



Independent Assurance Report to the Directors of Absa Group Limited

We have been engaged by the directors of Absa Group Limited (the “Company” or “Absa”) to perform an independent limited assurance engagement in respect of Selected Performance Indicators reported in the Company’s Integrated Report and Environmental, Social and Governance Review for the year ending 31 December 2018 (the “Reports”). This report is produced in accordance with the terms of our contract with the Company dated 18 January 2019.

Independence, Quality Control and Expertise

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement was conducted by a multi-disciplinary team of environmental and assurance specialists with extensive experience in sustainability reporting.

Scope and Subject Matter

The subject matter of our engagement, and the related level of assurance that we are required to provide, appear on page 29 of the Integrated Report and page 29 of the Environmental, Social and Governance Review are as follows:

Limited assurance

- The following Selected Performance Indicators in the Reports were selected for an expression of limited assurance:
 1. Net Promoter Score ®
 2. Treating Customers Fairly outcome score (%)
 3. Total headcount broken down by permanent versus temporary and by gender
 4. Women in senior management (%)
 5. Permanent employee turnover rate (%)
 6. Retention of high performing employees (%)
 7. Number of Equator Principle transactions
 8. Disbursements towards education and skills development (ZAR)
 9. Total energy use (kWh)
 10. Carbon emissions scope 1, 2, 3 and total (tonnes CO₂e)
 11. Employees completing Conduct Risk College Foundation training (%)
 12. Employees completing a code of conduct attestation (%)
 13. Employees completing Preventing Financial Crime training (%)

We refer to this information as the “Selected Performance Indicators for limited assurance”.

We have carried out work on the data reported for 2018 only and have not performed any procedures with respect to earlier periods, except where specifically indicated, or any other elements included in the Reports and, therefore, do not express any conclusion thereon. We have not performed work in respect of future projections and targets.

Respective responsibilities of the Directors and PricewaterhouseCoopers Inc.

The directors are responsible for selection, preparation and presentation of the Selected Performance Indicators for limited assurance in accordance with the criteria set out in the pages that follow this assurance report, i.e. Absa’s “Reporting Criteria”. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the Selected Performance Indicators for limited assurance that are free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that Selected Performance Indicators for limited assurance has not been prepared, in all material respects, in accordance with the Reporting Criteria.



This report, including the conclusion, has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company's sustainable performance and activities. We permit the disclosure of this assurance report with the Integrated Report and Environmental, Social and Governance Review for the year ended 31 December 2018, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Reports. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the Selected Performance Indicators for limited assurance as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Performance Indicators for limited assurance. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Selected Performance Indicators for limited assurance. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Performance Indicators for limited assurance.

Our limited assurance procedures primarily comprised:

- Reviewed Absa's activities, processes and documents at group-level that support the assertions and claims made in the Reports regarding the subject matter in scope;
- Interviewed Absa's management and senior executives to obtain an understanding of the following matters:
 - a. The process applied to determine materiality in respect of decisions about what information is included in internal and external reporting, including for the Reports;
 - b. The basis of preparation used for the Selected Performance Indicators for limited assurance (including Reporting Criteria and reporting definitions applied);
 - c. Governance and accountability arrangements applied for preparation and reporting of the Selected Performance Indicators and related disclosures;
 - d. Objectives and priorities for embedding and managing Absa's material issues and performance information/metrics as relevant to the Selected Performance Indicators, and progress made against achieving those objectives and priorities;
 - e. The processes for reporting progress and providing internal assurance to the board and to management on the Selected Performance Indicators and related disclosures; and
 - f. The control environment and information systems as relevant to preparing and presenting the Selected Performance Indicators in the Reports (but not for purposes of evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness);
- Inspected documentation to corroborate the statements of Absa's management and senior executives in our interviews;
- Performed analytical procedures to evaluate the data generation and reporting processes against the Reporting Criteria;
- Inspected supporting documentation on a sample basis;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the Selected Indicators;
- Evaluated whether the Selected Performance Indicators presented in the Reports are consistent with our overall knowledge and experience of Absa's scorecard management and performance; and
- Prepared our assurance statement provided for the Selected Performance Indicators and related disclosures in line with the reporting requirements of ISAE 3000 (Revised) and ISAE3410.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate



evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Selected Performance Indicators for limited assurance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Selected Performance Indicators for limited assurance in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Report in the context of the Reporting Criteria set out in the pages that follow this assurance report.

Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Conclusion

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the Selected Performance Indicators for limited assurance for the year ended 31 December 2018, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Other Matters

The maintenance and integrity of Absa's websites is the responsibility of Absa's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Reports or our independent assurance report that may have occurred since the initial date of presentation on Absa's websites.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers Inc.' in a cursive, slightly slanted script.

PricewaterhouseCoopers Inc.
Director: Jayne Mammatt
Registered Auditor

4 Lisbon Lane, Waterfall City, 2090
30 April 2019



ABSA Group Key Performance Indicator Reporting Criteria

Indicator	Definition
Net Promoter Score ®	Net Promoter Score® is a brand relationship score, defined as the percentage difference between the percentage of promoters and detractors based on the likelihood to recommend Absa to friends and family. The score reflects market sentiment at 31 December 2018.
Treating Customers Fairly outcome score (%)	Average conduct perception outcome score based on customers rating of 24 conduct-related questions to the Group on a scale of 0 – 10, with 10 being the most favourable. The score reflects market sentiment at 31 December 2018.
Total headcount broken down by permanent versus temporary and by gender	Number of employees includes permanent and temporary employees legally employed and paid by Absa at 31 December 2018, including regular contracts, interns, graduates, specialists and brokers. It covers operational and non-operational full-time, part-time, two-thirds and commission-paid employees. It also includes the contingency workforce, which is all agency, contractors and self-employed employees paid via a third party for services rendered. It excludes brokers remunerated on a commission-only basis and non-operational inbound /outbound employees.
Women in senior management (%)	Number of female employees in managing principal /principal roles for South Africa, and director and managing director roles for Rest of Africa, expressed as a percentage of the total number employees in managing principal (director) / principal (managing director) roles at 31 December 2018.
Permanent employee turnover rate (%)	Total number of terminated employment contracts expressed as a percentage of the average number of permanent employees for the year.
Retention of high performing employees (%)	Total number of retained permanent employees with a performance rating of ‘very strong’ or ‘outstanding’ expressed as a percentage of total permanent employees rated as ‘very strong’ or ‘outstanding’ at beginning of the year.
Number of Equator Principle transactions	Total number of mandated project finance transactions, project-related corporate loans and bridge loans (intended to be refinanced by project finance or project-related corporate loans) that reached financial close during the year as well as project finance advisory services that have been reviewed for environmental and social risks in terms of the Equator Principles.
Disbursements towards education and skills development (ZAR)	Community investment spend reflecting the funds invested for programmes of public benefit, focusing primarily on education and skills development.
Total energy use (kWh)	Total energy usage is the sum of electricity, gas, solar photovoltaic, petrol and diesel used in kWh for the twelve month period ended 30 September 2018.
Carbon emissions scope 1, 2, 3 and total (tonnes CO ₂ e)	Total of Scope 1, 2 and 3 CO ₂ emissions (GHG Protocol: operational control boundary) for the twelve month period ended 30 September 2018. Total of Scope 1, 2 and 3 carbon dioxide emissions (according to the GHG Protocol) covering: <ul style="list-style-type: none"> • Scope 1 – Direct combustion of fuels and company-owned vehicles including functional/fleet vehicles (captured from vehicle mileage) and electricity from gas combustion (metered); • Scope 2 – Purchased electricity from Eskom (metered and calculated); and • Scope 3 – Business travel including local and international flights; car hire (captured from service providers) and employee kilometre claims. Rest of Africa data is only included in the diesel, electricity and flights data used in the calculation of the carbon footprint.
Employees completing Conduct Risk College Foundation training (%)	Percentage of current employees and new joiners who completed Conduct Risk College Foundation training between 23 September 2015 and 1 November 2018 ¹ . Excludes non-operational employees as at the date of the report.



Indicator	Definition
Employees completing a code of conduct attestation (%)	Percentage of current employees and new joiners who completed a code of conduct attestation between the 12 August 2016 and 7 November 2018 ¹ . Excludes non-operational employees, external consultants, interns, managed service contract workers and on-call contract workers as at the date of the report.
Employees completing Preventing Financial Crime training (%)	Percentage of current employees who completed Preventing Financial Crime training in 2018. Excludes non-operational employees as at the date of the report.