have operations in many countries, we operate in a complex and diverse tax environment, with tax legislation and transfer pricing rules and regulations varying between countries. As part of our commitment to assisting with the development of tax policy and the improvement of tax systems, we engage with governments, non-governmental organisations and industry groups through public consultations and other discussions.

Tax regimes in many countries undergo continued review in response to the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project, which is aimed at addressing a lack of transparency and the undesired consequences of differences in tax regimes. We adhere to the fundamental principles underpinning this project, such as reporting profits where value is created. We also support the aims of the various initiatives that involve assisting tax regimes to develop in ways that make the tax system fairer, equitable and more transparent.

To ensure we manage tax compliance efficiently and effectively, including the retention of necessary tax documentation, we make use of appropriate automated systems and processes.

Our tax code of conduct

Our tax department comprises in-house professionals from a combination of tax, legal and accounting backgrounds. Tax professionals are subject to clear standards to ensure they uphold our tax principles.

- Our approach to taxation is clearly explained and publicly available, and our tax reporting is transparent and informative
- We handle dealings with tax authorities and respond to their feedback proactively, constructively and transparently
- We recognise that the early resolution of risk is in everyone's interest
- We are cooperative and helpful when dealing with enquiries raised by tax authorities
- We ensure that all tax structuring is subject to a robust review and approval process
- We handle any litigation necessary to resolve differences of opinion in a way that is consistent with our values.
- Where it is unclear how tax law should be applied, we engage with tax authorities before undertaking transactions to confirm the correct application of tax law.

We consult with reputable external advisers in managing our tax position and to ensure that we are making appropriate and well-informed decisions.

Our tax structuring principles

We have clear tax principles that govern our approach to tax structuring, which must:

- Support genuine commercial activity
- Comply with generally accepted customs and practices, in addition to the law
- Not be of a type on which the tax authorities have previously formally raised concerns. Where Absa structures transactions and products involving third parties, customers/clients and third parties must all be advised to assess their own tax risks
- Be consistent with, and be seen to be consistent with, our purpose and values.

Should any of these principles be threatened, we will not proceed, regardless of the commercial implications.

Our tax practices

Tax is one of the important considerations in decisions regarding how we run and organise our business. When tax is a factor in deciding where or how we do business, we ensure decisions are consistent with our tax principles and that profits are recognised and taxed in the locations in which the economic activity takes place.

Entities within our Group conduct transactions between themselves on an arm’s-length basis, reflecting the economic substance of the transaction in accordance with established international standards and local tax laws.

When necessary, we consult with reputable external advisers to help us manage our tax position and to ensure that we are making appropriate decisions.

Our customers and our tax practices

Our tax principles make it clear that all tax structuring for our customers must support genuine commercial activity. While our customers are ultimately responsible for any decisions in relation to their tax affairs, we, like other banks, provide some tax-related product offerings to our customers. Tax authorities understand these products, which often deliver tax incentives that are specifically intended by government. We would not provide a product if the tax structuring in question did not comply with the spirit and letter of the law.

We have business operations in certain jurisdictions that have low tax rates. For example, we operate full-service retail and corporate banking businesses in Mauritius. We do not, however, market the tax benefits of offshore financial centres to our customers. Where a customer chooses to invest via an offshore financial centre, we will only provide the customer with services that comply with our tax principles.

In supporting legislation aimed at good conduct, we are committed to providing all necessary information in terms of various reporting requirements to the relevant tax authorities. These include the United States Foreign Account Tax Compliance Act and the Organisation for Economic Co-operation and Development’s Common Reporting Standards, which require that our entities throughout Africa share customer information with tax authorities.

We also provide country-by-country reporting to assist with the prevention of tax avoidance.

Tax reporting

The Group is subject to income tax in numerous jurisdictions, and the calculations of the Group’s tax and provisions for tax necessarily involve a degree of estimation and judgement.

There may be transactions and calculations for which the ultimate tax treatment is uncertain.

The carrying amount of any provisions that might require recognition will be sensitive to the manner in which tax matters are expected to be resolved, and the stage of negotiations or discussion with the relevant tax authorities. There may be significant uncertainty around the final outcome of tax proceedings, which in many instances will only be concluded after several years.

Various factors impact management estimates, including, among others, the progress made in discussions or negotiations with the tax authorities, the advice of expert legal counsel, precedent set by the outcome of any previous claims, and the nature of the relevant tax environment.

Where the final tax outcome of these matters differs from the amounts initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the reporting period during which the determination is made.

We manage these risks in accordance with the Group’s Tax Risk Policy.

In this section, we outline further details regarding our total tax contribution. This includes corporate taxes, payroll taxes, indirect taxes, such as irrecoverable VAT, withholding taxes and other payments to government authorities. The table and notes that follow provide information on our tax contributions in the countries in which we operate.

Nature of operations

Our Group is primarily involved in banking activities in all the countries in which we operate as financial services providers.

Absa operational footprint

Tax expenditure¹ (Rm)

United Kingdom 6
USA 1
Czech Republic 0

Nigeria 0.8
Ghana 934

Tanzania 149

Botswana 193

Namibia 0.2

South Africa 4 582

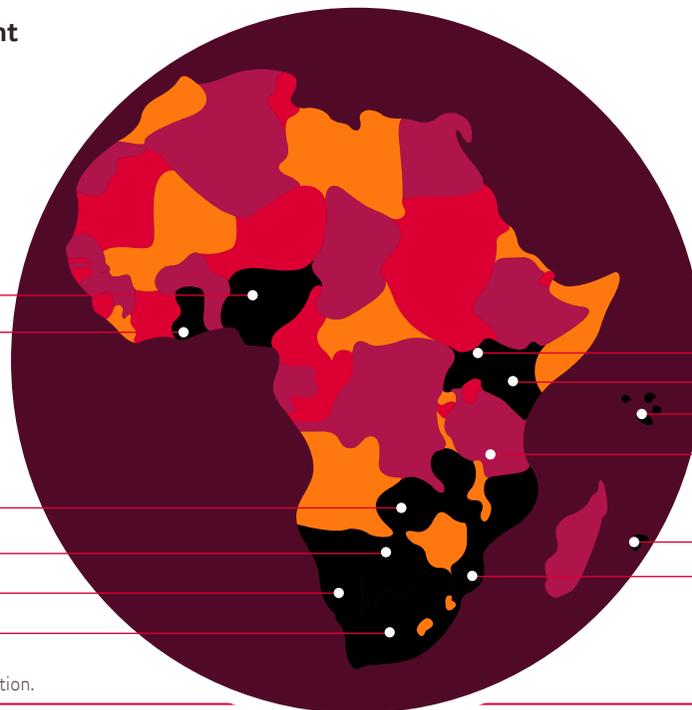
Uganda 142

Kenya 794

Seychelles 30

Zambia 398

Mozambique 79



¹ Refer to page 55 for more information.



Country	Botswana	Ghana	Isle of Man	Kenya
Absa Group percentage shareholding	Absa Bank Botswana Ltd 67.8%	Absa Bank Ghana Ltd 100%	Absa Manx Holdings Ltd 100% Absa Manx Insurance Company Ltd 100%	Absa Bank Kenya PLC 68.5%
Entities	Absa Bank Botswana Ltd Absa Insurance Services Pty Ltd Absa Life Botswana Pty Ltd Absa Securities Botswana (Pty) Ltd	Absa Bank Ghana Ltd	Absa Manx Holdings Ltd Absa Manx Insurance Company Ltd	Absa Bank Insurance Agency Ltd First Assurance Company Ltd Absa Life Assurance Kenya Ltd Absa Pension Services Ltd Absa Securities Ltd First Assurance Holdings Ltd
Our services	Regulated financial services and insurance	Regulated financial services	Insurance and equity instruments	Regulated financial services and insurance
Country	Mauritius	Mozambique	Namibia	Nigeria
Absa Group percentage shareholding	Absa Bank (Mauritius) Ltd 100%	Absa Bank Mozambique, SA 98.7%	Representative office	Representative office
Entities	Absa Bank (Mauritius) Ltd	Absa Bank Mozambique SA Global Alliance Seguros, SA	Absa Namibia Pty Ltd EFS Namibia Pty Ltd	Absa Representative Office (Nigeria) Ltd Absa Securities Nigeria Ltd Absa Capital Markets Nigeria Ltd
Our services	Regulated financial services	Regulated financial services and insurance	Regulated financial services	Regulated financial services
Country	Seychelles	South Africa	Tanzania	Uganda
Absa Group percentage shareholding	Absa Bank (Seychelles) Ltd 99.8%	Absa Bank Ltd 100%	Absa Bank Tanzania Ltd 100% National Bank of Commerce Ltd 55%	Absa Bank Uganda Ltd 100%
Entities	Absa Bank (Seychelles) Ltd	Absa Group Ltd and entities listed in note 48 of the annual financial statements	Absa Bank Tanzania Ltd National Bank of Commerce Ltd First Assurance Company Ltd	Absa Bank Uganda Ltd
Our services	Regulated financial services	Regulated financial services, insurance, services to unrelated parties, administrative, management and support services, holding shares and other equity instruments	Regulated financial services and insurance	Regulated financial services and insurance
Country	Zambia	United Kingdom	United States	
Absa Group percentage shareholding	Absa Bank Zambia 100%			
Entities	Absa Bank Zambia PLC Absa Life Zambia Ltd Kafue House Ltd			
Our services	Regulated financial services and insurance	Regulated financial services	Regulated financial services	



Country	Number of employees	Tangible assets other than cash Rm	Revenue less other income Rm	External revenue %	Profit before tax Rm	Total tax expenditure Rm	Total tax payments Rm	Corporate taxes Rm	Payroll taxes Rm	Irrevocable VAT ² Rm	WHT and other taxes Rm
Botswana	1 096	342	2 194	92.5	863	193	121	12	0	54	55
Ghana	2 188	367	4 066	98.3	2 630	934	960	824	27	39	70
Kenya	1 145	555	4 907	98.8	2 102	794	545	273	0	89	183
Mauritius	681	255	1 679	99.7	591	98	96	37	16	41	2
Mozambique	733	738	1 315	99.0	224	79	202	35	0	42	125
Seychelles	252	149	464	98.6	136	30	11	0	0	5	6
South Africa	25 908	12 626	65 296	99.7	18 287	4 582	5 973	4 213	65	1 170	525
Tanzania	1 411	529	1 984	99.3	415	149	207	45	31	40	91
Uganda	874	201	1 515	98.6	581	142	133	0	25	50	58
Zambia	784	578	1 824	90.2	951	398	206	100	7	45	54
Other ¹	195	51	(73)	0.0	(58)	8	9	9	0	0	0
Total	36 267	16 391	85 171		26 722	7 407	8 463	5 548	171	1 575	1 169

¹ Representative offices in Namibia, Nigeria, Isle of Man, United Kingdom and United States.

² At this stage, the irrecoverable VAT in certain African jurisdictions is not reflected separate from the original expense.

Explaining the numbers

Country: We pay tax in local currency and convert to rand for reporting purposes. Taxes are reported in the local jurisdiction where each entity is resident for tax purposes, taking into account activities carried out in that particular jurisdiction and where the key management and commercial decisions necessary for the conduct of the entity's business as a whole are in substance made. When determining the potential liability for tax of an entity in South Africa, consideration is given to the substance of each business, taking into account factors, such as where the business is conducted (is there a fixed place of business), where the revenue is generated and the location of management and employees. In an instance where the net income of an entity is included in the parent company's income, a top-up tax will be paid by that parent company in South Africa.

Revenue: Includes net interest income, net fee and commission income, net trading income, net investment income, net premiums from insurance contracts and net claims and benefits incurred on insurance contracts. It gives an indication of the size of our business in each country.

Profit or loss before tax: Indicates the disclosed accounting for profits or losses for the year.

Total tax: The tax actually paid in each country. The columns above break the total down into its constituent parts. Most of the taxes paid will not relate directly to the profits earned in that year. For example, in some jurisdictions, we pay tax only upon assessment after the financial year-end and upon subsequent submission of the relevant tax returns.

Corporate taxes: Payments made in 2021, but these rarely relate directly to the profits earned in the year as tax on profits is paid across multiple years and taxable profits are calculated as prescribed by tax law. This usually results in differences between accounting and taxable profits. It is possible that relatively high corporate tax is paid when accounting profits are low and vice versa. The amount of corporate tax paid is not separately disclosed in the financial statements. In some African jurisdictions, additional taxes are levied by way of stabilisation levies, financial sector recovery levies, turnover taxes and other percentage-based levies. The normalised effective tax rate for the Group is 27.4% (2020: 27.8%). Non-taxable dividend income and non-deductible expenditure, which is not disbursed in the production of income, are the main drivers of the effective tax rate, as disclosed in the notes to the annual financial statements.

Payroll taxes: Taxes borne by Absa based on government social security policies in each country. In South Africa, for example, these include the employer's Unemployment Insurance Fund contributions as well as Skills Development Levies. They do not represent income tax on payments to our employees or employees' contributions, which are taxes collected but not borne by us.

VAT paid: Irrecoverable VAT, which excludes VAT charged to customers and collected on behalf of tax authorities. Financial services are only able to reclaim a small proportion of the VAT they incur, resulting in VAT being a significant part of our tax contribution.

Withholding tax (WHT) and other: Withholding taxes comprise the tax charged on dividends or other income received, which is typically paid at the point of a distribution from one country to another. We have kept these amounts separate from corporate taxes paid. Other taxes are the material property taxes that were paid in 2021 and include, for example, taxes on the properties used in our business, including our network of branches. Other taxes include regional services levies, which are applicable in some jurisdictions.

This reconciliation will refer to several factors, such as additional foreign tax expenses or withholding taxes included in the total charge; non-taxable or non-deductible items included in the profit before tax



adjusted for taxable income purposes or even different country corporate tax rates being consolidated into a single reporting Group (reconciled to a 28% South African corporate tax rate). In many tax jurisdictions, capital items are treated differently and will also contribute to a reconciling item.

In any particular year, some adjustments might be made in relation to a prior year to align the tax charge previously reflected with the tax returns submitted in relation to such prior period. Accounting prior year adjustments may also occur, an example being the corporate tax rate change in Kenya (from 30% to 25%) as deferred tax assets had to be restated from an accounting standard perspective in order to account the future assets' realisation at the lower tax rate.

The difference between the effective tax charge and the corporate income tax charge primarily relates to the items of income or expenses that are taxable or deductible in different years. The difference between the effective tax charge and the corporate income tax charge primarily relates to the items of income or expenses that are taxable or deductible in different years. The difference in the effective tax/total tax charge disclosed, compared to the total corporate taxes paid in actual cash terms, will primarily relate to:

- Taxes and levies other than corporate tax reflected in the charge
- Provisional tax payments due in advance and based on estimated results rather than actual results
- Top-up or assessment payments and refunds due following assessments of preceding years, which are only due in the current tax year being accounted in cash payments/receipts in the current year but already included/provided for in the preceding year's tax charge.



Absa unsecured loans



Absa Abby



Absa She Business account

300 Environmental

Our operational footprint derives from the goods and services we offer that make use of natural resources and from the activities required to operate our business. Significant inputs include energy, water and the materials needed to produce paper, canteen packaging, furniture and equipment. Outputs include greenhouse gas emissions and waste, such as wastewater, paper, canteen packaging, old furniture and old equipment. Our corporate real estate team evaluates and manages the risks and opportunities in collaboration with relevant business units, such as procurement, information technology, travel and building management.

We adopted the ISO14001 (Environmental Management System) guidelines and make use of our Environmental Management Standard to manage our direct environmental footprint. We collect and report environmental data related to energy, waste, water, paper and business travel in cases where we have operational control and are financially responsible, as recommended by the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). The travel data we analyse relates to business travel only and excludes commuter travel. Environmental data from joint ventures, investments or sub-leased properties owned or leased by Absa are not included in the reported figures.

We aim for continuous improvement in mitigating our direct environmental impacts by reducing and diversifying our use of natural resources and preventing pollution. These commitments are embodied in our environmental action plan, with medium- to long-term scientific targets regarding our direct environmental footprint. These targets are aligned with the Principles for Responsible Banking, on which the Group Sustainability Policy and the Group Sustainability Risk Framework are based. The targets are also in line with the latest climate science and are necessary to meet the Paris Climate Agreement Goals.

Our energy and carbon footprint baselines, which include all energy types, were externally verified and assured according to ISAE 3410 in the Assurance Engagements on Greenhouse Gas Statement.

To respond to the wide-ranging impacts the overall environmental performance status remains in line with expectations given the continued impact of COVID-19 restrictions in 2021. The direct environmental performance for October 2020 to September 2021

resulted in four of the nine metrics performing above the set target and five below the set targets. Going forward, as pandemic restrictions ease, we will focus on project-based targets, specifically renewable energy, carbon offsets and certified spaces, with no significant investments incurred in these areas. To date, we have made pleasing progress against these targets. We continue to drive the environmental agenda with a series of successful environmental campaigns and initiatives aimed at meeting our targets, such as solar photovoltaic, efficient lighting, green certified spaces, and water saving projects.

We are also assessing the climate-related physical and transitional risk within our real estate portfolio (direct footprint) as evidence mounts that climate change continues to threaten the real estate sector. This assessment will enable us to monitor our climate change exposure and to manage the risks in the vulnerable regions of our property development.

Certification progress and award

Targets	Year-on-year change	Change from 2018 baseline	2030 target (2018 baseline)
Energy	0.3%	32.3%	30% reduction
Carbon	1.9%	35%	51% reduction
Water saving ¹	3.7m	14.6m	100m litres saving
Waste recycling ²	64.8%	57%	80% increase in recycling
Paper ²	27.2%	57.4%	50% reduction
Renewable energy	0%	0%	10% increase
Travel	59%	82.1%	20% reduction
Certified green spaces	1.0%	18.1%	33% increase
Carbon offsets	0%	0%	100% increase

¹ Baseline not yet established.

² South Africa only.

301 Materials

301-1 Materials used by weight or volume; 301-2 Recycled input materials used and 301-3 Reclaimed products and their packaging materials

We are targeting a 50% reduction in paper usage by 2030 against our 2018 baseline, with an in-year targeted reduction of 2%. In South Africa, we purchased 590 tonnes (2020: 801 tonnes) of Forest Stewardship Council-certified paper, which has been harvested responsibly. Our paper consumption reduced by 27.2%, resulting in an overall reduction of 57.4% against the baseline. This reduction can largely be attributed to the shift to remote working, resulting in reduced access to printers and continued digitisation of processes. We expect this trend to continue in 2022. All our wastepaper is recycled. While we do not use recycled input materials or reclaimed products and packaging, certain Absa-branded gifts, such as notebooks, are made from recycled materials.

302 Energy

302-1 Energy consumption within the organisation; 302-2 Energy consumption outside of the organisation; 302-3 Energy intensity; 302-4 Reduction of energy consumption; and 302-5 Reduction in energy requirements of products and services

We measure energy consumption where we have operational control. However, properties without bank presence are excluded, such as ATMs, parking, undeveloped land, residential properties, signage, certain warehouses, and sports and recreation facilities. We use the latest International Energy Agency and Department for Environment, Food and Rural Affairs emissions factors and apply the Greenhouse Gas Protocol to calculate the Group's energy consumption. The total energy was calculated in kWh from the renewable energy, fuel for back-up power generation (both diesel and gas) and electricity from the national grid but excludes steam. We do not measure energy consumption outside of the organisation or the energy requirements of products and services provided to our customers.



Solar solution for Tomi's

We are targeting a 30% reduction in energy consumption by 2030 against the 2018 baseline, with an in-year targeted reduction of 3%. This aim will be achieved by driving efficiency, along with internal behaviour and technology change. In 2021, we achieved a 0.3% reduction (32.3% reduction against the baseline). This is primarily attributable to reduced occupancy in our buildings due to remote working, a corporate strategy to implement efficient space reduction through property consolidation, building optimisation programmes and dedicated energy projects, such as energy-efficient lighting. To date, 21% of our property portfolio is retrofitted with energy-efficient lighting. In 2022, we will be looking into Building Operations Control Centre implementation for sites that have Building Management Systems.

We have surpassed our 2030 target based on our current real estate strategy and remote working. These targets will therefore be reassessed for future reporting. Our solar photovoltaic plants are currently grid tied. Unfortunately, load shedding reduced our generation yield materially and we had to replace several damaged panels. We are therefore exploring means of removing our solar plants from the grid, along with any future additional plants.

Energy type	2019 kWh	2020 kWh	2021 kWh
Renewable			
Solar PV	2 005 855	1 841 545	1 530 635 ^{LA}
Non-renewable	339 160 048	227 853 850	227 394 392 ^{LA}
Gas	80 571 514	37 356 023	36 290 465
Diesel	5 135 044	7 643 582	6 220 137
Grid electricity	211 791 479	182 854 245	184 883 791
Total¹	229 503 892 ^{LA}	229 695 395 ^{LA}	228 925 027 ^{LA}
Energy intensity ratio (KWh/m²)	0.81	0.81	0.82

¹ Total energy includes renewable and non-renewable energy. We use renewable energy from our solar PV plants.

^{LA} Limited Assurance PwC conducted limited assurance on the total energy use and carbon emission indicators, designated with a 'LA' marking. Refer to the Limited Assurance Report for more information.

 The assurance report is available at
<https://www.absa.africa/absafrica/investor-relations/annual-reports/>
<https://www.absa.africa/content/dam/africa/absafrica/pdf/sens/2021/Absa-Group-Limited-assurance-definitions.pdf>

Driving our sustainable energy ambitions

The impact of load shedding on our South African operations remains prevalent. Absa's resilience profile remains fit for purpose – making use of both natural gas and back-up diesel generation. This does, however, result in increased carbon tax liability and utility costs. We continue to seek alternative sources to power our buildings and reduce energy loads. In line with our 2030 target, we aim to increase our renewable energy usage by 10%.

To date, 7.3GWh of renewable energy, with a contribution of 1% to our total energy consumption, is produced from two solar plants and a clean energy power purchase agreement from two retail branches.

To build on our efforts to increase our renewable energy usage, we are endeavouring to:

- Complete conversations with other licensed companies to increase our scope beyond the Nelson Mandela Bay Municipality and landlords who have green energy generation in place to diversify our energy mix in rented spaces
- Consider Eskom's offer for its existing customers to purchase and use up to 100% of renewable energy through a Renewable Energy Tariff (RET) programme.

Install additional solar photovoltaic to four corporate sites, which will achieve a 2% increase against our overall renewable energy target.

Big 5 Construction Impact Awards 2021



Our Corporate Real Estate Service (CRES), Capital Projects Team in partnership with Turner and Townsend, were awarded the Partnership of the Year award at the Big 5 Construction Impact Awards 2021, held in Dubai.

303 Water

303-1 Interactions with water as a shared resource; 303-2 Management of water discharge-related impacts; 303-3 Water withdrawal; 303-4 Water discharge and 303-5 Water consumption

We are targeting a 100 million litre reduction in water usage by 2030, with an in-year target of 7 million litres. We saved 3.7 million litres of water through our grey water plants and leak detection initiatives in 2021.

We access water from municipal water supplies and, in select circumstances, from boreholes and rainwater harvesting. Our water uses include drinking, cooking, cleaning, irrigation, air-conditioning, showers and toilets. Large offices in South Africa and Botswana have grey water recycling plants that include rainwater harvesting, which is used for flushing toilets. We release discharged water from toilets into the municipal drainage system and into local wastewater treatment plants. We do not process any harsh chemicals.

Africa is largely a water stressed continent and we have experienced drought and water shortages across several regions. Working closely with the local municipalities, we keep abreast of the local restrictions and adaptation strategies for business continuity. Internal measures, such as back-up water systems, have been introduced to ensure that our buildings have access to water. As an extension of our internal water crisis management campaign, we continue to educate and raise awareness among our employees and our communities regarding responsible water usage within our water scarce context.

In our South African property portfolio, water is quality tested according to SANS 241 on a quarterly basis. We also adhere to the Department of Environmental Affairs regulations in respect of the ecological and biodiversity of our campuses. This includes controlling invasive species to protect our indigenous fauna and flora, which consume less water than identified alien species.

In 2021, we continued to install smart meters, of which 87 (2020: 114) were for water (covering approximately 8% of our buildings and 33% of our Net Internal Area in square meters). The number of meters and the coverage reduced due to portfolio movement i.e., sites closed/vacated. There are currently no statistics available to report on water discharge due to the limitation inherent in available cost-effective measurement systems. We plan to increase our water meter installation by a further 15% in 2022.

304 Biodiversity

304-1 Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas

We manage owned and leased premises through an internal environmental management system. Environmental impact assessments are undertaken for large offices prior to construction and during ongoing operations. We do not occupy any protected areas and areas of high biodiversity for our own operational requirements.

Green building certification journey



The real estate portfolio is our main contributor to our direct footprint. To improve our operational efficiencies, we pursue the reduction of our greenhouse gas emissions through certified spaces. In line with our environmental action plan, we are targeting a 33% Group-wide increase in our certified spaces by 2030, with a minimum four-star rating for certification. We are members of the Green Building Council of South Africa (since 2012) and the Kenyan Green Building Council (since 2020). We have increased our occupied corporate buildings to six with four or five-star rating certifications.

To further these efforts, we:

- Continued engagements with landlords to review existing and new lease agreements, with the possibility of incorporating green lease addendums to improve the operational efficiency of the buildings and explore investments in low-carbon technologies
- Registered Towers Main for tenant interior fit-out certification. The building is currently undergoing Round 2 Assessment with the Green Building Council of South Africa. This certification process focuses on the design of the interior of the building, ensuring it optimises energy efficiency as well as occupant health and wellness
- Registered our Auckland Park Call Centre for Existing Building Performance certification, which will be fully assessed and rated in 2022
- We are exploring expansion of the said green certification within our retail spaces from selected sites that are eligible for interior fit-out certification and Existing Building Performance certification in 2022.



Absa insight series:
global resource mix





305 Emissions

305-1 Direct (scope 1) GHG emissions; 305-2 Energy indirect (scope 2) GHG emissions; 305-3 Other indirect (scope 3) GHG emissions; 305-4 GHG emissions intensity; 305-5 Reduction of GHG emissions; 305-6 Emissions ozone depleting substances (ODS) and 305-7 Nitrogen oxides (NOx) sulphur oxides (SOx) and other significant air emissions

We use the latest International Energy Agency and Department for Environment, Food and Rural Affairs guidelines, as well as Eskom emission factors, and apply the Greenhouse Gas Protocol to calculate our carbon footprint. We make use of the GHG protocol to determine our assumptions and inform our calculations, including those used for the operational control consolidation approach. The total carbon emissions in tonnes of carbon dioxide equivalent (CO₂e) were calculated from the three emission scopes (Scope 1, Scope 2 and Scope 3). The total carbon emissions in tonnes of CO₂e was calculated from the three scope of emissions (Scope 1, Scope 2 and Scope 3).

- Scope 1 emissions include emissions from the use of diesel fuel company cars and natural gas in our South African operations
- Scope 2 emissions are all building-related emissions (excluding ATMs, land and parking), including those related to energy consumption from the national electricity grid. For real-estate-related CO₂ emissions, 100% of the reported emissions derive from data provided by onsite representatives, invoices, meter readings and, where no actual data is available, from system-generated estimates. We use both the market-based and location-based method for all Scope 2 emissions calculations
- Scope 3 emissions include business air travel and vehicles used in South Africa only, including private and hired cars. Travel-related emissions cover 100% of travel and have an accuracy rate of 100%. We also account for Scope 3 transmission and distribution loss-related emissions for all buildings across the portfolio.

We do not have biogenic CO₂ emissions in Scope 1 or 3. We do not measure emissions of ozone-depleting substances and nitrogen oxides, sulphur oxides and other significant air emissions on our environmental measurement system as they are not significant.

We are targeting a 51% reduction in carbon emissions by 2030, with an in-year targeted reduction of 3%. This year, we achieved a 1.9% reduction, resulting in an overall 35.0% reduction against the 2018 baseline. Our intensity ratio (total carbon emissions – Scope 1 and 2, limited to carbon dioxide) divided by the total number of full-time

equivalent employees, improved to 5.02 (2020: 4.81) and carbon emission per square metre improved to 0.16 (2020: 0.18). Our energy mix, including cleaner energy sources, such as gas and diesel, resulted in a reduction of our emissions factor to 0.83kg/kWh (2020: 0.82 kg/kWh), which is below that of the national grid average of 1.08kg/kWh.

Our operational footprint is impacted by building occupancy and business travel. Since the lockdown restrictions were imposed, we experienced a significant decrease in our Scope 2 and 3 emissions due to remote working and reduced business travel. Our reliance on back-up generator fuel continued in 2021 due to load shedding. We will be assessing alternative means of powering our buildings, along with methods of enhancing their energy efficiency, such as power factor correction, reducing our demand loads and technology change. We intend to recommence carbon offsetting in 2022.

GHG emissions (tonnes CO ₂)	2019	2020	2021
Scope 1	22 019	13 458	11 834^{LA}
Gas	16 309	7 566	7 350
Company cars	4 334	3 341	2 815
Diesel	1 376	2 051	1 669
Scope 2	196 662	163 086	165 120
Real estate (national grid electricity)	196 662	163 086	
Real estate (national grid electricity) – market based			149 930^{LA}
Real estate (national grid electricity) – location based			15 190^{LA}
Scope 3	29 848	19 602	15 415^{LA}
Flights	8 313	3 338	270
Transmission and distribution	17 008	13 782	14 314
Private cars	4 422	2 371	811
Car hire	105	111	20
Total	248 529	196 146 ^{LA}	192 369^{LA}

^{LA} Limited Assurance PwC conducted limited assurance on the total energy use and carbon emission indicators, designated with a 'LA' marking.

 The assurance report is available at
<https://www.absa.africa/absafrica/investor-relations/annual-reports/>
<https://www.absa.africa/content/dam/africa/absafrica/pdf/sens/2021/Absa-Group-Limited-assurance-definitions.pdf>

Environmental awareness campaigns

The new normal has resulted in an abrupt change in how we work, but it also afforded us a chance to re-evaluate how we can do things differently. COVID-19 has tested our adaptability and it is important to recognise the challenges and opportunities, and how we can continuously reduce our carbon footprint and promote behavioural patterns of space use in a more efficient and sustainable manner.

Behavioural change is a key driver to reduce our carbon footprint. Group-wide, we have led a series of environmental activities and campaigns to drive awareness and employee involvement. Annually, we consider thought provoking topics that will enable our employees to grow in their understanding of the environmental sustainability agenda and to partake in the reduction plans.

We reached all our business functions through virtual in-conversation sessions aimed at celebrating World Water Day and World Environment Day. We had external representation from Joburg Water, Rand Water, The Department of Forestry, Fisheries, and the Environment, The Botanical Society of South Africa, The South African National Biodiversity Institute and our in-house experts. These in-conversations examined topics that directly affect our operations, our employees as citizens and our continent, such as water scarcity, ecosystem restoration, energy shortages and environmental protection. Subsequently, we pledged 100 trees to be planted in Absa's South African operations, in support of the United Nations Environmental Programme (UNEP)'s Ecosystem restoration 2030 plan. The communication also continued at a regional level, specifically the Eastern Cape, where a Water Crises Management committee was established and water ambassadors appointed. Weekly communications on water scarcity, dam levels, regional restrictions and saving initiatives were explored to ensure business continuity and resilience in the affected Absa facilities.



306 Effluents and waste

306-1 Water discharge by quality and destination; 306-2 Waste by type and disposal method; 306-3 Significant spills; 306-4 Transport of hazardous waste and 306-5 Water bodies affected by water discharges and/or runoff

In partnership with an accredited waste partner, we sort and recycle recyclable waste and compost food waste. To improve the accuracy and robustness of our waste reporting, the measurement methodology was amended in 2019 to report by weight (in tonnes) instead of by volume (m³). Our waste management service providers are registered to transport all waste off our properties.

By 2030, we are targeting an 80% increase in our recycled waste, with an in-year targeted increase of 70%. We recycled 64.8% of our total waste generated. This percentage was lower than targeted as our waste collections and reporting were negatively impacted by COVID-19-related factors, including:

- Government regulations enforced waste management activities to operate at 50% capacity and 9m² per person (during collection, separation at source and at waste areas, during transportation from the holding areas and to the landfill sites)
- Waste volumes were reduced by remote working and fewer canteen services. Less printing resulted in only 378 tonnes available for recycling (2020: 46 tonnes). Biodegradable packaging was also impacted with only 9 tonnes being recycled (2020: four tonnes).

We monitor our generators and fuel levels remotely. No fuel spills occurred in 2021.

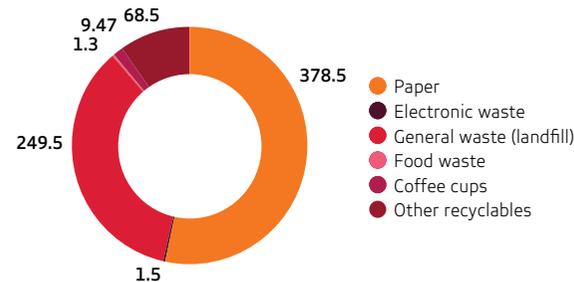
We manage e-waste in an environmentally friendly manner through a credible service provider, which issues Absa with certificates of destruction for all assets disposed of. If assets are still in a good condition, they are either sold, re-purposed or donated.

All of our IT equipment is manufactured by global Original Equipment Manufacturers, with the majority of items currently being procured having an Energy Star rating of 8. The monitors are EPEAT Gold rated. We continue to invest in our estate which is relatively new, with most items being refreshed in five years or less.

We do not report on water discharge by quality and destination. Stormwater runoff through our car parks has a minimal impact on our environment.

	2018 (m ³)	2020 (tonnes)	2021 (tonnes)
Recycling rate			
Total waste	13 334	1 903	709
Recycled waste	7 127	1126	459
Waste to landfill	6 112	777	250

Waste per type (South Africa only)
(tonnes)



307-1 Non-compliance with environmental laws and regulations

We aim to meet all relevant environmental legislation and regulations. There have been no reportable environmental incidents of non-compliance in our property portfolio.

Carbon tax

In February 2019, the Carbon Tax Bill was passed in alignment with South Africa’s commitment to the Paris Climate Agreement to reduce greenhouse gas emissions by 42% by 2025. The first phase of South Africa’s carbon tax came into effect in June 2019 and will run until December 2022, after which it will be reviewed. The tax follows the polluter-pays principle, whereby companies that exceed stipulated threshold activities will be penalised R120 per tonne of CO₂ emitted.

In 2021, the carbon tax rate increased to R134 per tonne of CO₂ emitted in comparison to the R127 per tonne of CO₂ emitted from prior year. Even though we anticipated an increase in the tax rate, the reduction in our carbon footprint has resulted in low tax liability costs. Our carbon tax risk continues to be mitigated and monitored through the investment of an internal carbon pricing mechanism to drive internal behavioural change, efficiencies, and low-carbon opportunities. This cost is presently included in our medium-term plans.

Our tax liability is determined from the amount of gas and diesel fuel consumed in our property portfolio for back-up power generation. Our current generator capacity nation-wide (376 back-up diesel and natural gas generators) exceeds the 10MW (th) threshold with a capacity of 274MW (th).

Energy performance certification

South African Energy Performance Certification regulation came into effect from December 2020, and we have identified sites within the thresholds and have a response plan to meet the requirements.

It applies to non-residential buildings that have not undergone major renovations within the last two years of operation and any existing building with a net floor area above 2 000m². These buildings must display energy/m² and obtain certificates for energy performance by December 2022.

In August 2021, we became the first bank to achieve compliance with the country’s new building energy performance regulations for Absa Oude Bloemhof Building in Stellenbosch after a comprehensive building energy performance assessment in accordance with SANS 1544. With a C-rating, the building performs above average and complies with the new government regulations.

We will endeavour to improve on this rating in the future, in line with our Road to Green strategy which includes increasing our renewable energy use, occupying green star rated or efficient spaces, using efficient technology in all our buildings, reducing our overall carbon footprint, and offsetting our excess carbon. The certification of the remaining 56 sites will form part of our 2022 execution plan, including engagements with landlords for rented spaces falling within the thresholds.

400 Social

401 Employment

Our employee strategy



Our people ambition aims to create a thriving, future-fit organisation that attracts, develops, and retains a winning, talented and diverse team. We aim to bring possibilities to life by aligning the lived experiences of our employees to our intent: building a shared sense of belonging through our culture; and enabling empowered decision-making, where colleagues feel engaged and ready. Our culture journey centres on becoming customer-obsessed, acknowledging the strength of our people, and delivering results sustainably – grounded in strong ethical values. We remain aligned with the Group Operational Risk policies and standards in applying risk management practices to our human capital. Our remuneration approach and disclosures fully comply with regulatory and statutory provisions relating to reward governance in all the countries in which we operate. The Transformation, Diversity and Inclusion strategy continues to contribute towards a diverse workforce and inclusive environment by improving race and gender representation across all levels, with a specific focus on enhancing diversity in our senior levels.

We support flexible working arrangements as an alternative and encourage managers to access flexible and alternative ways of working. Flexitime is permitted, subject to operational requirements and country-specific rules. We agreed the implementation of flexitime with the employees – there is no general entitlement to these arrangements. Branch network employees may be employed on flexible working arrangements, the details of which are recorded in their employment contracts.

Our employee risk appetite statement



We seek to:

- Recruit, train, develop and retain an appropriate level of skilled and capable human capital, in line with an effective operating model design for resourcing, supporting systems, diversity and performance
- Align remuneration to support the delivery of strategic objectives to ensure the efficient usage of financial resources, in accordance with the approved risk appetite
- Set an example for a high performing and values-based culture.

Absa has no tolerance for any form of discrimination or prejudicial treatment based on age, culture, race, gender and disability, including harassment of any kind. We have no tolerance for fraud perpetrated by employees and consider such to be unacceptable behaviour.

A winning, talented and diverse team



Competitive advantage through culture

Refreshed and embedded culture aspiration via a clearly understood change narrative and role modelling from the top.



Home of Africa's leading talent

- Diversity and inclusion, driven by enhanced talent-attraction and retention
- Strong and diverse talent and leadership pipeline at all levels
- Allocation of talent to key priorities and value drivers, enabled by mobility and flexibility across Absa.



Distributed leadership organised around clients

Clarified decision-rights and ways of work to enable effective decision-making, improved autonomy and speed of decisions at all levels.



Supported and enabled colleagues

- Compelling and consistent employee experience (including greater flexibility and wellness)
- Reskilling and tools in place to enable the future world of work.

401-1 New employee hires and employee turnover

We filled 7 081 vacancies in 2021, including new hires, promotions and transfers (2020: 4 277), of which 2 094 (29.6%) were new hires, and 4 987 (70.4%) were internal candidates (2020: 74.6%). Of these 1 812 (36.3%) were promotions. In total, 955 (45.6%) (2020: 45.5%) of our new hires were women and 837 (46.2%) (2020: 51.7%) of internal promotions were awarded to women.

Employee profile	2020	2021
Total number of employees at the beginning of the year	38 472	36 737
New hires (permanent employees)	1 075	1 472
Terminations (permanent employees)	2 610	3 072
Resignation	1 636	1 795
Retirement	400	416
Voluntary retrenchments	23	117
Involuntary retrenchments	275	356
Death in service	61	143
Dismissal	215	245
Net terminated temporary employees	200	130
Total number of employees at the end of the year	36 737	35 267

Employee movements	2020	2021
Vacancies filled	4 277	7 081
Of which were internal candidates	74.6%	70.4%
New hires (permanent employees)		
– women	44.7%	45.3%
High performers retained	96.5%	95.4%
Employee turnover	7.0%	8.7%
Male	8.4%	10.1%
Female	6.2%	8.0%
Voluntary attrition	4.9%	6.4%

Tenure	2020	2021
0 – 2 years	16.9%	14.1%
3 – 5 years	18.4%	18.7%
6 – 10 years	21.4%	22.5%
11 – 20 years	30.3%	31.8%
21 – 30 years	8.6%	8.3%
31 – 40 years	4.2%	4.3%
>40 years	0.1%	0.2%

Our population, new hires and leavers per age group

Age group	Group population	New hires (4.2%)	Leavers (8.7%)
<20	0.0%	0.1%	0.0%
20-29	10.4%	32.7%	12.7%
30-39	43.7%	49.3%	40.5%
40-49	30.6%	14.6%	23.2%
50-59	13.5%	3.2%	15.5%
> 60 years	1.8%	0.1%	8.1%

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

We offer permanent full-time and part-time employees a range of employee benefits including the core benefits of retirement savings, medical schemes and death and disability cover. Temporary employees make their own arrangements for these benefits. The Group's pension schemes include defined contribution and defined benefit schemes and, in some instances, post-retirement medical assistance plans which are accounted for using the same methodology as for defined benefit pension schemes. Other benefits are aligned with local regulatory requirements and local practise. Leave is offered for several circumstances such as holiday leave, sick leave, study leave and compassionate leave among others.

Diving deeper: [↓](#) 2021 Annual Consolidated and Separate Financial Statements, Accounting Policies

401-3 Parental leave

Parental (maternal and paternal) leave is considered within the context of overall leave benefits afforded to our employees, which is informed by local regulation and market practice. We do not discriminate based on gender when considering parental leave.

All parents, including mothers, fathers, adoptive parents and surrogates may be entitled to benefits under this section.

For cases involving a surrogacy arrangement, the length and type of leave to use depends on which side of the surrogacy the individual lies. A new parent via surrogacy would fall under maternity/parental leave. An employee who carried a surrogate baby would likely use sick leave and annual leave but could have the discussion with their manager to determine the best course of action. Each case is considered on its own merits.

1 931 employees used the parental leave benefit during 2021 (2020: 1 907).





South Africa (permanent employees)	
Maternity/adoption leave	87 days
Parental leave	10 days within the first month after birth
Child less than two months	Additional two months as annual or unpaid leave
Adoption of children three to seven years	1 month
Adoption of children seven years and older	10 days
Adoption if both parents work for the Group (including same-sex parents)	One parent is entitled to adoption leave. The other parent is entitled to paid parental leave of 10 days, granted on the birth or adoption of a child if the employee is not otherwise entitled to maternity or adoption leave.
South Africa (non-permanent employees)	
Non-permanent employees	Do not receive paid maternity/parental leave but are entitled to four months of unpaid leave or 10 days parental leave, as appropriate, during which time they are able to claim from the Unemployment Insurance Fund.
Absa Regional Operations	
Permanent employees	Informed by local market practice, maternity leave is between 60 and 90 days, while paternity leave varies between one and 14 days.

Organised labour plays a prominent role during any significant business restructuring process. For example, in South Africa, employees in the corporate grades of Assistant Vice President and below are represented by Sasbo.

Moreover, in South Africa, operational changes follow a consultation process, which is then followed by a notice of termination. In the case of a facilitated large-scale retrenchment process, a minimum of 60 days needs to elapse from the issuing of the notice before notice of termination may be issued. We follow a two-pronged approach based on corporate grade or union affiliation:

- Employees covered by a collective agreement: Notice is provided to the recognised union to commence consultations as soon as reasonably possible. Consultations take place on a bimonthly basis, after which union consultation notices are issued to employees informing them of the impact and the process to follow. If the affected employees are not placed in jobs within the new structure, they can elect to exit or to commence a reassignment period of three months. After a final consultation with the union, a notice of termination and contractual notice period follows, for which payment may be made in lieu. While the process is substantively similar in Absa Regional Operations, the process must be finalised within three months
- Employees not covered by a collective agreement: Consultation commences with the individual. Consultation is first completed on the business case before covering the relevant elements of the Labour Relations Act. Consultation meetings are hosted within five days of each other until all elements have been addressed.

We support all our employees in making informed and positive choices regarding their working lives, either in relation to future opportunities within the Group or, in some instances, in relation to opportunities outside the Group. This service is available to our employees across job grades, race and gender.

We undertook reassignments/retrenchments in 2021.

Reassignment is a process whereby the bank and the affected employee attempt to find alternative employment in the bank. It is the affected employee's responsibility to consider vacancies and apply for them to secure alternative employment.

Once consultation on the need for the new restructure has been exhausted and the new structure has been implemented, the unplaced employee will be considered for reassignment.

The Colleague Support Programme will follow as soon as the affected employee opts to participate in the programme. If the employee opts out of the programme, Absa will be responsible for taking reasonable measures to assist the employee find an alternative role in the first month of reassignment. The employee will be responsible for finding an alternative role in the remaining two months of reassignment if an alternative role is not secured in the first month.

Should the reassignment period come to an end at any stage between 30 November and 31 December, then the reassignment period will be extended by 30 consecutive days.

The bank will use its discretion to determine whether or not the employee should continue reporting to work during the reassignment period or attend training. In both cases, the employee must be available to consult with the bank and participate actively in employee support activities.

The bank will take reasonable steps to ensure that the employee has access to its recruitment portal.

Affected employees who apply for a retrenchment without reassignment package (which is approved) will be excluded from reassignment.

The Colleague Support Programme has four focus areas, delivered physically and virtually through support centres, including:

- Support to find an alternative role in Absa through a dedicated redeployment consultant
- Outplacement support for three months from the time of initiation to help employees develop their career proposition (including developing a CV and enhancing their interview skills) and access to opportunities outside Absa
- Opportunities for the affected colleague to develop new skills
- Support for the affected colleague to explore entrepreneurial opportunities.

Throughout the three-month period, the redeployment consultant will continue to assist the employee to find roles at Absa and access a wide range of support mechanisms. This period can extend to six months after the employee has left Absa.

402 Labour/management relations

402-1 Minimum notice periods regarding operational changes

Digitisation, process re-engineering and specialisation all seek to improve business performance and efficiencies. These endeavours can, however, lead to a constantly evolving workplace that impacts our employees. With this in mind, we seek to mitigate the negative impacts on our people during periods of change.

403 Occupational health and safety

COVID-19 response

The COVID-19 pandemic elevated health and wellbeing as a strategic business imperative and as an enabler for employee engagement and superior business performance. Our responses were informed by guidelines from world health authority bodies, most notably, the World Health Organization, various centres for disease control and prevention and the South African National Institute of Communicable Diseases.

We activated the Group's pandemic response plan and established an internal COVID-19 advisory board that was co-chaired by the Group Chief Risk Officer and the Chief Executive: Employees and Culture.

The advisory board constituted a multi-disciplinary team of senior leaders, subject-matter experts and representatives from all business clusters and Group functions. A critical focus was to set policy responses while monitoring compliance and ensuring that enterprise-wide protocols were implemented.

COVID-19 hotline

24 310 calls logged

(2020: 29 985).

Our COVID-19 hotline went live in March 2020 and remains available to all employees as a first port of call for COVID-19 queries. The service, delivered through the medical division of ICAS, provides medical information, direction regarding medical testing sites and comprehensive practical resources, as well as workplace contact tracing.



Education and awareness

Education and awareness were critical to our employee health and safety response. To this end, COVID-19 Employee and Employees Manager Toolkits were developed and updated in 2021. To provide further support for our employees, we developed a Thriving Remotely toolkit. Toolkits outline the Absa health and hygiene protocols and the roles and responsibilities of employees and employees' managers during the pandemic.



COVID-19 protocols

The COVID-19 Absa Building and Visitors' Protocols were implemented as additional safeguards. To encourage the reporting of possible exposure to COVID-19 and adherence to self-quarantine requirements for employees, we updated the Special Sick Leave Policy to ensure that employees are paid during this period.

1 606 employees made use of this benefit (2020: 1 303).

A total of 11 579 employees made use of the COVID-19 Vaccination leave benefit.



Mental health and wellbeing

58.5% in the utilisation of our employee assistance programme

The pandemic heightened mental health stressors.

We noted an evolution in the problem-types acknowledged by employees during the year. For example, COVID-19 formed part of the health and lifestyle category in 2020 but was elevated to its own category in 2021. Conversely, stress was acknowledged as its own category in 2020 but was merged into the mental health category in 2021. Therefore, the top three reasons for employees accessing the programme included COVID-19, relationship issues and mental health, compared to 2020, where the top three were health and lifestyle, relationship issues and stress.

Our comprehensive mental health programme encompasses mindfulness, exercise and daily health tips. We continued to drive mental health awareness in 2021, hosting weekly mindfulness sessions and monthly mindfulness masterclasses. Further, the mindful revolution team launched a mental health app, which enabled employees to access resources and tools that enable them to proactively manage their mental health journey.

Mental health tip of the day

Bank on yourself.

Think of your mental and emotional health as a **long-term investment**. Put a little in **every day**, whether it's joining the weekly **Mindful Monday** sessions, starting a daily **gratitude journal**, joining the **support groups**, or spending the time to research the best **health care pros** so you can get the support you need.



Mental health tip of the day

In South Africa, **ICAS** offers **free** counselling to **you and your dependents**. Please call them on **0860 611 262**.

Colleagues in **ARO** must contact their **People Partners** for the **EWP** available to them or email **wellness@absa.co.za**

Financial wellbeing

We **launched a financial wellness masterclass** focusing on employees who signed up for the debt consolidation programme and those who were interested in gaining financial literacy skills.

We increased financial wellness support and education to incorporate basic budgeting skills, financial planning and information on relief measures available to qualifying employees due to changes in personal circumstances.

Of the 882 enquiries, 324 employees qualified for debt relief support (2020: 588; 221).

We identify employees under distress by high-risk overdraft reviews and by running staff debt consolidation. We consolidate unsecured debt, provided that the assessment reflects affordability. The consolidation loan is at a staff rate. Employees who do not qualify for consolidation are referred to ICAS for financial coaching and debt counselling.

Macroeconomic challenges will likely persist, and we aim to support employees to achieve sustainable financial wellbeing within this challenging context.



Management of chronic diseases



4 769 employees underwent personal health assessments (2020: 3 430) and 4 014 completed HIV counselling and testing (2020: 3 044).

Non-communicable diseases remain the highest cause of morbidity in our employees. Our strategy is aimed at education and awareness, prevention, early detection and early access to treatment. This is achieved through partnering with our medical insurance provider through onsite wellness days, where employees have an opportunity to undergo personal health assessments. Regrettably, due to COVID-19, no onsite wellness days were held. However, employees were encouraged to make use of offsite facilities and the services of their primary healthcare providers.

Health and wellness tip

Create a regular meal Plan

Meal planning makes it easier to save money and eat healthier

Pick a day of the week that you always do your **shopping, create a list** of the items you need and **stick to it**



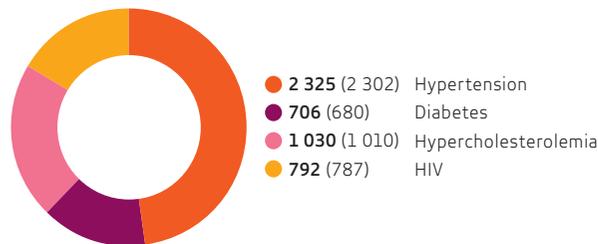
Try a meditation app

Meditation is an excellent way to **calm** your **mind** and **focus** on the present moment

Don't know where to start? Try the MindfulRevolution 'Wellmind' App



Employees (South Africa) with underlying chronic diseases of lifestyle



Various other measures were implemented in line with the health and safety guidelines issued by the South African Department of Labour and Employment, as well as findings from our internal health risk assessment. This included:

- Reviewing air ventilation rates to ensure that air quality meet the regulatory requirements
- Enhancing administrative controls to encourage social distancing and to ensure employees were provided with up-to-date education and training on COVID-19 risk factors and protective behaviours
- Encouraging safe work practices by providing resources, such as personal protective equipment and enhanced hygiene protocols, including alcohol-based hand sanitisers. Our plans and approach were shared with all relevant internal and external stakeholders to further collaboration. A few notable examples included:
 - Through Absa's participation, Bankmed, our South African medical scheme, made provision for COVID-19 testing from insured benefits, full cover for treatment costs incurred in and out of hospital and a waiver on hospital network restrictions. An isolation hotel benefit was made available to all members infected with COVID-19 who were unable to self-isolate safely at home
 - We engaged regularly with Sasbo to place the health and safety of employees at the core of our COVID-19 response
 - Absa Regional Operations proactively engaged with a broad range of stakeholders on appropriate COVID-19 employee and customer safety protocols. Stakeholders engaged included our regulators, health authorities, industry bodies and trade unions. These engagements continue, increasingly focusing on ensuring our employees are classified as essential workers and are prioritised in the national vaccine rollout plans as further protecting our employees will make our work environments even safer for our customers.

403-1 Occupational health and safety management system

The Group has zero tolerance towards harm to employees or non-compliance with relevant legislation. While not a legislative requirement in any jurisdiction of our operations, we manage occupational health and safety (OHS) for the Group through our Enterprise Risk Management Framework. Our OHS Framework encompasses the OHS Policy, standards, various OHS procedures, a control library and key indicators. The framework sets out the statement of commitment and minimum mandatory controls and actions that business areas and functions must implement and adhere to in addition to relevant national and local legislation. Key South African regulations include the Compensation for Occupational Injuries and Diseases Act, the Occupational Health and Safety Act and Basic Conditions of Employment. In our Absa Regional Operations presence countries, we adhere to local legislation and in the absence thereof, apply Absa South Africa policy and procedures.

Our Board Social, Sustainability and Ethics Committee receives regular, comprehensive updates on the Group's OHS performance.

- In 2020, the focus of the organisation shifted from our business-as-usual OHS activities to implementation of COVID-19 regulations and protocols within our buildings. During 2021, we continued to monitor and manage the COVID-19 building protocols but also explored alternative options of implementing general OHS protocols within our buildings and focused on educating our employees in terms of office safety and safety while working remotely. We introduced the OHS365 campaign in April 2021 and launched specific safety topics on numerous communication platforms, including Workplace, Newsflash, 5in2, and Sharepoint. In October 2021, we launched our compulsory OHS general awareness training. Included in the South African employee training is the introduction of a new ergonomics questionnaire in response to newly published South African Ergonomic Regulations promulgated in December 2019. This data will allow us



to proactively identify any ergonomic risks that may impact employee health and assist in obtaining the correct equipment and furniture, where needed. Ergonomic requirements are not yet regulated in Absa Regional Operations, but the ergonomist is actively involved in the design of new office space, procurement of ergonomically approved furniture and information support.

Internal and external annual testing and assurance reviews are performed to assess the effectiveness of our controls. In 2021, we were able to complete the following compliance tests on our buildings:

- Conformance tests were completed for 140 retail branches and 33 corporate sites, and hygiene assessments were completed for 99 retail branches and 13 corporate sites. These tests were conducted by our third-party facilities management partner. No critical non-conformances were identified during any of these assessments
- Asbestos surveys were conducted at 128 sites (corporate sites and retail). No high-risk asbestos issues were identified during these surveys. Remediation projects were completed at 10 sites where medium risk issues were identified and the remainder of the low-risk sites will be addressed during 2022/2023.

Continued testing in 2022 will be dependent on the lockdown restrictions imposed during the year.

Our protocols, compliance and adherence to the Disaster Management Act 2020 and COVID-19 regulations issued by the South African Department of Employment and Labour were tested by the Group Compliance team in 2021. No major findings were identified.

Compliance and adherence testing was also conducted in Absa Ghana, Botswana and Zambia against protocols, restrictions and instructions issued by local authorities. No major findings were identified. Additional compliance testing was conducted by Group Compliance on our overall compliance to the Occupational Health and Safety Act 85 of 1993. A Satisfactory rating was awarded with no major findings identified.

403-2 Hazard identification, risk assessment, and incident investigation

Our OHS department carries out hazard identification and risk assessment, as well as monitoring and reporting of accidents and incidents. Identified issues are tracked until resolution, with major risks escalated to senior management. Investigations of work-related

incidents form part of the management system approach, including identifying hazards and assessing related risks, determining root causes and corrective actions using a control hierarchy, and identifying possible system improvements. If necessary, new or revised controls are implemented.

Employees and the OHS department have the authority to stop potentially hazardous work and can report any work-related hazards, injuries or accidents to the building facilities management employees, OHS representative and/or Group OHS. South African employees can use an OHS emergency line to request medical assistance at home or in the office. Employees are encouraged to report all potential hazards on the Corporate Real Estate Solutions or OHS workplace pages on the Group's intranet for immediate action.

Specific OHS processes were introduced to manage the sites that were operational during the COVID-19 pandemic. Our facility managers conducted monthly inspections at all operational premises.

Telephonic inspections/checks were scheduled between facility managers and the branch managers to determine the status of the branch and to escalate any incidences of non-compliance that could potentially cause harm to employees or customers.

Every second year, Group Compliance reviews the management system, risk culture and management of risks. During 2021, Group Compliance audited the Corporate Real Estate Solutions for our COVID-19 controls implemented for the pandemic. The results from the conformance test were satisfactory.

Additional compliance testing was conducted by Group Compliance on our overall compliance to the Occupational Health and Safety Act 85 of 1993. A Satisfactory rating was awarded with no major findings identified.

403-3 Occupational health services

The International Labour Organization Occupational Health Services Convention No. 161 defines occupational health services as services that fulfil a preventative function. Their function is to advise employers, employees and their representatives on the requirements to be met to establish and maintain a safe and healthy working environment.

The working environment should support optimal physical and mental health and allow for adaptation to the capabilities of workers based on their individual physical and mental health.

Our wellness strategy aims to empower employees to proactively manage their wellbeing to achieve a holistic state of physical and mental health and wellness – not merely an absence of disease.

Wellness is rooted in prevention, awareness and education, health promotion, prompt identification of early warning signs and timely access to care and support. Our approach uses a multi-disciplinary and multi-stakeholder model, encompassing all eight dimensions of wellbeing.

Programme delivery is supported by various employee wellness service providers, such as ICAS in South Africa and Botswana and AON in Kenya. The reports provided to Absa outline usage trends, underlying factors and possible corrective measures, not individual employee information, ensuring confidentiality.

South African employees have access to the ICAS offering On-The-Go wellness and Wellmind apps. The Wellmind app is a mental health app that enables employees to access mindfulness practices and tools to assist with their mental wellbeing journeys.

Our absentee rate was 1.71% (2020: 1.12%), which increases to 1.73% (2020: 1.14%) when including special sick leave, such as quarantine leave.

Gender-based violence

South Africa has one of the highest incidences of gender-based violence and femicide (GBVF) in the world. During 2020, an alarming upsurge of violence against women was noted following COVID-19 lockdown measures. Regrettably, this trend has persisted. We likewise saw an increase in the number of GBVF cases reported by employees (interpersonal relationships outside the office) (153 up from 119 in 2020). In response, we sought to raise awareness while increasing the support and resources available to victims and survivors of gender-based violence, including access to professional counselling, workplace support groups, legal advice and safe homes. In support of the 2021 United Nations' 16 Days of Activism against gender-based violence (GBV) campaign, themed 'GBV in the World of Work – Progressing from Awareness to Action and Accountability All Year Round', we hosted focused dialogues among our employees across all Absa presence countries, to gain insights on the effectiveness of the Group's current approaches to GBV in the workplace, and inform measures to be taken both in policy and practice to advance both response and prevention measures.

Promoting gender equality and dignity

Absa is committed to advancing gender equality in policy and practice. We have a zero-tolerance approach towards gender-based violence and femicide (GBVF). Moreover, we recognise the need for society to come together to create an environment in which women and girl children can be safe – in their homes, in our communities and at work.

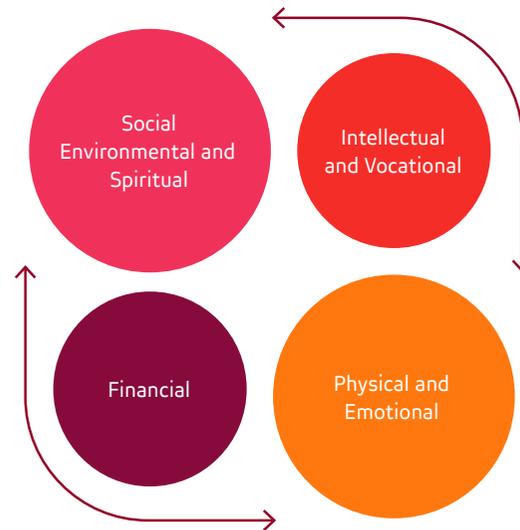
To address this critical need, Absa has committed to supporting South Africa’s National Strategic Plan on GBVF by contributing R10 million towards the newly established GBVF Private Sector Response Fund. The fund will mobilise resources to enable scalable programmes, targeting prevention and response to GBVF across South Africa. We are offering basic marketing activities, as well as supplying free banking services for the first 12 months.

Since the inception of the GBVF Private Sector Response Fund in 2021, the Fund has received R200 million in pledges. The first tranche of R69 million was paid to 110 qualifying, high-impact community-based and intermediate organisations. Initiatives implemented by the selected grant partners will impact women, children, the LGBTQIA+ community, and other vulnerable groups. Based on the selected organisations’ implementation targets, as many as 6.1 million women, 383 000 children, 76 700 people living with disabilities, and 51 000 youth will benefit from the coordinated programmes and strategies.

This support builds on various initiatives undertaken by the Group to promote gender equality, working with men and women in our communities to shift mindsets and help break the cycle of violence through training interventions; engaging in dialogue with Absa staff to ensure meaningful, fit-for-purpose policies, processes, and approaches; supporting platforms that profile and raise awareness, such as the Gender Mainstreaming Awards; and collaborating with multiple institutions to ensure a portion of public procurement spend is earmarked for women-owned businesses.

403-4 Worker participation, consultation, and communication on occupational health and safety

Worker participation and consultation is part of OHS within our Enterprise Risk Management Framework. OHS information is published on the Group’s intranet site, in our policies and procedures, as well as on a dedicated OHS intranet page and OHS Workplace page.



In South Africa, a formal management-worker health and safety committee is a legal requirement. We hold quarterly committee meetings for all corporate buildings, at which OHS representatives are appointed. These meetings are a platform to discuss OHS matters, including any work-related injuries that may have occurred within the past quarter, as well as upcoming projects and events that might have an OHS impact on employees. Recognised trade unions can provide input into the Group’s OHS approach annually. This may, for example, relate to the appointment of representatives.

403-5 Worker training on occupational health and safety

Mandatory OHS general awareness training encourages personal ownership of safety while being mindful of the safety of fellow employees. Training delineates the roles and responsibilities in terms of OHS, and provides essential information about emergency evacuation procedures, the identification of hazards and the importance of ergonomics within the workplace.

Due to COVID-19, training was focused on the roles and responsibilities of managers and employees. Other topics included evacuation procedures, how to handle workplace injuries and injuries at home, as well as how to set up an ergonomic workstation in the office or when working remotely. As at 10 January 2022, 42% of employees completed a 30-minute interactive training module with the due date of 22 February 2022.

403-6 Promotion of worker health

We updated our annual OHS 365 campaign to focus on implementing and monitoring COVID-19 protocols and standards. Various toolkits were designed and shared to educate employees on our new ways of working in our offices, as well as remote working.

Employees were made aware of the necessary procedures to log identified hazards or risks within the workplace through the facilities call centre and through dedicated channels, such as line managers, the facilities help desk, their OHS representative, Group OHS or their local OHS committees.

Furthermore, several mechanisms were used to support worker health, including:

- Providing education to increase awareness of the early detection of communicable and non-communicable diseases and offering early referral mechanisms. We align with the World Health Organization’s calendar and use the opportunities it presents to address specific organisational factors that have a significant impact on employee health and wellbeing, such as stress and mental illness
- Subsidising medical aid cover for employees to ensure that they have access to private healthcare services at a reasonable cost
- Offering annual health risk assessments to employees and contractors through our Know Your Numbers campaign, which helps individuals to identify health risks and to manage their health while providing up-to-date Group data to ensure that our internal health programmes are current, relevant and are addressing the main risk factors identified during screening. As 60% of our employees worked remotely, no wellness days were hosted in 2021
- Running four primary healthcare clinics in regional offices in South Africa
- Supporting employees and their dependents living with disabilities through educational grants for dependents and the procurement of devices they may need to help them meet their needs.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

All our premises are managed and maintained on strict schedules by industry specialists in accordance with regulation and law. Monthly site inspections identify, record and track hazards and risks for remediation. We maintain records of all services and conditions.

403-8 Workers covered by an occupational health and safety management system

In South Africa, all employees are registered with the compensation fund, while contracted workers and consultants are registered by their respective employers. We ensure that our OHS management system supports the provisions of safe and clean premises for all our employees and customers. We are regularly audited by the Department of Labour in South Africa and similar government departments in our other countries to assess compliance. Within our Absa Regional Operations, the mechanisms vary with some reporting to the local Department of Health while others are required to report it to their insurance companies.

403-9 Work-related injuries and 403-10 Work-related ill health

99% of our employees are administrative and office workers and their functions are considered low risk for work-related diseases and injuries. Should a claim arise, we follow the directives provided in the South African Compensation for Occupational Injuries and Diseases Act. Our injury rate excludes contractors.

	2020	2021
Work-related injuries	52	25
Days lost due to injuries	124	185
Fatalities	nil	nil
Work-injury rate (South Africa)	0.11	0.06
Work-injury rate (Absa Regional Operations)	0.08	0.03
Employees completing training on OHS policy and procedures	94%	40.4%
Total number of person days lost due to industrial action	nil	nil
Percentage of total person days lost due to industrial action	nil	nil
Fatal-injury frequency rate (number of fatalities per 200 000 person hours worked)	nil	nil
Lost-time injury frequency rate (number of lost-time injuries per 200 000 person hours worked) (South Africa)	0.11	0.06
Lost-time injury frequency rate (number of lost-time injuries per 200 000 person hours worked) (Absa Regional Operations)	0.02	0.03
Number of lost-time injuries (injuries on duty leading to at least one lost day)	20	14
Number of first aid cases (injuries on duty leading to minor treatments, such as a plaster or a pain tablet)	14	10
Number of medical treatment cases (injuries on duty leading to medical treatment, but no lost days)	27	15

404 Training and education

Absa's learning and career development practices ranked above global best practice benchmarks in an independent audit conducted by the Top Employer Institute in 2021. In addition, 87.4% of employees who completed Absa's 2021 Colleague Experience survey reported that they had access to the learning and development opportunities they needed. Having successfully transitioned to a 100% virtual-based learning ecosystem in 2020, we have maintained our focus and investments on a future-fit learning agenda to enhance the technical, leadership, functional and management skills of our workforce in line with strategic business requirements and the evolving world of work. Our total skills development spend was R559 million, benefiting employees and unemployed learners. R 449 million was directly invested in the training and development of our employees. (2020: R822 million; R406 million).

In South Africa, we remain focused on developing scarce and critical skills identified through robust workforce skills planning within specific populations, including black, women and people living with disabilities. Our 2021 skills development activities included graduate programmes, on-the-job training, structured leadership, management and technical skill building offerings, access to self-driven learning platforms, bursaries and scholarships for tertiary qualifications, and learnerships/internships for employed and unemployed individuals.

All business units identify strategic needs as part of the business review process, as well as the workplace skills plan process. Learning is assigned to individuals that is aligned to their workplace skills plan. Other learning is based on the individual's developments plans. Employees also have access to learning platforms, programmes and masterclasses that they can select to attend.

404-1 Average hours of training per year per employee

The data presented below focuses on internal training and currently excludes tertiary education, external training programmes, seminars and continuing education programmes.

Our total average training hours per person was 55.33 (2020: 56.42).

Average training hours per person, by gender and by race, excluding compliance training

		African	Coloured	Indian	White	Not disclosed	Total
2021	Total	54.71	55.51	53.10	51.12	17.31	43.77
	Female	56.84	57.36	63.17	54.44	16.95	47.66
	Male	50.64	51.03	39.86	45.91	17.73	37.80
	Not known	-	-	-	-	14.14	14.14
2020 ¹	Total	33.76	40.66	30.76	29.24	12.50	29.71
	Female	42.34	43.12	36.26	35.05	12.43	33.96
	Male	31.89	34.81	23.58	19.98	12.56	23.02
	Not known	38.76	38.91	25.36	30.11	15.16	30.12

¹ 2020 not restated to include Digital Campus participation.

Average training hours per person, by gender and by race, including compliance training

		African	Coloured	Indian	White	Not disclosed	Total
2021	Total	69.08	69.02	62.97	62.67	24.59	55.33
	Female	72.10	71.41	73.66	67.14	24.23	60.20
	Male	63.32	63.24	48.91	55.66	24.97	47.84
	Not known	–	–	–	–	24.39	24.39
2020 ¹	Total	44.90	47.54	33.21	35.93	17.30	35.39
	Female	48.95	50.39	36.26	42.32	18.33	40.17
	Male	37.12	40.76	29.22	25.76	16.19	27.89
	Not known	–	–	–	–	25.12	25.12

¹ 2020 not restated to include Digital Campus participation.

Average training hours by geography

	2020	2021
South Africa	42.91	66.69
Principal to Managing Principal	22.44	27.39
Assistant Vice President to Vice President	31.81	51.61
BA1 to BA4	51.99	80.61
Non-corporate title	6.03	21.94
Absa Regional Operations	15.39	24.05
Principal to Managing Principal	23.52	27.62
Assistant Vice President to Vice President	16.76	24.40
BA1 to BA4	14.91	23.99
Non-corporate title	6.77	16.99
Other countries (UK and USA)	10.82	19.89
Principal to Managing Principal	9.66	13.86
Assistant Vice President to Vice President	7.76	28.89
BA1 to BA4	4.83	69.96
Non-corporate title	3.83	13.86

Average training hours per employment status

	2020	2021
Unemployed total ¹	15.30	14.22
African, Indian and Coloured	20.31	13.56
White	12.19	19.63
Other (undefined)	8.64	12.24
Citizens of countries outside Africa	9.98	18.91
Employed total ²	35.39	55.33
African, Indian and Coloured	44.53	68.32
White	35.93	62.69
Citizens of countries outside Africa	10.82	19.90
Employed (undefined)	16.20	24.68

¹ Unemployed – Non-permanent staff, i.e., agency staff, unemployed learners, managed services.

² Employed – Permanent employees, fixed-term contractors.

404-2 Programmes for upgrading employee skills and transition assistance programmes

Absa seeks to develop a self-directed learning culture by providing all employees (permanent and non-permanent) with access to diverse learning opportunities through various modes of delivery. The Group develops a workplace skills plan annually, which defines the critical and scarce skills we wish to target.

Delivery channel	2020		2021	
	Training hours	No. of interventions	Training hours	No. of interventions
Face-to-face (workshops)	102 445.1	326	–	–
Virtual (online)	765 348.7	2 908	961 864.8	3 961
Virtual (classroom)	407 319.2	631	856 976.5	903
Material (self-study)	13 919.65	708	63 479.8	1 987
Tests/assessments	2 471.96	88	26 267.3	59
Video (online)	8 780.32	386	35 800.6	384
Total	1 300 285	5 047	1 944 389.0	7 294

Graduate programme



32 graduates (2020: 35) from across Africa participated in our 2021 GenA Graduate programme for high-potential young leaders, joining the **1 313** young professionals who have built their careers with us since 2008.

The reduction in the number of graduates hired in 2021 is a result of additional focus on prioritised, strategic skills across the organisation, informed by the business context.

Mobile-enabled learning with a catalogue of 11 334 learning programmes



961 864 hours of virtual, self-directed training, over 3 961 interventions (2020: 765 348 hours over 2 908 interventions) including platforms such as:

- Udemy
- Cornerstone OnDemand Learning System
- Absa Digital Campus
- Absa Learning Virtual Platform.

We refreshed and developed the following specialist academies:

- Corporate and Investment Banking (CIB) Academy
- Compliance Career Academy
- Physical Channels Academy
- Relationship Banking Academy
- Finance Management Academy
- Risk Academy
- Microsoft Skills Academy
- Amazon Web Services Training and Certifications
- Marketing and Corporate Relations.

SDG4

Employee bursaries



1 148 bursaries were awarded (2020: 864), representing an investment of **R41.1m**

(2020: R25.8m). Of this, 87.8% was allocated to AIC¹ employees and 66.2% was invested in women.

¹ All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.

Learnerships (SDG4)



984 learnerships awarded to previously unemployed learners (2020: 200).

199 learnerships awarded to individuals living with disabilities (2020: 30).

Cybersecurity Academy for the Blind



10 students enrolled (2020: 0)

We have launched the world's first Cybersecurity Academy for the visually impaired in collaboration with the Hein Wagner Academy. This development constitutes the next evolution of the Absa Cybersecurity Academy, which is focused on developing marginalised, unemployed youths in a globally scarce skill.

This initiative forms part of our efforts to expand the net of socioeconomic inclusion for bursaries, especially to those living with disabilities who are so often underserved. (SDG4)

90 coaching interventions carried out by internal and external coaches (2020: 60).



Internships



651 enrolled in multiple programmes (reported under category B of the skills development learning matrix) offered across various higher learning institutions. (2020: 300). These programmes develop critical capabilities including critical thinking, management development practices, and digital skills.

Cloud Incubator



1 800 employees have been trained through the Absa Cloud Incubator, an initiative launched in collaboration with Amazon Web Services.

Given the Bank's strategic migration from on-premises to cloud infrastructure, and the global shortage in skill, this programme has been well-received by seasoned technologists and non-technical employees alike. Cloud incubator participants will be able to identify cloud opportunities within their businesses to create more efficient, scalable services and solutions. Employees will have the confidence to innovate faster, experiment more and drive broadscale digital transformation across the business. Cloud is improving our ability to manage and access big data sets and to bring products to market faster.

Culture programmes



Our culture curriculum provides a range of new skills, tools, resources and insights aimed at both an individual and team level. We currently offer five culture programmes for individuals and three culture programmes for teams. 413, of which 234 were female completed Group Culture programmes during 2021 (2020: 80).

Absa Leadership Academy



58 258 delegates² attended interventions offered by the Absa leadership Academy in 2021. (2020: 38 854)

The academy continues to drive leadership, management and future-fit capability building for the Group while maintaining an overall programme rating of 4.5/5 and improving the average net promotor score from 69 in 2020 to 73 in 2021.

70% of the delegates were female.

² Delegates: Employees can attend many interventions on the Absa Leadership Academy.

Our efforts to embed a learning culture at Absa continued in 2021. We hosted two Absa Learning Weeks in May and October 2021, with 13 318 and 14 469 employees, respectively actively engaging in the learning activities offered. Learning Week content focus included purpose-driven performance and leadership, creating high-trust team environments, disruptive innovation and the future of work.

Leveraging digital learning platforms to support employee performance and development remained a focus in 2021. We made the UdeMy for Business learning platform available to all Absa employees in December 2020. By the end of 2021 with 17 900 employees had enrolled in UdeMy courses consuming 103 289 hours of content. Employees also continue to learn on our artificial intelligence-driven Absa Digital Campus learning platform that delivers personalised learning content from leading institutions, including New York University, Cambridge Judge Business School, Stanford University, Harvard Business Review, Delft University of Technology, University of Bristol, Massachusetts Institute of Technology, Duke University and Coursera.

The Group learning curriculum continues to evolve while remaining focussed on skills defined as scarce and/or critical to deliver on our strategic imperatives. These skills include banking and insurance, payments, sales and service, customer experience, digital and innovation, data science, Agile, cloud computing, cybersecurity, design thinking, network engineering, robotic process automation, management and leadership, and other behavioural skills.

Learning programmes

	Number of Training hours 2020	Number of programmes utilised	Number of Training hours 2021	Number of programmes utilised
Financial Advisory and Intermediary Services	9 025	58	14 621.3	84
Behavioural	222 248	1 290	717 616.6	1 909
Compliance	194 385.3	364	391 666.4	463
Leadership and management	119 405.2	527	145 923.8	829
Technical	755 221.4	2 692	674 561.3	3 911

This table includes Absa internally developed/delivered learning programmes, as well as learning programmes delivered by external learning suppliers contracted to deliver learning on Absa behalf.

Financial assistance for formal qualifications: National Qualifications Framework (NQF) levels 5–10 (South Africa) by corporate grade

	Total			Of which disabled:		AIC ¹ %
	Male	Female	Rm	Male	Female	
Senior management	1.3	2.4	3.7	0.04	-	
Middle management	11.1	16.1	27.2	0.02	0.13	
Junior management	2.9	7.0	9.9	0.06	0.09	
Non-management and non-permanent	0.2	0.4	0.6	-	-	
Total	15.5	25.9	41.4	0.12	0.22	

Financial assistance for formal qualifications: NQF levels 5–10 (South Africa) by gender, race and disability

	Total			Of which disabled:		AIC ¹ %
	Male	Female	Number of delegates	Male	Female	
Senior management	19	11	30	1	-	76.7
Middle management	248	408	656	1	6	86.6
Junior management	114	322	436	1	3	90.6
Non-management and non-permanent	7	19	26	-	-	84.6
Unemployed	116	89	205	8	32	97.1
Total	504	849	1 353	11	41	89.2

Financial assistance for informal (non-accredited) training: (South Africa), by gender and disability

	Total			Of which disabled:	
	Male	Female	Rm	Male	Female
Senior management	4.4	3.4	7.8	0.13	0.11
Middle management	13.1	9.9	23	0.25	0.05
Junior management	1.6	2.5	4	0	0.03
Non-management and non-permanent	0.7	0.4	1.2	-	-
Total	19.8	16.2	36	0.38	0.19

Financial assistance for informal training: No NQF (South Africa), by gender and disability

	Total			Of which disabled:		AIC ¹ %
	Male	Female	Number of delegates	Male	Female	
Senior management	235	226	461	11	3	55.7
Middle management	947	908	1 855	10	3	66.7
Junior management	194	308	502	1	4	75.9
Non-management and non-permanent	56	46	102	-	-	81.4
Total	1 432	1 488	2 920	22	10	67.1

¹ All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.

Digital Academy

Since 2015, our Digital Academy has equipped over 555 students with critical digital skills, and full-stack software development skills in particular. We have placed 233 of these learners within Absa, while the remainder have taken up opportunities elsewhere.

In 2021, the Digital Academy embarked on two new unemployed learnership programmes that will result in a qualification in systems support at NQF level 5:

- Unemployed programme with a total intake of 40 learners
- Unemployed people living with disabilities Learnership with 15 learners.



Cloud computing training

Absa Leadership Academy

Through the Absa Leadership Academy and business and functional academies, we continue to drive leadership, management, and future-fit learning. We have evolved the curriculum to include additional concise masterclasses in line with our broader strategy of building flexible and agile ways of working and learning at Absa. We increased the participation of employees considered of top talent on the Absa Leadership Academy accelerated development programmes delivered with International Institute for Management Development Business School from 78 in 2020 to 223 in 2021. We also noted increased demand for our IgniteHer Women’s Development Programme in 2021, which brought the total number of women trained on this programme since its 2019 launch to 520.

Coaching

Coaching is an enabler to unlock possibilities for our people in both their professional and personal growth. Our Absa coaching framework is used to facilitate the achievement of organisational outcomes while supporting the personal transformation and career development of our employees. Coaching requests are fulfilled by a panel of internal and external coaches. The internal coaching panel predominately engages in performance and career coaching whilst the external panel focuses on executive, leadership and team coaching, and coaching assignments range from six months to one year.

The table below outlines the coaching requests received via the portal in 2021:

	No. of employees	
	Coaching in progress	Coaching completed
Executive and leadership coaching – Focused on helping existing senior leaders, as well as leaders transitioning into more senior levels, to understand their disproportionate impact on culture and the shift required in mindsets, language, and behaviour to lead employees towards a unified Absa.	26	28
Career coaching – Conducted in partnership with Manpower Group South Africa with a focus on taking individual ownership and striving for continued career growth and professional development.	1	29
Performance coaching – Focused on supporting employees to enhance their performance and personal effectiveness within their role.	4	2
Systemic team coaching – Aims to increase the capacity of teams to work collectively and collaboratively in pursuit of a common objective.	0	0
Business process coaching – Focused on internal processes that impact team performance	0	0
Total	31	59

While not utilised in 2021, business process coaching is also available and focuses on internal processes that impact team performance, such as systems, rules and responsibilities.

Knowledge management

A virtual knowledge base provides employees with access to over 560 articles relating to all aspects of human resources. In line with the self-service and digital strategies, we encourage employees to search and find the information they require directly from the knowledge base. With an average of 37 000 views per month in 2021, the platform has proved a valuable resource for Absa employees.



Learning per business segment

Learning in Retail and Business Banking (RBB)

To support succession planning and development initiatives at a senior level, the Insurance cluster established a shadow Executive Committee to help grow successors for senior leadership roles. Other learning initiatives included:

- Skills development spend in RBB was R89 million, which supported 23 210 employees and enabled 16 218 training sessions (2020: R87 million; 23 133; 14 893)
- Various management development initiatives have been offered, including the Executive Committee apprentice programme for leaders in the Insurance business, the Henley advanced diploma in management practices in Everyday Banking and the Investment Cluster, master's in digital innovation through WITS in Everyday Banking and a leadership development programme in Absa Vehicle and Asset Management. 1 392 employees attended leadership development masterclasses while 71 employees participated in career management programmes, with 64 executives and senior managers participating in culture transformation sessions
- A number of employees have been equipped with contact centre and collections capability to aid cross/multi-skilling and flexible workforce mobility through on-the-job training
- Ensuring that RBB employees hold relevant formal qualifications remains a critical focus. Our learnership initiative aims to narrow the gap at foundational and middle management levels, targeting NQF levels 5, 6 and 7, as well as supplying bursaries for formal qualifications. 940 employees received bursary allocations to the value of R27.84 million while 697 employees formed part of the Absa Learnership programme to the value of R15.46 million across most businesses in RBB, with 67 unemployed learners also onboarded
- 1 571 managers were trained on the Absa-aligned standards for managers, to enhance management skills
- 4 333 employees were trained across various leadership development programmes including women development initiatives such as IgniteHer, AdvancedWithHer and DareToLead.

Learning in Corporate and Investment Bank (CIB)

CIB invested R89 million in developing its staff complement of approximately 2 500 employees. This relentless focus on our talent and culture underpins and aligns with the CIB strategic objectives to drive the growth of the CIB Pan-Africa franchise and expand our reach to access new growth. The following learning opportunities are highlighted:

- We have invested R6.9 million in 78 CIB junior employees enrolled in the various virtual online management programmes at the Henley Business School, ranging from an NQF level 5 – NQF level 7
- 28 learners completed the inaugural 2020/2021 CIB internal sales learnership programme, which is aligned with the National Certificate in Banking (NQF L5). This virtual online programme was customised and has a CIB business acumen focus, along with building sales skills to deepen employee expertise in these areas
- We invested R1.4 million in the development of 45 senior and middle manager CIB leaders who attended the Singularity University Executive programme: Leading Your Team into the Future. R27.1 million was invested in the various International Institute for Management Development accelerated development programmes for top talent, managed by the Group Learning team. 100 CIB employees are participating in these virtual programmes
- Our Investment Banking business (Global Markets, Investment Banking and Commercial Property Finance) invested R1.3 million in the international AMT Analyst Graduate programme, providing strong technical knowledge and skills to the junior employees joining the business
- We have continued building out the CIB-specific competencies on the Absa Digital Campus, a personalised digital learning platform. We have added the Global Markets, Investment Banking Division and the Commercial Property Finance competencies with aligned curated content. We have curated a digitally savvy learning path, data and analytics, a design thinking learning path, and content for our CIB marketing and communication team aligned with the required technical competencies. In 2021, 1 418 CIB employees registered on the Absa Digital Campus and 964 were actively participating with 14 000 learning hours having been logged on the Absa Digital Campus

- In our CIB Coverage business, we delivered the LinkedIn Dealmakers programme to 119 South African bankers to enable them to position their personal brand value, prospect their LinkedIn Network, attract new clients and initiate deals on LinkedIn. We invested R985 000 in this initiative. The programme will also be rolled out to the CIB Absa Regional Operation bankers in 2022
- To remain relevant in the communities in which we operate, CIB has invested a further R16.4 million in several external learnership programmes and bursaries for unemployed and disabled learners. This strategic initiative seeks to build scarce and critical skills, such as financial literacy, data science and data analytics, financial markets and instruments, coding, cyber security and digital technology, as well as skills relevant to the fourth industrial revolution. The third and final tranche payment for these 2021 learnership programmes of approximately R6.7 million will be made in 2022.

Learning in Corporate Functions

- In 2021, our unemployed trainee accountant learnership, hosted by Group Finance, comprised 21 learners who achieved a 100% pass rate in the assessment of professional competence exams. We also granted R2 million in external bursaries to top finance students at various universities, particularly more remote institutions, such as Fort Hare, Bloemfontein and North-West
- 68 employees enrolled on our employed learnership programme to develop data science skills, namely the Explore Data Science Learnership (NQF 5). Additional scarce and critical skill unemployed initiatives included the Digital Academy learnership for people with disabilities (20 learners), the Digital Academy learnership for people without disabilities (15 learners), and 243 bursaries for science, technology, engineering, and mathematics (STEM) university students
- Our focus on building compliance professionals of the future will continue in 2021. We launched a virtual Compliance Professional of the Future Academy focused on technical and behavioural skills targeted at all Group Compliance employees. As a result, eight employees graduated with a PGDip in Compliance Management in 2021, bringing the total number of successful graduates since 2017 to 108 employees. As a result, 72% of the eligible Group Compliance population hold an NQF 8 qualification in compliance practice



Kenya sets up 66 computer labs in schools



- 30 learners participating in our unemployed learnership category were awarded with NQF 6 qualifications in data skills in 2021. 19 of these learners have been employed within Absa
- We established a legal mentorship programme that focuses on technical and behavioural skills development. The programme partners seasoned subject-matter experts with upcoming junior lawyers or employees who need to build the requisite skills. The current cohort of mentors and mentees represents 35% of the Africa Legal Function
- We implemented an NQF level 5 unemployed learnership on data science skills, with 20 AIC¹ learners participating in the programme. We also continue to fund and sponsor 23 undergraduate and masters' degree students at the North-West University enrolled in the BMI programme
- We partnered with the University of Pretoria to deliver the Inkanyezi programme, which focuses on providing disadvantaged undergraduate and postgraduate students with technical and leadership mentorship and guidance
- Our partnership with the Health Professionals Council of South Africa continues through our Industrial Organisational Psychology learnership focused on female and AIC¹ learners. Six learners participated in the programme in 2021.

¹ All African, Indian or Coloured employees qualifying for South African citizenship by birth or descent, or employees who were naturalised before 27 April 1994.

Learning evaluations

A learning evaluation framework was implemented, which assesses the first three levels of the Kirkpatrick four-level model by measuring:

- All programmes using satisfaction levels and employee net promoter scores (eNPS) (Level 1) as key performance indicators through the use of survey tools
- Knowledge and skills attained (Level 2) through built-in assessments that form part of the Absa Digital Campus
- Behaviour change and improved performance of the individual and business due to training implemented (Level 3).

In addition to the existing Learning Management System and manual surveys in place, we introduced Qualtrics as a survey tool to collect satisfaction data following workshop completion, as well as data on the net promoter scores (NPS). The average score across all programmes was 4.3/5. The NPS was used to measure the willingness

of delegates to recommend the Absa Leadership Academy programmes after having completed each workshop. Based on the global NPS standards, any score above zero is deemed good, 50 and above being excellent while 70 and above is considered world-class. The overall NPS score achieved for the Absa Leadership Academy programmes was 73.

Employee assignments

	2020	2021
From Barclays to Absa Group	1	0
Assigned in Africa	31	18
Of which: from South Africa to Absa Regional Operations	52%	50%
To Absa international entities in the United States and United Kingdom	3	2
International relocations	1	1
Total	35	20

404-3 Percentage of employees receiving regular performance and career development reviews

Our performance management approach, MyContribution, has three key focus areas:

- Enabling high-quality objective-setting aligned with the business, function and/or team strategy and priorities
- Improving the quality and value of ongoing performance conversations
- Improving the quality of rating decisions, using data and insights.

This approach strives to help the Group realise our business strategy and maximise business results by providing each employee with clarity regarding how their contribution supports the achievement of business value while giving each employee the feedback that enables them to continually improve their contribution. In 2021, we emphasised the quality of outcome-focused objectives and ongoing performance conversations to create further alignment between business priorities and employee contribution. Furthermore, an extensive data analysis exercise was conducted regarding performance ratings, and the insights from this exercise are being used to enhance the process, training and assets provided to managers with an intent to improve the quality of rating decisions.

Feedback and check-ins

All employees are urged to request feedback throughout the year, and we encourage leaders to recognise the positive contributions of employees continually. Feedback is positioned as an enabler to enhance employee growth, development and improvement, enhancing their contribution. In 2021, 99 552 feedback forms were completed, and 11 794 recognition badges were awarded on Workday. This reflects a 35% increase in feedback forms completed, and a 59% increase in the number of colleagues receiving badges compared to the 2020 figures.

In addition, we encourage managers and employees to engage in regular performance conversations and document these using the available technology. Over and above the value derived from the actual performance conversation, the documentation enables managers to make better quality rating decisions. In 2021, 26 200 ongoing performance check-ins were completed on Workday.

To assist managers and employees to improve the value derived from performance conversations, and the giving and receiving of feedback, several training sessions, as well as assets and tools, are made available using digital technologies.

Consistency check process

As part of the year-end performance process, we completed a rigorous exercise to drive a consistent application of standards in the allocation of ratings through multiple consistency check meetings. These meetings provide an opportunity for business leaders to analyse and challenge rating decisions and drive a fair process. The insights gathered throughout the year were used to inform an improved consistency check process in 2021.

The performance review cycle concludes each February. As at 21 January 2022, 99.6% of employees had formal performance ratings (39% men and 61% women). Reasons for employees not receiving a performance review include being a new joiner, resignation or retiring (voluntarily or due to reorganisation).



405 Diversity and equal opportunity

405-1 Diversity of governance bodies and employees

Our Group strategy has been re-anchored, and our goal is to be a leader in driving diversity and inclusion. Our transformation, diversity and inclusion strategy covers five key focus areas, all of which contribute towards a diverse workforce and inclusive environment. These include gender diversity; racial and ethnic diversity, people with disabilities; generational diversity; and LGBTQI+ (lesbian, gay, bisexual and transgender) community in countries where the agenda is legal. Various governance structures oversee and drive the strategies of each focus area. This governance structure includes the Group Transformation, Diversity and Inclusion Steering Committee, the Group Women’s Forum, the Group Employment Equity and Skills Development Forum, and Group LGBTQI+ Forum. Although significant progress has been made in each area, certain areas are more matured than others, for example, racial and gender diversity. Greater focus will be given to other areas in 2021 to support further advancement.

Our gender diversity initiatives included:

- IgniteHer Programme – Seven cohorts participated in a Group leadership programme that focused on developing women leaders and this extends to the women leaders in Absa Regional Operations
- He4She Campaign – We signed up to the United Nations’ HeForShe movement, in which our male employees committed to solidarity with women
- #STOP Campaign – Employees wore black on Black Wednesdays as part of a campaign to STOP gender-based violence
- Gender Equality Gap – We completed a gender equality gap analysis guided by the United Nations Global Compact to explore our organisation’s position across various areas, including pay
- The 16 Days of Activism for No Violence Against Women and Children
- International World Aids Day
- International Day for Persons Living with Disabilities.

Human Resource Focus Awards 2021



Absa Ghana was awarded the Honorary Award for HR Excellence in Diversity and Most Promising Organisation in Performance Management for the people-centred initiative by acquiring a Braille Machine for an employee who lost his sight in the line of duty.

The Group’s Board is diverse, with 40.0% women (2020: 31%) and 40.0% black directors (2020: 41%). The boards of all South African subsidiaries and country banks are also well represented in terms of race and gender, and all members have the skills and knowledge to provide independent leadership. Three of our Absa Regional Operations entities are led by female managing directors, i.e., Zambia, Ghana and Botswana.

We continue to provide reasonable accommodation for self-declared employees living with disabilities 0.93% (2020: 0.88%).

The Group seeks voluntary declaration of any disability, taking into account the significant cultural sensitivity and fear of stigmatisation, which could lead to under-reporting. This is a clear priority in terms of our transformation agenda. We strive to deliver a conducive and supportive work environment while supporting our customers and community organisations and furthering skills development.

Diving deeper: 7 and 62 ESG 102-8, 401-1, 2021 B-BBEE report.

Lionesses of Africa

In partnership with the Lionesses of Africa and the New York University, a research study on the impact of women entrepreneurs on job creation in the country was undertaken. It was found that most female entrepreneurs have job creation as a priority in their businesses and want to create job opportunities for their communities. Many women entrepreneurs were confident that their businesses will create jobs and intend to hire full-time employees in the future. Others create business opportunities for other solo entrepreneurs and freelancers. The resulting research report is available on lionessesofafrica.com/south-african-women-entrepreneurs-job-creators-survey.

Projects for 2021 included the continued distribution of the Lioness Weekender digital magazine; the Absa Lionesses Expo, where 117 South African entrepreneurs connected with corporate buyers and decision-makers; and the Lioness Business Agility Webinar, where the results of the survey were showcased, and leading women entrepreneurs and Absa executives shared their experiences.

405-2 Ratio of basic salary and remuneration of women to men

The ratios have remained stable year-on-year.

Fixed pay	2020		2021	
	Female	Male	Female	Male
South Africa¹				
Managing Principal to Principal	1.0	1.1	1.0	1.2
Assistant Vice President to Vice President	1.0	1.2	1.0	1.2
BA1 to BA4	1.0	1.1	1.0	1.1
Africa Regional Operations²				
Managing Principal to Principal	1.0	1.1	1.0	1.1
Assistant Vice President to Vice President	1.0	1.0	1.0	1.1
BA1 to BA4	1.0	1.1	1.0	1.1
Total remuneration³				
South Africa¹				
Managing Principal to Principal	1.0	1.2	1.0	1.2
Assistant Vice President to Vice President	1.0	1.2	1.0	1.2
BA1 to BA4	1.0	1.1	1.0	1.1
Africa Regional Operations²				
Managing Principal to Principal	1.0	1.1	1.0	1.1
Assistant Vice President to Vice President	1.0	1.1	1.0	1.0
BA1 to BA4	1.0	1.1	1.0	1.1

¹ Cost-to-company.

² Basic salary.

³ Remuneration is the sum of fixed pay plus discretionary incentive bonus/ formulaic incentive for the performance year plus any long-term incentives awarded in the year.

406 Non-discrimination

Taking a stand against discrimination: Sexual harassment

Absa is committed to creating and maintaining a working environment in which employees feel safe and accepted. Every employee is responsible for creating this culture – one that encourages diversity and inclusivity – and for fostering a workplace that is free of discriminatory practices.

Sexual harassment in the workplace is a form of unfair discrimination and is prohibited on the grounds of sex and/or gender and/or sexual orientation. It includes unwanted conduct, whether physical, verbal or non-verbal, that is of a sexual nature. Notably, even a single incident of unwelcome sexual conduct may constitute sexual harassment. The sexual harassment standard is supported by the following policy statement: Absa Group Limited does not tolerate any forms of harassment including sexual harassment. To this end the organisation will pro-actively drive initiatives that will create an environment that is inclusive and free of any discriminatory practices.

Given the serious nature of this violation and its repercussions on individuals and teams, we launched sexual harassment training to our South African employees in 2020 to help develop an understanding of what constitutes sexual harassment and how a complainant can respond to unwanted conduct using a confidential process, which is outlined in the Absa Sexual Harassment Standard. We developed customised content for the Absa Regional Operations to accommodate each country's laws and unique context.



Physical conduct:

All unwelcome physical contact, touching, a strip search by or in the presence of the opposite sex, sexual assault etc.



Non-verbal conduct:

Unwelcome gestures, indecent exposure and display of or sending sexually explicit pictures or objects.



Verbal conduct:

Unwelcome innuendos, suggestions, hints, sexual advances, comments with sexual overtones, sex-related jokes or insults, graphic comments about a person's body made in their presence or to them, inappropriate enquiries about a person's sex life and whistling of a sexual nature.

Employees who have been subjected to any form of harassment can seek assistance from ICAS through self or manager referral.

406-1 Incidents of discrimination and corrective actions taken

Our Employment Relations Policy relating to disciplinary procedures and grievances is informed by the provisions and the spirit of the International Labour Organization conventions and all relevant employment legislation applicable in South Africa and respective Absa Regional Operations presence countries. We strive to create an environment that is diverse and inclusive, and free from discriminatory practices. In the event of an incident, our policies and procedures make provisions for speedy resolution.

16 incidents of discrimination were reported during the year, with seven completed and nine pending finalisation.

410 Security practices

410-1 Security personnel trained in human rights policies and procedures

We outsource security to reputable companies whose employees receive basic human rights training. The International Bill of Rights is incorporated into the induction process for new security personnel and new learners enrolled in accredited training programmes. In Absa Regional Operations, we adhere to local laws and regulations. Human rights training is included in security personnel training in all our presence countries. Security personnel receive electronic updates, and a human rights booklet/brochure, which is also distributed to security employees and discussed during the opening of all courses as a Toolbox Talk. Our security providers provide attestations annually to validate conformance to human rights requirements.

412 Human rights assessment

412-1 Operations that have been subject to human rights reviews or impact assessments

We have a clear and unambiguous responsibility to respect and uphold human rights. We are committed to operating in accordance with the International Bill of Human Rights and consider other internationally accepted human rights standards.

Human rights are managed in line with the Group Enterprise Risk Management Framework, Operational Risk Management Framework and the employee risk policies and standards. The principles and guidelines are outlined in the employee policies and standards, including guidelines on:

- Diversity and inclusion
- Employment relations (discipline and grievance)
- Bullying and harassment (including sexual harassment)
- Recruitment and development
- Pay and remuneration
- Employee conditions of service
- Performance management
- Talent management
- Employee wellness (health and safety)
- Whistleblowing.

We follow a combined approach across the three lines of defence (including compliance, internal audit, and specialist risk type) to assess and monitor policy and regulatory adherence to employee risk practices. Where gaps are identified, remediation plans are documented, tracked, and monitored for effective closure. Regular employee risk profile and control environment assessments are compiled and submitted to the relevant sub-Board committees.

We monitor the effectiveness of our approach through:

- Employee engagement
- Satisfaction surveys
- Direct feedback from employee representatives through recognised trade unions and staff associations
- Whistleblowing referrals and other employee grievances
- The Absa Way Code of Ethics survey
- Training and assessments
- Performance reviews focusing strongly on adherence to Absa's Values.

We assessed our human rights practices in the Group against the six principles of the United Nations Global Compact, and the Group's standing in terms of the goals and purposes of human rights. Overall outcomes were satisfactory:

- No violations of human rights were reported
- No issues were raised that indicated that the business was not supporting and respecting the protection of internationally proclaimed human rights
- There was no indication that the business was being complicit in human rights abuses. Whistleblowing reports are one of the sources used to determine conduct issues and there were no issues raised regarding human rights abuses through this reporting channel
- Freedom of association was in place and there was effective recognition of the right to collective bargaining
- We did not subscribe to forced or compulsory labour
- Whistleblowing reports and grievances do not indicate any failure in this regard
- We did not employ individuals aged younger than 18
- No discrimination was identified regarding employment and occupation
- There were no material risk events reported pertaining to human rights breaches.

412-2 Employee training on human rights policies or procedures

Human Rights statement

This statement draws together the policies, principles and standards relevant to all parts of Absa with an aim of:

- Providing guidance to business and employees on the extent of our responsibilities and commitments to respecting and upholding human rights
- Contributing to the Group's compliance with human rights legislation and standards
- Supporting the Group's values of driving high performance to achieve sustainable results, strength in our employees, obsession with the customer and being the heartbeat of Africa.

 https://www.absa.africa/content/dam/africa/absafrica/pdf/Absa_Human_Right_Statement.pdf

We respect and promote human rights through our employment policies and practices and supply chain practices, through the responsible provision of our products and services and by championing social outcomes that promote intergenerational sustainability and growth.

The Absa Way Code of Ethics outlines how we expect our employees to behave, details required standards of work and makes specific reference to human rights. Employees undertake annual mandatory training in the Absa Way Code of Ethics, which includes human rights.

Moreover, the evaluation of human rights and social aspects are integrated into our product development, business relationships and transaction review.

415 Public policies

415-1 Political contribution

We are a politically neutral organisation and do not participate in party political activities or make party political contributions.

This means:

- We do not pay fees to political speakers, which include former politicians and government officials, elected officials, heads of state, and members of parliament and provincial legislatures
- All employees are prohibited from offering, promising, providing, requesting or receiving donations for political parties
- We do, however, participate in government initiatives that are in line with our strategy and values.

416 Customer health and safety

416-1 Assessment of the health and safety impacts of product and service categories; 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

Our Occupational Health and Safety Policy encompasses employees, contractors, visitors, consultants and customers. In South Africa, the Department of Labour regularly inspects all our premises, including those serving customers, for compliance with the South African Occupational Health and Safety Act. We have public liability cover for litigation arising from accidental bodily injury sustained by persons while they are at our premises, as well as for accidental damage to their property. This standard applies across our Absa Regional Operations as not all countries have the same legislation in place.

No non-compliance to any health and safety regulations or codes were reported in 2021. Due to the COVID-19 pandemic, an executive decision was made in 2020 to restrict access to our buildings to protect our employees and customers from COVID-19 transmission. We continued with this process throughout 2021. If a customer or contractor visited a site, a comprehensive COVID-19 self-screening questionnaire was completed and submitted to Absa 24 hours prior to the site visit.

418 Customer privacy

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

There were 28 substantiated customer privacy complaints (2020: 78), of which 18 related to requests by customers for access to information. Customer engagements comprised deceased estate matters falling within the ambit of Promotion of Access to Information Act or incorrect account deposits.

419 Socio-economic compliance

419-1 Non-compliance with laws and regulations in the social and economic area

We have a zero-tolerance approach to causing detriment to customers, markets and effective competition. In the normal course of business, our various regulators conduct reviews of our business operations' controls and our progress in meeting regulatory requirements. We continuously focus on compliance and risk controls. At times, however, remedial action is required, and administrative penalties and fines are levied on the Group.

In 2021, we incurred R2.1 million in penalties (2020: R9.6 million). This number comprised the penalty imposed by the Bank of Tanzania relating to the foreign payment of a loan prior to obtaining a registration number. The issue is currently being remediated.

We incurred no fines/settlements valued >USD100 million over the previous three years, nor have we incurred penalties in relation to corruption and/or anti-competitive behaviour.

Investment Bank of the Year – African Banker Awards 2021

Best Investment Bank South Africa – Global Economic Awards 2021



Role of the financial industry



¹ Compliance and assurance evaluate the controls management uses to maintain our licence to operate and our ability to create value.

² Refer to the stakeholder engagement section on page 25.

³ We offer our customers an integrated set of banking and insurance products and services, including advisory services. Refer to our product and services matrix on page 4.

⁴ We raise financial capital through shareholder funds, bond-holders, depositors and retained earnings.

Financial Services Sector Disclosure

Responsible banking

In the financial services industry, providers of products and services are usually better informed than their customers. This imbalance results in the potential for unfair treatment of customers. Possible consequences include:

- Inappropriate products being sold to customers
- Unsuitable financial advice being given to customers
- Financial products and services underperforming or even failing
- Ambiguous communication about products.

Treating Customers Fairly is an outcomes-based regulatory and supervisory approach aimed at protecting consumer rights and ensuring that consumers are delivered specific fairness outcomes when dealing with regulated financial firms. In line with this, our customers can expect the following from us:

- Fair treatment
- Retail products and services that are designed to meet the needs of our consumer groups
- Clear information before, during, and after the point-of-sale
- Suitable advice that takes account of the customer's circumstances
- Products that perform to expectation and associated services of an acceptable standard
- No unreasonable, post-sale barriers to changing product, switching provider, submitting a claim or making a complaint.

We are mindful of our responsibility to ensure that our employees have the necessary competencies, qualifications and experience, as well as the personal honesty and integrity, to fulfil their duties.

In addition to meeting the relevant regulatory requirements in our presence markets, various policies and standards, such as the Conflicts of Interest and Employee Relations policies guide our daily interactions with customers. Our tax affairs are managed in accordance with legislative requirements in each of the countries in which we operate.

FS1 Policies with specific environmental and social components applied to business lines

Our Client Assessment and Risk Data Aggregation and Risk Reporting Policy, along with the supporting Environmental and Social Risk Standard for Lending, guide our relationships with customers and our mitigation efforts regarding environmental and social risks. The standard details the minimum requirements and controls for identifying transactions with potential environmental and social risks, outlines when the Equator Principles and guarantee provider requirements must be applied and gives details of the circumstances under which referral to the environmental credit risk management team is required. Our Oil and Gas Financing Standard, Nuclear Industry Risk Standard and Coal Financing Standard stipulate specific required obligor assessment parameters and mitigating actions for clients that engage in activities related to these sectors. Sector-specific guidance notes outline key sector and reputational risks, headline issues and considerations to inform decision-making.

These include:

- Agriculture and fisheries
- Chemicals and pharmaceuticals
- Conflict blood diamonds
- Forestry and logging
- General manufacturing
- Infrastructure
- Mining and metals
- Oil and gas
- Power generation and distribution
- Service industry
- Utilities and waste management.



Financial Mail Top analyst awards 2021

First place Fixed Interest Securities

FS2 Procedures for assessing and screening environmental and social risks in business lines

Our environmental and social risks are assessed and screened in accordance with Absa's Environmental and Social Management System in seven of our Absa Regional Operations (excluding Botswana and the Tanzanian operations), as well as in Corporate and Business Bank and Retail Banking in South Africa. The remainder will be assessed and screened in 2022. The mechanism outlined below is also aligned with the Equator Principles.

Mechanisms for assessing and screening these risks include:

- Customer-facing employees and credit analysts review the transaction for environmental and social risks as part of the credit review and approval process, guided by our specialist environmental credit risk management teams
- Credit analysts consider environmental and social risks when providing credit facilities as environmental credit risk is embedded in the credit risk process. They document applicable material risks and mitigating actions in the credit paper
- Transactions are referred to the appropriate committees for approval, as determined by our Credit Policy and business procedures, both for initial support and for final credit approval
- Financing requests for sensitive sectors are assessed on a case-by-case basis and the process includes various considerations, such as the need for critical power and the country's strategic development commitments.

Where appropriate, we appoint independent environmental consultants to assess and mitigate the identified risks. A transaction will be rejected based on a holistic decision that considers numerous factors, including environmental and social risks. Finance will only be provided if all requirements are met.

Moreover, identified gaps regarding environmental and social risks are included in action plans and covenanted in facility agreements, where appropriate.

Exclusion lists, which prohibit or limit funding to identified high-risk environmentally and socially sensitive sector activities, are being progressively introduced and implemented in our lending operations.

International Finance Corporation Performance Standards

We continue to enhance our Environmental and Social Management System by extending the application of the International Finance Corporation Performance Standards on Environmental and Social Sustainability beyond Equator Principles transactions to lower value project finance, project-related corporate loans and general corporate loans that meet specified criteria.

Project finance transactions¹

2

(2020: 2)

Project-related bridge loan

0

(2020: 0)

Project-related corporate loans²
reaching financial close

0

(2020: 1)

Commercial property finance
transactions

3 219

(2020: 2 879)

Project finance advisory services

0

(2020: 0)

General transactions

93

(2020: 70)

¹ Over USD10m.

² Over USD100m that meet specified criteria.

Equator Principles

Since 2009, we undertake environmental risk assessments for all transactions that fall within the thresholds defined in the Equator Principles, including project finance and project-related corporate loans. All Equator Principles transactions are reviewed by the environmental credit risk management team, working closely with the business and legal teams.

Equator Principles projects are categorised in terms of the International Finance Corporation's environmental and social categorisation process as category A, B or C based on the expected magnitude of their environmental and social impacts:

- A – Potentially significant adverse social or environmental impacts that are diverse, irreversible or unprecedented
- B – Potentially limited adverse social or environmental impacts that are few, generally site-specific, largely reversible and readily addressed through mitigation measures
- C – Minimal or no social or environmental impacts.

Our policies and standards reflect the requirements of the Equator Principles IV, which became effective on 1 October 2020. There were no project-related, refinance or acquisition finance transactions during 2021.

Equator Principles transactions	2020			2021			2020			2021		
	A	B	C	A	B	C	A	B	C	A	B	C
Project finance												
Sector												
Mining and metals	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure	–	1	1	–	–	–	–	–	–	–	–	–
Oil and gas	–	–	–	1	–	–	–	1	–	–	–	–
Power generation	–	–	–	–	1	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–	–
Region												
Americas	–	–	–	–	–	–	–	–	–	–	–	–
Europe, Middle East and Africa	–	1	1	1	1	–	–	1	–	–	–	–
Asia Pacific	–	–	–	–	–	–	–	–	–	–	–	–
Country designation												
Designated country	–	–	–	–	–	–	–	–	–	–	–	–
Non-designated country	–	1	1	1	1	–	–	1	–	–	–	–
Independent review												
Yes	–	1	1	1	1	–	–	1	–	–	–	–
No	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	1	1	1	1	–	–	1	–	–	–	–



Best Trade Finance Bank in Botswana

Global Finance Awards 2021



Best Trade Finance Bank in Mauritius

Global Finance Awards 2021

General transactions

	2020 A	2021 A
Sector		
Mining and metals	16	24
Infrastructure	8	14
Oil and gas	12	21
Power generation	3	3
Power generation (renewable energy)	18	7
Agriculture and fisheries	2	5
Chemicals and pharmaceuticals	2	0
Manufacturing	3	7
Services	1	8
Utilities and waste management	5	4
Region		
Americas	0	0
Europe, Middle East and Africa	70	93
Asia Pacific	0	0
Total	70	93

Powering South Africa through Sustainable Finance

We partnered with the International Finance Corporation (IFC), a member of the World Bank, to launch Africa's first certified green loan in accordance with the Green Loan Principles. The USD150 million green loan provided by the IFC supports the environmental sustainability pillar of our strategy. The proceeds of the loan will be used to refinance a portion of the renewable energy projects on our South African balance sheet and creates capacity to grow our climate portfolio while expanding our support of renewable-energy projects that are key to South Africa's green economy.

Being a founding signatory to the UN Principles for Responsible Banking, the loan aligns with our commitment to contribute to the development of a robust and sustainable climate finance market in South African that, in turn, will underpin national government's strategic objective of reducing greenhouse gas emissions by 42% by 2025 and diversifying its electricity production to reduce its reliance on coal by 2050.

The certification linked to the transaction also speaks to our transition towards international environmental and social best practice. Furthermore, establishing a partnership with the IFC unlocks a number of other strategic funding opportunities.

Greening affordable housing with Transcend

By providing Transcend Residential Property Fund Limited with a green loan, we facilitated the greening of their residential affordable housing property portfolio, which consist of c.4 012 affordable housing units, valued at R1.8 billion.

The implementation of the LED lighting, renewable energy and low-flow taps are some of the ways Transcend has reduced its water and energy footprint.

Innovative financing for sustainable growth (SDG13)

We acted as sole global coordinator, bookrunner and mandated lead arranger in the strategic refinancing of Exemplar REITail Limited's R3.1 billion debt package, in a transaction highlighting continued confidence in township and rural commercial property.

The transaction included R1.8 billion of sustainability-linked loans, with margin reductions applied subject to the borrower successfully achieving pre-agreed environmental targets (solar energy, carbon offset and water intensity). As mandated lead arranger, Absa advised the client on the structure of this debut facility, including a unique 'use of benefit' undertaking from the borrower to use any margin savings for community initiatives across their portfolio.

Exemplar is a market-leading developer, owner and manager of award-winning township and rural retail spaces in South Africa. The company owns a portfolio of 23 shopping centres across five provinces, providing retail services to some of the most underserved regions of South Africa.

Our understanding of the local real estate financing market enabled Absa to structure a flexible funding platform for our client. This transaction acts as an example of our commitment to shaping our continent with innovative financial solutions.

FS3 Processes for monitoring customers' implementation of and compliance with environmental and social requirements included in agreements or transactions

Within the environmental risk assessment process, the customer relationship, legal, transaction support and environmental credit risk teams engage with the customer during the transaction life cycle to ensure environmental and social risks are appropriately mitigated and that financing opportunities that support the green finance economy are identified, for example, renewable energy opportunities.

The environmental credit risk function reviews the reports to ensure that environmental and social risks are satisfactorily managed. When required, we engage with our customers regarding environmental issues of concern or to address cases where unsatisfactory progress has been noted to agree an appropriate resolution or action plan. Where appropriate action is not taken, support for the finance application may be cancelled or revoked after following due process.

Outstanding Financial Innovators Bank in Africa
Global Finance, Innovators Awards 2021

Best Mergers and Acquisitions Bank in Africa
Global Finance Awards 2021

Best Investment Bank in South Africa
International Finance 2021



FS4 Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

Our environmental credit risk management learning programme enhances internal credit and bankers’ knowledge and awareness of environmental and social risks, and of how these relate to sustainable finance. The programme is currently being updated to align with Absa’s Environmental and Social Management System requirements.

FS5 Interactions with clients/investors/business partners regarding environmental and social risks and opportunities

We engage with relevant stakeholders on various issues, such as critical developments in the environmental risk field, international and regional sustainable finance matters and related regulatory developments, and environmental impacts to broaden our understanding of both environmental and social risk.

We are:

- A member of the Banking Association of South Africa’s Sustainable Finance Committee, Climate Risk Committee and Positive Impact Working Group
- A member of the United Nations Environment Programme Finance Initiative
- A member of the National Business Initiative and a local representative of the CDP
- Working with the Council for Scientific and Industrial Research on physical climate-related risks
- During 2021, we participated in the Equator Principles annual meeting.

We also participate in a range of information events/webcasts, hosted by various stakeholders, such as the United Nations Global Compact, the University of Cambridge Institute for Sustainable Leadership, Global Association of Risk Professional the GRI and the CDP. In addition, our former Chief Executive Officer, Daniel Mminele together with Mark Carney participated in the G30 panel in 2021. Our Chairman is involved in a panel on ESG matters with Duke Education.

Absa and The Daily Maverick launch partnership to tackle the climate crisis

We have launched a partnership with The Daily Maverick to make the risks of the global climate crisis a bigger focus of everyday life – with practical approaches on how to address these challenges.

Our strategic focus aligns with The Daily Maverick’s vision for reporting on the climate crisis. Of highest priority for the The Daily Maverick team is getting as many South Africans as possible to fully participate in efforts to slow down and minimise the impact of climate change. The journalism will be freely available for other publishers to use because this is bigger than any one organisation’s ambition in the space.

The partnership with Absa is built on, and with, The Daily Maverick’s well-established reputation for journalism of the highest quality that maintains editorial integrity and independence in conducting all investigations.

To stay up to date with the latest investigations, reporting and developments around the crisis, readers are invited to subscribe to the Our Burning Planet newsletter, and encouraged to be part of the conversation that shapes the future of climate crisis response in the southern African region.

↓ 2021 TCFD Report (publication in May 2022)

FS6 Percentage of the portfolio for business lines by specific regions, size and by sector

An analysis of the Group’s lending portfolio by business lines and geographic regions are disclosed within our financial results analysis.

↓ 2021 Financial Results Booklet Note 8

FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose

Affordable housing

We continue to play an active role in the affordable housing market by providing relevant and appropriate financial solutions to investors, developers and the communities we serve. We provided home loans to 7 932 (2020: 5 308) affordable housing customers to the value of R4.3 billion (2020: R2.8 billion), with a 59% growth year-on-year. Although the country experienced a pandemic with lockdown restrictions during 2020 and 2021, the affordable housing market saw a significant increase in home loan applications due to the current favourable lending interest rates, the lowest in 50 years. As part of our home loan offering, our borrower’s education programme informs customers on all aspects of home buying and home ownership. 9 084 (2020: 7 160) customers participated in the programme, with a 27% growth year-on-year, which has been delivered virtually to support social distancing. Our total affordable housing home loan book as at 31 December 2021 was R10.3 billion (2020: R9.8 billion). We also supported 127 (2020: 143) customers to access the government’s Finance-linked Individual Subsidy Programme. To enable the development of and/or investment in affordable units, we have committed property finance of c. R8 billion in the past six years. Our product offering includes social housing, which involves providing finance to facilitate more affordable rentals.

We will continue working with the Department of Human Settlements and Local Authorities. To date we have delivered approximately 5 000 homes in Gauteng, Eastern Cape and Mpumalanga (Witbank ‘Klarinet’, Mogale City, Olivenhoutbos and Thornhill). We are actively working on a pipeline of housing opportunities of approximately 1 000 units for the 2022/ 2023 financial year.



Best Bank for Financing in Africa

Euromoney Awards for Excellence 2021



Africa Deal of the Year

Airfinance Journal Awards 2020



Partnering to bring possibilities to life

In 2021, Absa Commercial Property Finance renewed its sponsorship of the MSCI Real Estate Index in South Africa. MSCI Inc. is a leading provider of investment decision support tools worldwide. The MSCI Real Estate Index includes a sub-index for residential property, incorporating a large proportion of institutionally held affordable housing assets. This residential sub-index was created by MSCI as a result of the financial support provided to it by Absa Commercial Property Finance to assess the viability of creating such an index for the South African market in 2018. The MSCI indices are a unique source of empirical data reflecting the performance of the property sector in South Africa. They enable investors to assess the housing sector using comparable metrics for other direct property segments in South Africa and globally. As housing is a critical sector for the South African economy, we see this initiative as having the potential to attract additional private and institutional capital, which will assist in alleviating housing shortages, and draw many more South Africans into the formal economy – helping bring their possibilities to life.

Partnering to extend mortgages to low-income households

Absa Bank Mozambique and Casa Real, an affordable housing company in Beira supported by the Dutch and Swedish governments, worked together to design affordable housing payment terms that make home ownership a reality. Absa and Casa Real signed a five-year memorandum of understanding in 2019 with the intent to find ways that unlocked housing credit to ordinary families by de-risking the loan for the bank. In this model, Casa Real lets the home to a client who has the intention to buy for a period of up to three years. The rent is reserved to enable the client to use it as a lump sum down payment for a mortgage loan. This enables the deposit to be paid, thereby bringing the bank's exposure to an acceptable level and demonstrates the credit worthiness of the client, which then, in turn, provides assurance to the bank that the client is at low risk of defaulting. These factors together help the bank to set an interest rate that makes the mortgage affordable.

Sustainable living plays an important role in society. We have therefore commenced with an online sales uninterrupted power solutions proposition for our employees and customers. We have negotiated employee discount to purchase uninterrupted power solutions.

Enterprise development

Partnering with several of our provincial government primary banked clients, we have allocated R1.95 billion in South Africa and R1.2 billion. In the Absa Regional Operations in 2021 (2020: R1.7bn in South Africa) to provide funding to small and medium sized enterprises (SMEs) that have secured government contracts in order to promote financial inclusion for these entities.

Over and above access to procurement opportunities, we support SMEs by providing access to financial services, as well as development support in the form of business skills,

information, networks and markets. These interventions include training and strategic events; access to corporate customers and their value chains; and partnerships with non-profit organisations, global development organisations and government. Our structured approach to value chain financing blends our commercial funding with more affordable funds and/or guarantees from third parties to provide more affordable financing rates for emerging businesses that would not otherwise qualify for traditional finance.

The following programmes supported in 2020 were continued in 2021:

- Ekasi COVID-19 Relief Compliance and Funding Readiness programme - 236 of the SMEs were assisted with their financial reports and compliance outside of them accessing Government Relief Fund for their business continuity
- Basadi Enterprise Development Programme under Absa Insurance Company - we sponsored 10 Basadi Entrepreneurs to attend and exhibit their business and services at the Construction Expo. Three of these SMEs are now Absa accredited service providers to our clients
- The Smart Procurement Xchange programme - we supported 46 SMEs to be part of the programme.

In 2021, we supported the following programmes to develop enterprises:

- Partnership with Fedhasa - Providing mentorship in financial and business management, mastering cashflow management, compliance with income taxation, small business tax incentives and South African Revenue Services refunds for small businesses personal financial planning
- Mentorship programmes for SMEs in different sectors – A three-month mentorship programmes in entrepreneurial topics i.e., business strategy, business agility, cashflow management, legal and tax compliance, and marketing your business for success
- City Press Money Makers Programme – A four-month business coaching programme in partnership with the City Press aimed at assisting new businesses establish themselves in their markets and provide development opportunities based on their business needs
- Business development grants - Grants of R33 million were provided to black-owned financial intermediaries with an annual fee income of less than R50 million
- Lending based grants – These grants were made available to black SMEs that applied for funding but did not qualify for the total loan amount. A specified percentage of their loan amount was offered a grant to assist with the sustainability and growth of their businesses
- Coaching summit - We collaborated with other institutions to sponsor an online coaching summit for SMEs owned by youths. Topics for discussion included funding readiness, legal matters, tax accounting and compliance, business advisory and technology.



Due to the impact of the civil unrest in 2021 the following programmes were postponed to 2022. In both instances, Absa will also provide transactional services and financial literacy to the emerging operators.

- Absa will be a funding partner for a programme that seeks to grow the businesses of black-owned informal second-hand tyre dealers
- Absa will be a funding partner for an initiative that seeks to assist spaza shop owners to upgrade their stores to a commercially sound neighbourhood convenience store format, supported by a large South African retailer's supply chain.

Funding of R1.2 billion was provided to SMEs in corporate supply chains across Absa Regional Operations, including:

- Disbursed R169 million (KES 1.2 billion) to 457 women entrepreneurs
- Partnered with Unilever and United Nations Institute for Training and Research to train 100 000 women over a five-year period. The Sunlight Women of More programme will support Kenyan women entrepreneurs to develop their businesses into sustainable and profitable ventures by 2026
- Launched the She Business Account with a commitment to impact over one million women entrepreneurs over the next five years through finance, markets, information and mentorship and coaching
- An SME academy in Uganda assisted businesses to develop and build strategies and tools to support them in coping with the economic effects of the pandemic. In partnership with GIZ, we hosted eight webinars to equip SMEs with knowledge, skills and tools to enhance their survival, recovery and continuity. The key sectors focused on included construction, manufacturing, tourism and hospitality sectors
- 974 SMEs in Botswana received training on various topics including tax compliance, sales, marketing and networking, record management, recruiting and attracting talent as well as banking products for small business. The respective trainings delivered through partnerships with Botswana Unified Revenue Service, Local Enterprise Authority, and United Nations Development Program - Supplier Development Program
- Our sponsorship of the Exxon Mobil and Area 4 Partners Enterprise Development Centre delivered 53 trainings to 1 389 businesses across Mozambique, as well as 12 deep dive business gap assessments and the upgrade of business plans. Furthermore, through this initiative three entities were mentored through ISO quality compliance and certification.

The following interventions enabled access to markets for more businesses:

- Provided access to markets for SMEs by procuring personal protective equipment from SMEs for distribution to Absa stakeholders nationally
- Sponsored female entrepreneurs in the construction sector to attend and exhibit at the annual construction expo whereby they were exposed to business opportunities and prospective clients in their sector
- Supported the Annual Smart Procurement Indaba, an online exhibition to more than 1 000 corporates and chief procurement officers for SMEs, including a year's membership to the online platform.

The financing of a capital adequacy initiative is planned for 2022 to enhance the ability of black SMME stockbrokers to participate in a larger percentage of JSE trading activities:

- Financing of a capital adequacy initiative targeted at black SMME stockbrokers to enhance their ability to participate in a larger percentage of JSE trading activities
- Through an innovative structure, Absa has formulated a solution where the capital adequacy funds are ring-fenced (JSE only access), such that traditional credit scores do not apply, thereby reducing funding costs to SMME members of the JSE.

For every R10 million of capital adequacy Absa provides, a broker can accept an additional R500 million worth of trades, or R500 000 in revenue. On average, this would result in a 20 to 30% increase in revenue on a full year basis.

Partnership in support of small and medium enterprises

Absa entered into a facility agreement with Proparco to support small and medium enterprises impacted by COVID-19. We secured a senior loan of USD20 million from Proparco. In this way, we are able to further our support of corporate small and medium enterprises operating in sectors impacted by COVID-19. This includes construction, manufacturing, transport, tourism, wholesale and retail sectors. The full amount would be utilised by the second quarter of 2022.

Partnership in action: Enterprise and supply chain development – Debswana Diamond Company

Absa Botswana has entered into a formal enterprise and supply chain development partnership with the Debswana Diamond Company. This cements the ongoing enterprise and supply chain development relationship with Debswana over the last two years, that has seen Absa Botswana fund various local contractors under their Citizenship Economic Empowerment Policy, which looks to increase participation of citizen-owned companies in their supply chain.

Under this partnership, Debswana will award contracts to locally and citizen-owned suppliers and contractors who will (if required) apply for funding facilities, in the form of trade finance or commercial asset finance from Absa Botswana to enable them to fulfil their obligations under the contract.

Localisation is a key strategic imperative for Debswana and the Botswana government as they look to retain economic value within the country, diversify and industrialise the economy and create employment opportunities.

Through the Debswana partnership we have funded assets worth R462 million which comprises of commercial asset finance and working capital solutions. Total approved facilities to date amount to R618 million and the total value of contracts awarded amount to R1.5 billion.

Partnerships in action: Enterprise and supply chain development – Coca-Cola

The Absa Kenya Plc/Coca-Cola partnership agreement supports small and micro business outlets across the country. Over 200 distributors and 18 000 trade outlets are being targeted in the phased approach.

In this way, we seek to support affected businesses across the value chain with revolving, short-term working capital financing to bridge any cash flow challenges between stock purchase and receipt of payment from their customers. This allows the distributors and retailers the flexibility to accept extended payment terms from Coca-Cola, as well as increase their credit should they require it. The partnership included Amref Health Africa, a non-governmental, international development organisation based in Africa.

The traders and their employees also received COVID-19 health and safety training to assist in adhering to government guidelines for business.

We have disbursed R13.1 million (c.KES 92.8 million) in working capital facilities to date.

Agriculture

Inclusive and sustainable growth is a key focus point in agriculture. Absa enhances the sector's inclusivity by using innovative solutions to address the developing agri-sector's constraints to accessing finance. By solving issues such as limited technical expertise, shortfall in security and the high cost of borrowing, we have almost doubled our advances to the developing agri-sector compared with previous years.

We are working on partnerships to co-finance the developing sector in blended finance schemes, and thus expand our offering to the developing agri-sector.

Youth are key to inclusive and sustainable growth in agriculture, more so given the high unemployment rate in South Africa. In 2021, we continued to support the agricultural students who received Absa scholarships in 2019. The support entailed motivational seminars by successful recent graduates, career guidance specialists and agri-sector employees to motivate the scholars to remain focused, network and identify the interests they intend to pursue in the sector. As further motivation, Absa will award prizes to the best performing and most improved scholars in 2021.

The agri-sector performed extremely well in the previous two seasons. This performance was underpinned by good crop and high prices. However, not all parts of the country experienced this boom. Prolonged drought conditions of the last eight to ten years in some of the central and western parts of the country forced many farmers off their farms. The rains that fell in some of these areas at the beginning of this summer season brought some relief, but the long-term effects of the drought will still be prevalent for many years to come.

We appreciate that investments in agriculture are long term. We therefore take a long-term view of each client, knowing that they will have good and bad seasons, resulting from the changes in weather patterns. We are increasing our ability to serve our clients, monitor their enterprises and manage risk timeously. Since 2020, we have been using technologies such as remote sensing to closely monitor the clients' crop and hence take proactive decisions about serving and financing them. We conceptualised and tested a number of other digital offerings and hope to develop and implement them in the short term.

Our specialists provide updates on local and global market insights to help our customers make more informed decisions through various media platforms, such as the Absa blog, television, print and social media. In addition, we provide a range of information in support of the industry, including:

- Weekly livestock prices, containing an analysis of factors that impact global and local markets, and a forecast of expected prices within the next three months. This covers feed grains, livestock, fibre, hides and feedlot
- Weekly commodity prices
- Annual commodity outlooks, comprising global and local economic drivers covering grain, oilseed and horticultural crops, livestock, fibre and other topical regulatory or resource issues. The report includes a three to five-year outlook on production, imports, consumption, exports and prices
- Hosting webinars to provide our clients with relevant information on market-related aspects and the bank products available to meet their needs.

Agri innovation

Absa AgriBusiness started a process to improve our digital data capability in 2020. The first step comprised starting the process to onboard a supplier of remote sensing services. This was further built out by embarking on a digital sprint, supported by the Group Digital team. During this sprint, a number of digital offerings were conceptualised and tested with clients. The next step includes developing and implementing several of these concepts and rolling them out to our clients. These offerings will not only improve the bank's ability to better serve its client base and enhance the client experience but will also improve the bank's ability to manage its risks.

We have a relationship with various industry associations, including, but not limited to, the Agricultural Business Chamber, Agri SA and its provincial unions, the Citrus Growers Association, Cotton SA, Hortgro, Grain SA, the Produce Marketing Association, Potato SA, the National Emergent Red Meat Producers' Organisation, the South African Table Grape Industry, the Transvaal Agricultural Union and Vinpro.

Digital solutions

We seek to develop digital solutions that assist our clients run secure and efficient businesses.

In line with this objective, we launched Absa Abby on our banking app. This internally built, award-winning virtual assistant helps customers navigate the banking app with ease. Powered by artificial intelligence, Abby learns from customers' interactions on the banking app and can provide guidance based on customer habits to improve their experience over time.

WhatsApp banking is also now available in all Absa countries.

By collaborating with a fintech company, we integrated with a platform providing simple life insurance products at low prices. The product, Employee Care Plan, is available digitally and covers small and medium enterprise employees if they are permanently disabled while performing their duties in the workplace, or when they pass away.

Absa Life is delivering a next horizon product (NextGen) that enables financial inclusion with a force for good benefit donatable by policyholders to charitable organisations. This digital solution will be launched in 2022 and will offer a free-for-six-months accidental funeral plan, which upgrades into a paid offering at the end of six months. The product is targeted at the younger and uninsured population.

Diving deeper: [↓ 2021 Integrated Report](#)

Digital banking awards

Absa was awarded Outstanding Financial Innovator in the banking category in Africa while the Absa Access product was the winner for the Outstanding Innovation in the cash management category.

International Digital Customer Experience Awards 2021

The Absa Virtual Assistant clinched the award for Outstanding Chatbot Customer Experience.

FS8 Monetary value of products and services designs to deliver a specific environmental benefit for each business line, broken down by purpose

Renewable energy

Customer education and awareness are important components of our approach to driving renewable energy. We shifted from face-to-face customer education and awareness-raising engagements to participating in online events, including the Sustainability in Manufacturing event, Smart Mobility Week, Green Building Council South Africa conference and other energy-related virtual events, and we were a lead sponsor of the Solar Power Africa Conference. We also sought to contribute our insights through the publishing of a battery short report, an electric vehicle short report and thought leadership articles on the renewable energy sector. We have introductory research available to customers on seven renewable energy technologies and face-to-face training initiatives. Internally, we ran 25 training sessions around renewable energy (and the funding thereof) and enhanced digital training by making available four training modules.

As a member of the South African Photovoltaic Industry Association, we proactively engage and collaborate on topics seeking to advance the industry. We continued to give input to Green Cape and the Council for Scientific and Industrial Research, and we worked with Sustainable Energy Africa to promote the adoption of rules and regulations that are supportive of the small-scale embedded generation sector.

We continually refine our strategy to support affordable and clean energy through more propositions and strategic partnerships which can unlock opportunity for cross-collaboration across the bank and in the industry.

Through our engagement with employees and clients, we have noted the need for insights and content on an introductory level to enable a base-level understanding of renewable energy technologies. We have introduced a quarterly newsletter, published articles, performed case studies, testimonials, research studies, podcasts and webinars in various publications, online and via social media.

We provided training to eight councils on solar photovoltaic (PV) and energy efficiency in manufacturing. Our frontline and credit employees attended 24 solar PV training sessions and 143 employees attended the digital solar PV training.

We have approved R493m solar PV and battery funding. This will result in carbon offset of 62 221 tonnes CO₂e.

Our advisory support included a value proposition on customer tariff structures, external training with various installers, manufacturing billing analysis where R408 000 savings were identified, and identified R1.7 million savings in schools through solar.

Mediclinic R8.45 billion Syndicated Sustainability-linked Loan

Absa acted as lender in Africa's first sustainability-linked loan to Mediclinic. The sustainability targets are directly linked to key group environmental and social goals of progressing to becoming carbon neutral with zero waste to landfill by 2030.

South African renewable plants refinancing

Absa Bank, acted as lead arranger and sole underwriter in the R5.2 billion senior debt refinancing relating to three of Globeleq's renewable power plants.

Risk sharing facility to support small businesses

CDC Group provided a US\$50 million risk sharing facility to Absa to support lending to small businesses and households through Microfinance and Non-Bank Financial Institutions in Africa. The commitment increases Absa's capacity to offer financing solutions to Micro, small businesses and households across Sub-Saharan Africa through Microfinance Institutions and Non-Bank Financial Institutions (MFI & NBFIs).

This MFI and NBFi risk sharing facility is the first of its kind for CDC – supporting lending to these institutions (through credit risk mitigation) and allowing them to better serve households and small businesses across Africa.



CDC partner with Absa to support SME lending

Absa partnership with African Rainbow and Power (AREP) creating a renewable energy platform (SDG7)

Absa and African Rainbow Energy and Power launched a new entity called African Rainbow Energy as an African-led, world-class, renewable energy investment platform.

AREP will make an initial investment of assets covering wind, solar photovoltaic and biomass projects with an installed capacity of more than 700 megawatts of renewable energy. Absa made an initial investment of R500 million and transferred R5 billion of our existing renewable energy assets to African Rainbow Energy. This will result in African Rainbow Energy having approximately R6.5 billion in gross assets, covering 31 renewable assets, making it one of the largest and most diverse independently owned energy businesses in South Africa.

The establishment of African Rainbow Energy expands the pool of funding available for renewable energy developments in South Africa, at a time when the country is accelerating its plans to expand and diversify its energy base through the Renewable Energy Independent Power Producer Programme (REIPPP). The private sector is simultaneously expanding its energy supply. This is an important step for the South African economy, which aims to source reliable and cost-effective renewable energy to drive growth and employment.

Our participation in African Rainbow Energy underscores our commitment to support the development of renewable energy initiatives and enhance the green economy as part of our sustainability agenda. Renewables are an important part of Absa's sustainability strategy, and we target financing or arranging more than R100 billion for ESG-related projects by 2025.



Absa Mozambique joins the Lusophone Renewable Energy Association (ALER)

Absa Bank Mozambique recently became an associate member of ALER, a non-governmental development organisation with the mission of promoting renewable energies in Portuguese-speaking countries. In addition, we sponsored the ALER talks event with the theme – The Role of Nat.

Energy efficiency through solar photovoltaic awareness and energy efficiency

Customer education and awareness continue to be important components of our approach to driving renewable energy adoption. Internally, we ran 24 solar specific training sessions, and eight awareness sessions on renewable energy and energy efficiency. Furthermore, more than 100 employees took part in our enhanced digital training modules on renewable energy. These training sessions have also focused on service providers. As restrictions eased, we were able to participate in three industry training sessions hosted by key stakeholders to give installers insights as to the support available to enable their growth. We continued to build on our insights base through a dedicated renewable energy social media campaign, customer testimonials (including in the ENCA Gamechangers series), dedicated webinars and multiple thought leadership articles.

Our energy advisory value proposition continues to grow with a focus on supporting manufacturing clients and schools in their energy-efficiency journeys. Supporting clients in understanding their own energy journey is key, including understanding tariff structures, analysing their billing and building a plan for savings initiatives, as well as investments into the future.

Small-scale embedded generation (SSEG)

Intensified load shedding and high tariff increases spurred the interest and adoption of solar. We saw an increased adoption of solar integration with batteries and generators. Furthermore, we paid out almost double our 2020 pay-out figure for solar projects, also equating to double the number of projects compared to the previous year. This resulted in a carbon offset of 56 963 tonnes of CO₂e, contributing to a final carbon offset in excess of 63 264 tonnes of CO₂e.

The changes in the industry, including a more supportive regulatory environment, are supporting the growth in adoption of solar. Looking ahead, larger installations will enhance the impact of solar, along with the implementation of simpler registration processes by the regulator and grid operators.

Tetereane Solar Project account bank and security agent

We are the account bank and security agent for Tetereane Solar Project as our first renewable energy project in Mozambique. The initiative will contribute to the government's Energy for All strategy, aiming to enable universal energy access by 2030. The USD32 million project is located in the Tetereane district of the city of Cuamba, in the Niassa province, and constitutes the first independent power producer project in Mozambique to integrate a utility scale energy storage system, including an upgrade to the existing Cuamba substation. Electricity will be sold through a 25-year power purchase agreement with Electricidade de Moçambique. More than 100 jobs will be created during the construction phase of the project and 10 in the operational phase. It also includes a community development plan that will allocate 1% of its revenues to support the municipality's development.

South Africa's Renewable Energy Independent Power Producer Procurement (REIPPP) Programme

The REIPPP programme is seen as the most significant contributor to South Africa's shift towards a low-carbon economy. It supports the country's commitment to reducing carbon emissions in line with the 2015 Paris Accord, as well as the 2019 Energy Integrated Resource Plan goal to diversify energy resources and reduce the reliance on coal. The renewable energy technologies supported include wind, solar photovoltaic, concentrated solar power and biomass. The projects are designed to make a significant contribution to energy generation, environmental sustainability and economic growth and development by benefiting local communities and businesses during the various construction phases and beyond.

The 92 projects, of which Absa were involved in 33 in prior years, successfully reached financial close and are now in the operational phase.

In addition, Absa supported a number of bidders for the fifth procurement round under the Government's REIPP programme. Of these projects, 21 of 25 with a capital value of c.R47 billion and a total capacity of 2 274MW, have been selected as preferred bidders, with financial close expected to occur during the course of 2022. The technologies include 1 524MW of wind power and 750MW of solar photovoltaic power.

Our exposure to renewable energy finance in our preference share book is R1.1 billion as at 31 December 2021.

Saudi power company to build Redstone 100 MW Molten Salt Solar Tower Concentrated Solar Power Project in the Northern Cape

Absa has been appointed as one of the lead arrangers, senior lenders and hedge providers for the 100 MW Redstone Concentrated Solar Power molten salt tower project in the Northern Cape. The R11.6 billion project is being developed by ACWA Power of Saudi Arabia (along with other South African shareholders), and forms part of Round 3.5 of the South African REIPPPP. A concentrated solar power tower plant generates solar power using mirrors, known as heliostats, to concentrate a large area of sunlight onto a small area known as the receiver, which is situated on top of the tower. (SDG7)

Managing school electricity and energy consumption

Grant funding was provided to Suntricity, a black-owned entity, for a pilot project to assist public schools in managing their electricity and energy consumption. A detailed analysis of the electricity and water usage was conducted, and potential savings identified. Where applicable, Absa's renewables team assisted in funding solar photovoltaic installations that will assist the school to reduce its electricity costs.

As part of our collaboration, Suntricity has to date analysed seven schools in Gauteng and North-West and presented their findings to the schools, unlocking the following opportunities:

- Energy and water savings of R1.7 million
- Green asset finance for solar photovoltaic of R2.3 million
- Commercial asset finance for energy-efficient equipment of R3.0 million.



Partnership in action: Green mortgages

The demand for new buildings presents a unique opportunity to leap into a low-carbon and resource-efficient future by developing responsibly and incorporating energy-efficient design and construction strategies. Absa is committed to creating customer-centric products and recognises that sustainability is not only a priority for the Group but for the customers we serve.

The Absa Eco Home Loan, launched in partnership with Balwin Properties, makes buying and owning a green home possible for more South Africans. This finance solution offers competitive rates for EDGE (Excellence in Design for Greater Efficiencies) certified properties. The EDGE standard is set at a minimum of 20% reduction across energy consumption, water and embodied energy. In this way, Absa can support the development of buildings that are not only greener but lower the costs of running a household and therefore have a direct impact on property owner cash flows.

The Absa Eco Home Loan has demonstrated how collaborating with developers can assist in creating innovative solutions that enable homeownership in South Africa while supporting a more sustainable environment for all.

A first in the market, Absa Home Loans will offer qualifying customers and Absa employees in South Africa an uninterrupted power solution (UPS) when they apply and register for a new home loan or switch their home loan to Absa via the digital sales platform.

The digital sales platform enables customers to apply for their home loan online (single or joint applications) with simplicity and speed.

FS13 Access points by low-populated or economically disadvantaged communities

We offer services to our customers through a multichannel approach with a choice of platforms, from digital solutions, call centres and face-to-face engagements in branches to customer suites with relationship managers. We also have convenient alternatives to branches, such as self-service options (ATMs) and digital options (online banking, mobile banking, mobile apps and USSD-code).

Strengthening and extending our online and mobile service offerings is a priority in order to respond to our customers' evolving needs, thereby enhancing their experience and reducing their dependency on physical branches.

In addition to our branches and intelligent ATMs, we partner with various retailers and other organisations, such as postal services and telecommunications companies, to extend the reach of our services.

We seek to help customers transition to 'smart banking' with cheaper and more convenient banking channels, and our pricing model encourages and rewards customers who choose to make use of electronic or digital channels.

In accordance with the Amended Financial Sector Code, access to financial services is a transformation imperative in South Africa.

Diving deeper: [↓ 2021 B-BBEE Report](#)

Absa co-sponsors fintech, health tech youth entrepreneurs

Absa Bank Tanzania co-sponsored fintech, health tech youth entrepreneurs. The programme was managed and organised by Startup Réseau, an India-headquartered start-up accelerator that kick-started its East Africa expansion in 2021 with the inaugural edition of the Wazo Challenge Tanzania. The challenge focused on five thematic areas: financial services, healthcare, agriculture, energy/utility and education.

The Wazo Challenge Tanzania was based on 12 start-ups selected from an application pool of 150. Absa, as co-sponsor, supported organisations presenting innovative ideas aimed at impacting communities.

The bootcamp attendees competed for a cash grant of R160 000 (USD10 000) with winners selected based on various factors, including stage of the start-ups, the founders' vision, uniqueness, market opportunities and clarity of the business model.

FS14 Initiatives to improve access to financial services

We focus on developing innovative means of improving access to financial services for the economically disadvantaged.

This is achieved through the delivery of relevant affordable products and services, innovative delivery channels designed to facilitate easier access to financial services, and consumer education that improves financial literacy.

Diving deeper: [↓ 2021 B-BBEE Report](#)

The following constitute a selection of the products and services aimed at providing access to a range of financial offerings, from transactions and savings to lending and insurance (availability may vary across our countries of presence):

- Absa Transact (SA only) is a simple, lowest-cost and fully functional bank account
- Absa Value Bundles (SA only) are simple, transparent transaction bundles offering value-added services, including funeral, retrenchment and disability cover
- Absa Rewards (SA only) offers a cash-back feature and bonuses, based on a customer's product portfolio and the way in which they transact
- Agency banking allows customers to perform basic transactions such as bill payments, balance enquiries, card and cardless cash deposits, and withdrawals at third-party outlets
- Hello Money (Absa Regional Operations only) provides mobile phone banking with online and ATM bill payment facilities
- MegaU Youth Account (SA only) includes an interactive app that makes banking rewarding and educational for children
- The Absa home loan pre-qualification tool is a simple and quick way of discovering what the bank may lend customers before they start searching for a home. The tool enables single or joint applicants to see what they would qualify for
- The AbsaMyHomeOwner Journey is a free e-learning platform can help home buyers understand homeownership, and answers all the pressing questions before purchasing a home
- The Absa Knowledge Hub Centre provides articles that answer the most frequently asked questions around buying a property
- The Absa Home Loans Digital Sales Platform enables online home loan application whether is a single or joint application. Digital Sales Platform is accessible from absa.co.za
- A digital fraud warranty on the app now means that we carry the loss for customers who are defrauded, within reason. In addition, we launched the world's first beneficiary-switching capability
- CashSend allows for cash remittances from our ATMs without a bank card and is available for customers without an account. The withdrawal function has been reduced to an easy three step process
- Chatbanking is available on WhatsApp, Twitter and Facebook
- Jumo (in partnership with MTN) is a USSD micro-lending solution for individuals and SMEs in Ghana and Zambia



- Wezesha Biashara in Kenya is a funding programme aimed at boosting growth for small and medium businesses by providing easy access to business loans
- In Kenya, Kiswahili insurance policy contracts are made available as part of a government-led initiative
- Kongola is a mobile lending proposition and Kasaga a savings solution both which are offered in Zambia
- Digi account is an online account onboarding in Mauritius
- MauCAS QR code is a national QR code designed by the Bank of Mauritius aimed at facilitating inter-bank transfers, to promote a cashless society. The code has been incorporated in Absa Bank of Mauritius systems
- Multi-functional, multi-language ATMs (offering eight languages) include bill payments, cardless withdrawals and a facility for customers access statements up to 12 months, redeem Absa Rewards and bank confirmation letters
- NovoFX app allows customers to buy foreign exchange and make cross-border payments in more than 28 currencies
- Partnerships with various telecommunications providers across Absa Regional Operations, deliver mobile payment solutions even, in some instances, for users without bank accounts
- Prepaid cards are a cash management solution that enables customers to distribute cards to an individual, who can then spend the funds locally or internationally
- Timiza is delivered in partnership with Safaricom, Kenya's first digital banking platform, and offers loans, bill payments, airtime, insurance, foreign exchange and other transactional capabilities via mobile phone
- Virtual Pay (SA only) is a cardless payment solution for a single business account that allows businesses to monitor and control expenses by integrating with most procurement systems and travel booking tools
- Virtual Investor (SA only) is a platform that can be used by both Absa and non-Absa customers to buy unit trusts online
- Workplace Banking (SA only) offers our wholesale customers banking, insurance and financial wellness education onsite, strengthening their employee value proposition
- Solutions such as Asorbia, a fintech church app, and Atlas, a savings-based digital wallet, both offered in Ghana, and the Prepaid Vivo Energy EasyGo card, which is offered in Tanzania and allows for budgeting, tracking and rewards, extend financial access

- Shari'ah-compliant banking services and products are offered in various markets for individuals and businesses seeking access to financial services in accordance with their beliefs and values
- Western Union enabled branches covering 32% of our branch network
- A fully functional ATM at the South African Guide Dogs Association headquarters to assist with the training of service dogs and assist visually impaired employees
- Spark, in partnership with Arttha, provides a mobile wallet for financial inclusion in Zambia, Botswana and Ghana
- Contactless capability on ATMs, spark wallet QR capability and point of sale provide market leadership response to management in our Absa Regional operation markets.

Absa's role in the digital identity landscape

The mobile lending proposition in partnership with Jumo in Zambia (Kongola) and Ghana (Ahomka) continued to grow with 1.7 million loans disbursed (2020: 1.8 million) with a disbursement value of over R1.1 billion (2020: R517 million).

Cardless withdrawals

Absa Bank Uganda introduced the country's first innovative cardless withdrawal feature at our ATMs. The innovation allows customers to use a QR code generated from the Absa banking app on any smartphone in order to withdraw money from one of our ATMs across the country.



Absa Kenya Whatsapp banking platform



Absa Mauritius domestic non-Absa transfer fund

FS15 Policies for the fair design and sale of financial products and services

We develop and review products and services considering our Product Risk Standard, Conduct Risk Framework and our Reputation Risk Framework, with the aim of addressing potential product risks and associated market conduct. The product development and review process consider customer and public feedback, new or amended laws and regulations, as well as feedback from regulators, trade bodies and consumer organisations. Our products are developed and approved through a rigorous process overseen by the Group's Product Approval Committee. We conduct post-launch risk reviews to confirm that the product operates as designed and that the necessary controls to protect both the customer and the Group are in place.

This process applies to new and existing products offered to existing and potential customers, counterparties or other participants and deals, and results in the maintenance, modification or withdrawal of products and services. Withdrawal takes place when a product is no longer offered because of business performance or regulatory reasons, the closure or disposal of a distinct business unit, the end of a strategic alliance, or due to a risk-based assessment after product launch.

Looting relief for customers

We had first-hand appreciation of the disruption caused by the looting in July 2021 in certain regions of South Africa. This, however, only served to strengthen our resolve to ensure our customers had uninterrupted access to banking services.

After the assessment of the impact of the riots and civil unrest on both retail and business bank customers while working to restore impacted branch and ATM operations, we introduced the following measures to assist our customers:

- Reintroduction of payment relief: With immediate effect, we reintroduced the Siyasizana programme to provide a bespoke payment relief solution to assist impacted retail customers (individuals) with existing credit facilities
- Tailored credit/relief solutions for business bank customers: We offered dedicated, bespoke credit solutions for businesses (including SMEs), as they rebuilt and restored operations. Solutions were based on the unique circumstances and needs of each business

- Reduction of Saswitch fees for two months: As part of an industry initiative, we subsidised the fees charged when a customer used a Saswitch ATM from 1 August 2021. Customers could use any ATM in South Africa and pay the usual fee charged by their own bank
- Absa-supported ATMs are more affordable: In addition, cash withdrawal fees were reduced at Absa-supported ATMs (machines not owned by Absa). For the retail customers that make use of our transactional accounts, they could withdraw cash at Point-of-Sale (POS) terminals free of charge
- Bank-on-wheels: We deployed mobile ATMs to the affected communities in parts of KwaZulu-Natal to provide banking services and to alleviate pressure, particularly for the SASSA payment period
- Assistance with point-of-sale terminals: We waived point-of-sale monthly terminal rental fees for businesses that have been impacted by the unrest and assisted with replacements, if required
- To ensure that standalone life insurance cover remains unaffected, we offered an additional two-month premium payment relief. In addition, all valid claims, including hospitalisation, disability or death, as a result of the recent unrest, was paid
- Absa Insurance Company assisted insurance customers with fast-tracking claims assessment, processing and fulfilment as per the SASRIA mandate (the state-owned insurer), for losses arising from the unrest.

FS16 Financial literacy

Consumer financial education plays a critical role in ensuring sustainable and effective financial inclusion by providing individuals and communities with knowledge and understanding of financial products, concepts and risk to make appropriate financial decisions. This helps with the upliftment of our communities, in particular those from the low-income segments.

In South Africa, consumer financial education programmes form part of our Financial Inclusion strategic pillar, which seeks to, among others, enable strong individual financial behaviours through literacy and expanded financial education. The objective of our financial education programme is to empower consumers (and our communities in general), to make informed choices and improve their lives through responsible personal financial management. The programme is delivered by accredited partners and is targeted at school learners, the unemployed and individuals earning an income of less than R250 000 per annum.

We invested R14 million (2020: R27.7 million) in reaching 20 510 (2020: 50 246) beneficiaries throughout South Africa, with 75% in urban areas and 25% in rural areas.

Absa wins at Gold Quill Communication Awards

Absa was recognised at the annual awards of the International Association for Business Communicators Competing against 482 entries from 22 countries, the Digital Solutions, Innovation and Technology (DIT) communication team has won a Gold Quill Merit trophy in the category of Employee Engagement. The entry showcased the work done in increasing engagement levels while transforming flagship events, such as the Technology Indaba and DIT townhalls from physical events into virtual.



Ghana Information Technology and Telecom Awards

Absa Bank in Ghana received the Best ATM and Kiosk Implementation Award.



Online experiences

Absa's Digital Sales Platform won Mortgage product of the year for the 'Middle East & Africa' Digital Banker awards.



Global brand awards

Absa Bank Mauritius has won the 'Most Innovative Bank' and 'Best Digital Bank' for the year 2021.





Annexure 1: GRI Index

GRI disclosure title			Disclosure/ Disclosure reference
Organisational profile			
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102-11	Precautionary principle or approach	Core	Page 9
102-12	External initiatives	Core	Page 9
102-13	Membership of associations	Core	Page 10
Strategy			
102-14	Statement from senior decision-maker	Core	Page 10
102-15	Key impacts, risks, and opportunities	Core	Page 10
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Core	Page 13
102-17	Mechanisms for advice and concerns about ethics		Page 16
Governance			
102-18	Governance structure	Core	Page 18
102-19	Delegating authority		Page 20
102-20	Executive-level responsibility for economic, environmental and social topics		Page 20
102-21	Consulting stakeholders on economic, environmental and social topics		Page 20
102-22	Composition of the highest governance body and its committees		Page 20
102-23	Chair of the highest governance body		Page 20

GRI disclosure title			Disclosure/ Disclosure reference
102-24	Nominating and selecting the highest governance body		Page 20
102-25	Conflicts of interest		Page 21
102-26	Role of highest governance body in setting purpose, values, and strategy		Page 22
102-27	Collective knowledge of highest governance body		Page 23
102-28	Evaluating the highest governance body's performance		Page 23
102-29	Identifying and managing economic, environmental and social impacts		Page 24
102-30	Effectiveness of risk management processes		Page 24
102-31	Review of economic, environmental and social topics		Page 24
102-32	Highest governance body's role in sustainability reporting		Page 24
102-33	Communicating critical concerns		Page 25
102-34	Nature and total number of critical concerns		Page 25
102-35	Remuneration policies		Page 25
102-36	Process for determining remuneration		Page 25
102-37	Stakeholders' involvement in remuneration		Page 25
102-38	Annual total compensation ratio		Page 25
102-39	Percentage increase in annual total compensation ratio		Page 25
Stakeholder engagement			
102-40	List of stakeholder groups	Core	Page 25
102-41	Collective bargaining agreements	Core	Page 25
102-42	Identifying and selecting stakeholders	Core	Page 25
102-43	Approach to stakeholder engagement	Core	Page 26
102-44	Key topics and concerns raised	Core	Page 28
102-45	Entities included in the consolidated financial statements	Core	Page 31
102-46	Defining report content and topic boundaries	Core	Page 31
102-47	List of material topics	Core	Page 32
102-48	Restatements of information	Core	Page 34
102-49	Changes in reporting	Core	Page 34



GRI disclosure title		Disclosure/ Disclosure reference	
102-50	Reporting period	Core	Page 35
102-51	Date of most recent report	Core	Page 35
102-52	Reporting cycle	Core	Page 35
102-53	Contact point for questions regarding the report	Core	Page 35
102-54, 102-55	Claims of reporting in accordance with the GRI Standards	Core	Page 35
102-56	External assurance	Core	Page 35
103-1	Explanation of the material topics and bound		Page 35
103-2	The management approach and its components		Page 36
103-3	Evaluation of the management approach		Page 36
Economic performance			
201	Management approach disclosures – Economic performance		Page 39
201-1	Economic performance – Direct economic value generated and distributed		Page 39
201-2	Economic performance – Financial implications and other risks and opportunities due to climate change		Page 45
201-3	Economic performance – Defined-benefit plan obligations and other retirement plans		Page 45
201-4	Economic performance – Financial assistance received from government		Page 46
Market presence			
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage		Page 46
202-2	Proportion of senior management hired from the local community		Page 47
Indirect economic impacts			
203-1	Indirect economic impacts – Infrastructure investments and services supported		Page 47
203-2	Indirect economic impacts – Significant indirect economic impacts		Page 47
Procurement practices			
204	Management approach disclosures – Procurement practices		Page 47
204-1	Procurement practices – Proportion of spending on local suppliers		Page 47

GRI disclosure title		Disclosure/ Disclosure reference	
Anti-corruption			
205	Management approach disclosures – Anti-corruption		Page 48
205-1	Operations assessed for risks related to corruption		Page 48
205-2	Communication and training about anti-corruption policies and procedures		Page 49
205-3	Confirmed incidents of corruption and actions taken		Page 49
Anti-competitive behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		Page 50
Tax			
207-1	Approach to tax		Page 50
207-2	Tax governance, control, and risk management		Page 50
207-3	Stakeholder engagement and management of concerns related to tax		Page 50
207-4	Country-by-country reporting		Page 50
Materials			
301-1	Materials used by weight or volume		Page 57
301-2	Recycled input materials used		Page 57
301-3	Reclaimed products and their packaging materials		Page 57
Energy			
302-1	Energy – Energy consumption within the organisation		Page 57
302-3	Energy – Energy intensity		Page 57
302-4	Energy – Reduction of energy consumption		Page 57
Water and effluents			
303-1	Interactions with water as a shared resource		Page 58
303-2	Management of water discharge-related impacts		Page 58
303-3	Water withdrawal		Page 58
303-4	Water discharge		Page 58
303-5	Water consumption		Page 58



GRI disclosure title		Disclosure/ Disclosure reference
Biodiversity		
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 58
Emissions		
305-1	Emissions – Direct (Scope 1) GHG emissions	Page 59
305-2	Emissions – Energy indirect (Scope 2) GHG emissions	Page 59
305-3	Emissions – Other indirect (Scope 3) GHG emissions	Page 59
305-4	Emissions – GHG emissions intensity	Page 59
305-5	Emissions – Reduction of GHG emissions	Page 59
305-6	Emissions – Emissions of ozone- depleting substances	Page 59
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Page 59
Effluents and waste		
306-1	Water discharge by quality and destination	Page 60
306-2	Waste by type and disposal method	Page 60
306-3	Significant spills	Page 60
306-4	Transport of hazardous waste	Page 60
306-5	Water bodies affected by water discharges and/or runoff	Page 60
Compliance (environmental)		
307-1	Environmental compliance – Non-compliance with environmental laws and regulations	Page 60
FS1	Policies with specific environmental and social components applied to business lines	Page 79
FS2	Procedures for assessing and screening environmental and social risks in business lines	Page 79
FS3	Processes for monitoring clients' implementation of, and compliance with, environmental and social requirements included in agreements or transactions	Page 82

GRI disclosure title		Disclosure/ Disclosure reference
FS4	Processes for improving staff competence to implement the environmental and social policies and procedures as applied to business lines	Page 82
FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	Page 82
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Page 82
FS15	Policies for the fair design and sale of financial products and services	Page 89
Employment		
401	Management approach disclosures – Employment	Page 61
401-1	Employment – New employee hires and employee turnover	Page 62
401-2	Employment – Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 62
401-3	Parental leave	Page 62
Labour/management relations		
402-1	Minimum notice periods regarding organisational change	Page 63
Occupational health and safety		
403	Occupational health and safety	Page 64
403-1	Occupational health and safety management system	Page 65
403-2	Hazard identification, risk assessment, and incident investigation	Page 66
403-3	Occupational health services	Page 66
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 67
403-5	Worker training on occupational health and safety	Page 67
403-6	Promotion of worker health	Page 67
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 68

GRI disclosure title		Disclosure/ Disclosure reference
403-8	Workers covered by an occupational health and safety management system	Page 68
403-9	Work-related injuries	Page 68
403-10	Work-related ill health	Page 68
Training and education		
404	Management approach disclosures – Training and education	Page 68
404-1	Training and education – Average hours of training per year per employee	Page 68
404-2	Training and education – Programmes for upgrading employee skills and transition assistance programmes	Page 69
404-3	Training and education	Page 74
Diversity and equal opportunity		
405-1	Diversity and equal opportunity – Diversity of governance bodies and employees	Page 75
405-2	Ratio of basic salary and remuneration of women to men	Page 75
Non-discrimination		
406	Management approach disclosures – Non-discrimination	Page 76
406-1	Incidents of discrimination and corrective actions taken	Page 76
Security practices		
410-1	Security personnel trained in human rights policies or procedures	Page 76
Human rights investment		
412-1	Operations that have been subject to human rights reviews or impact assessments	Page 76
412-2	Employee training on human rights policies or procedures	Page 77
Public policy		
415-1	Political contributions	Page 77

GRI disclosure title		Disclosure/ Disclosure reference
Customer health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	Page 77
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 77
Local communities		
FS13	Access points in low-populated or economically disadvantaged areas by type	Page 88
FS14	Initiatives to improve access to financial services for disadvantaged people	Page 88
Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 77
Compliance (society, product and service)		
419-1	Non-compliance with laws and regulations in the social and economic area	Page 77
Product portfolio		
FS6	Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/large) and by sector	Page 82
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	Page 82
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Page 82

Annexure 2: UN Global Compact Principles

Human rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	102-9 103-2
Principle 2	make sure that they are not complicit in human rights abuses	412-1 – 412-2
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	102-9
Principle 4	the elimination of all forms of forced and compulsory labour;	102-41
Principle 5	the effective abolition of child labour; and	406-1
Principle 6	the elimination of discrimination in respect of employment and occupation.	412-1
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	103-2
Principle 8	undertake initiatives to promote greater environmental responsibility; and	103-3
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	300
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	205-1 – 205-3



Annexure 3: Policies/Standards

The bank has policies, processes and procedures in place to identify, analyse, measure and report on the risks that affect us in performing its functions and how such risks are monitored and managed.

Ethics/conduct

The Absa Way Code of Conduct
Account acquisition and management risk policy
Absa anti-bribery and anti-corruption policy
Anti-money laundering policy
Conflict of interest policy
Client assessment and aggregation policy
Client (customer) money and asset policy
Competition law policy
Contact with regulators policy
Customer complaints standard
Data privacy
Exchange control compliance policy
Exit from relationships policy
Financial advisory and intermediary services continuous professional development policy
Gift and entertainment standard
Group media relations policy
Group procurement policy
Large shareholding policy
Litigation policy
Management of dispensations, waivers and breaches standard
Market conduct policy
New regulations requirements policy
Occupational health and safety policy
Sanctions policy
Supplier diversity standard
Tax standard
Whistleblowing policy

Labour

Conditions of service policy
Employee benefits policy
Employee wellness policy
Learning policy
Talent management policy
Talent acquisition policy
Promotion standard
Remuneration policy
Retrenchment and reassignment standard
Sexual harassment standard
Staff expense policy and business travel standard

Environmental and social management

Coal financing standard
Corporate Real Estate Solutions (CRES) Environmental Management Standard
Environmental and social management systems standard
Environmental and social risk for lending standard
Group sustainability policy
Oil and Gas Financing Standard
Sustainability principal risk framework

Citizenship

Citizenship policy
Group citizenship standard
Sponsorship standard
Stakeholder engagement policy

Risk and compliance

Business continuity management (BCM)
Cloud computing policy
Credit risk mitigation policy
Data privacy policy
Data and records management policy
Enterprise risk management framework
Fraud management information and reporting requirements policy
Fraud risk policy
Group model risk policy
Information security (and cyber) risk policy
Investigation of leaked information policy
Liquidity risk policy
Payment scheme group policy
Primary risk policy
Process management
Tax risk policy
Technology risk policy
Traded market risk policy



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