



Absa Group Limited

2022 Broad-based Black Economic
Empowerment Report

Our reporting approach

Absa is committed to transformation, diversity and inclusion and endeavours to create equal opportunities for all people in our workplace and the markets where we operate. This report sets out our efforts and performance in these markets. We aim to achieve this meaningfully and sustainably, using our financial resources, the expertise of our people and our infrastructure as we simultaneously transform our organisation. We are a values-based business, a purpose-led business, driving a culture of fair and equal opportunities.

Legislative frameworks applied

While our group transformation, diversity and inclusion agenda focuses on supporting all our countries of operation, this report specifically aims to outline our progress made towards South Africa's Broad-Based Black Economic Empowerment (B-BBEE) Amendment Act, which is a regulatory requirement serving to drive the country's economic transformation policy. In line with this, we have applied the principles of the Financial Sector Code (FSC) to measure our performance.

Our focus areas in our Absa Regional Operations go beyond the requirements of B-BBEE to include diversity and inclusion, community upliftment, enterprise development and local procurement.

For detailed information on the broader Group transformation, diversity and inclusion activities, see our 2022 Environmental, Social and Governance (ESG) Report.

Reporting period

This report covers the financial period from 1 January 2022 to 31 December 2022. In addition, any notable events in ownership and management control after our financial year-end and up to the issuance of our B-BBEE certificate (17 March 2023) are included.

Audience

This report contains information of interest to our stakeholders.

Board approval

The Social, Sustainability and Ethics Committee (SSEC), on behalf of the Board, accepts ultimate responsibility for the integrity and completeness of this B-BBEE Report. It is the directors' opinion that this report presents a fair and balanced view of our B-BBEE performance. The SSEC approved this report on 30 March 2023.

Francis Okomo-Okello (Committee Chairman)

Ihron Rensburg

Arrie Rautenbach

Swithin Munyantwali

Nonhlanhla Mjoli-Mncube

Rose Keanly

Sello Moloko (Group Chairman)


 Our full integrated reporting suite is available on www.absa.africa. Comments or queries regarding these documents can be sent to groupsec@absa.africa.

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Our ESG strategy

We want to drive measurable, material change in our communities in a way that brings our purpose to life, differentiates us and strengthens our business. To do this, we have identified three specific ESG focus areas where we will invest to deliver a truly ambitious agenda: financial inclusion, diversity and inclusion, and climate. We selected these areas by considering the importance of the different ESG topics for our stakeholders, the potential impact on our business, and our strengths and assets. We will continue to deliver on our broader ESG agenda in line with our robust risk management processes.

Financial inclusion

As a universal bank, we are uniquely positioned to make a substantive difference in extending financial inclusion to underserved groups and desire to make inter-generational wealth creation accessible to all. We have been active in this space, with examples including the expansion of our affordable housing mortgage portfolio enabled through an International Finance Corporation's (IFC) loan, our Sernick Developing Farmers programme, and our inclusive, entry-level banking propositions. We aim to scale our efforts going forward.

We have selected strategic focus areas . . .

Diversity and inclusion

Internal and external stakeholders cite diversity and inclusion as critical topics and enablers in unleashing our talent and delivering outperformance. We aspire to enable all our people to bring their true selves to work and aim to be a beacon of inclusion across the continent. We have set clear targets for transformation and diversity and want to address inclusion more explicitly.

Climate

It is critical to investors, regulators and other stakeholders that the irreversible impact of climate change risk is incorporated into decision-making and planning, and that compelling business opportunities, such as green product offerings, be incorporated into our core business. Our climate strategy has four components: financed emissions targets; green business opportunities; climate risk processes and governance; and external engagement. We have set our net-zero ambition in line with our goal of becoming Africa's leader in sustainable finance.

... and actions to accelerate our journey with purpose

Financial inclusion – Making inter-generational wealth creation accessible to all:

- Equitable access for underbanked communities – both individuals and SMEs, and with a particular focus on youth and women
- Ability to meet the full set of financial needs across transactional banking, credit, insurance, and wealth accumulation
- Products and services that are affordable and responsibly delivered.



Diving deeper:
FS16 Financial literacy

Diversity and inclusion – Enabling all our people to bring their true selves to work, and be a beacon of inclusion externally across the continent. This means not only unleashing our talent internally to outperform, but also supporting and enabling diversity and inclusion with our suppliers, clients, and communities we operate in:

- Disadvantaged demographics (gender, ethnicity, age, sexual orientation, disabilities etc.) are fairly represented at each level of the organisation
- High share of employees that perceive they are accepted members of the workforce. Perceptions are not skewed to specific demographics.



Diving deeper:
ESG 2-7; ESG 406-1; ESG 2-23; ESG 404-2; ESG 405-1



Commitment to the highest standards of **governance and ethics**

Climate – Reaching net zero by 2050 and becoming Africa's leader in sustainable finance:

- Raise the bar on external engagement on our ambition and progress
- Develop sector-specific pathways with a thorough analysis of the trade-offs involved.



Diving deeper:
ESG 305-1–305-3; ESG 302; ESG 305; 2022 TCFD Report

2022 highlights

“We fully support the vision of providing opportunities to all South Africans in order to sustainably participate in the economy.”

Level 1
B-BBEE status

We have achieved **Level 1** B-BBEE status for the third time

R34.5m
spent at universities

We have contributed **R34.5m** in support of **487** students at **21** universities (2021: R12.3m)

79%
black representation

Black employees represent **79%** of the total SA workforce (2021: 77%)

R1.3bn
upskilling employees and unemployed people

We have spent **R1.3bn** towards skills development (2021: R1.2bn)

R141m
Socio-economic development

We contributed **R141** million through socio-economic development programmes (2021: R63.6m)

R8.8bn
spend on preferential suppliers

We have spent **R8.7bn** (2021: R8.5bn) in procuring goods and services from suppliers that are more than 51% black-owned suppliers, of which **R7.0bn** (2021: R6.5bn) was directed towards black women-owned suppliers

Verified scorecard

Page		Amended financial sector code					2022	Amended FSC maximum points + (bonus points)
		2017	2018	2019	2020	2021		
4	Ownership	17.67	17.94	14.61	14.30	18.98	18.05	23 + (5)
5	Management control – Board and top management	5.01	5.69	5.88	5.72	7.02	3.95	8
7	Management control – Employment equity	7.77	8.61	8.88	8.88	9.18	9.81	12
8	Skills development	15.52	13.07	15.34	15.59	17.25	19.42	20 + (3)
9	Preferential procurement	14.52	16.01	17.09	18.13	18.27	18.26	15 + (4)
10	Enterprise development	3.00	4.00	4.00	6.00	6.00	5.95	3 + (3)
10	Supplier development	9.00	7.24	7.62	8.00	8.00	6.56	7 + (1)
11	Empowerment financing	15.00	14.95	15.00	14.17	12.94	13.33	15
13	Socio-economic development	5.00	5.00	5.00	5.00	5.00	4.77	
13	Consumer education	2.76	2.60	2.99	3.00	3.00	3.00	2 + (1)
15	Access to financial services	10.27	10.19	9.19	8.69	10.35	10.01	12
	Total	105.52	105.30	105.59	107.49	115.99	113.11	120 + (19)
	Youth Employment Service (YES) benefit	N/A	N/A	1 level up	N/A	N/A	N/A	
	Overall B-BBEE contributor status	Level 2	Level 2	Level 1	Level 2	Level 1	Level 1	

Assurance

Empowerdex has verified the B-BBEE performance of our South African operations. They have confirmed a Level 1 B-BBEE rating. The verification certificate is included as an annexure to this report.

“ Absa achieved a Level 1 B-BBEE status for the third time. ”

Ownership

Measures effective ownership of enterprises by black people.

Score
 18.05/28 points
 (Included five bonus points)

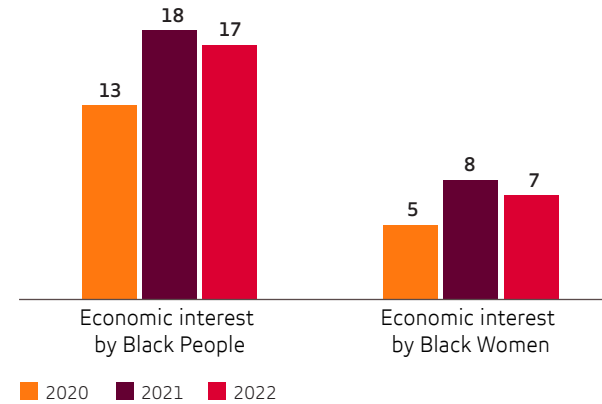
The UN SDGs impacted



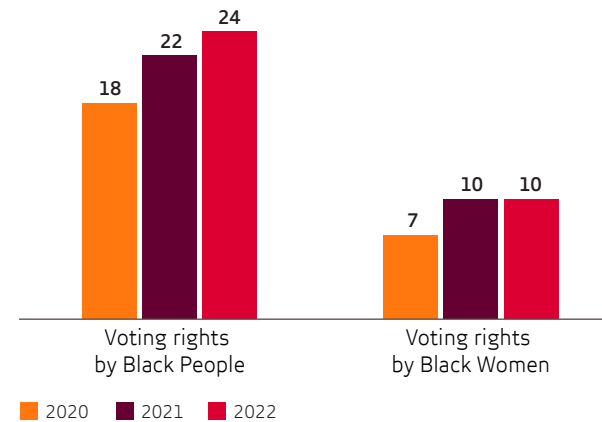
Our black ownership of 17.44% comprised:

- (i) The underlying black shareholders in our current shareholder base, identified through independent analysis
- (ii) The continuing consequences of our previous B-BBEE transaction, which is recognised based on the R2.5 billion net value created for the beneficiaries when they sold their equity
- (iii) Surplus empowerment financing contributions recognised as equity-equivalent programmes, as provided for in the amended FSC
- (iv) The sale of assets by Absa to black-owned companies, as contemplated in Statement FS102 of the FSC.

Economic interest (%)



Voting rights (%)



Management control – Board

Measures effective control of enterprises by black people.

Score

3.95/8 points

The UN SDGs impacted



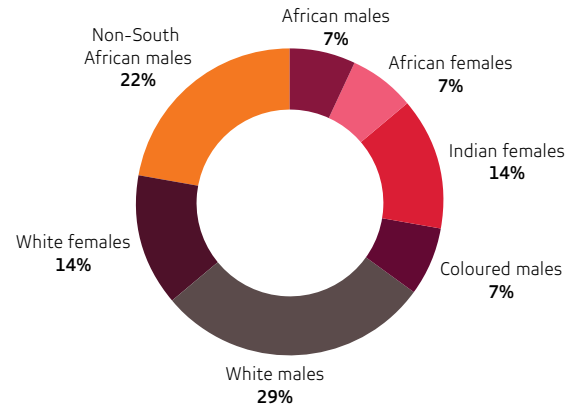
We endeavour to have a board that meets the FSC targets. Our Board comprises 14 members, of whom 10 are men, including two black men, and four are women, including three black women. This composition considers the pan-African nature of our business to ensure that markets beyond South Africa are represented.

The Board is focused on its composition and succession planning. It aims to increase the number of Board members, including the appointments of AIC¹ and women candidates in certain key skill sets (such as technology, banking, general commercial and finance).

Joiners: Arrie Rautenbach

Leavers: Mark Merson, Wendy Lucas-Bull and Punki Modise

Board composition by race and gender



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

Management control – Top management

Group Executive Committee

As at 17 March 2023, our ExCo comprised 14 members, including an ex-officio member. Overall black representation increased to 50% (2021: 44.44%), and black women's representation diluted to 21.43% (2021: 22.22%).

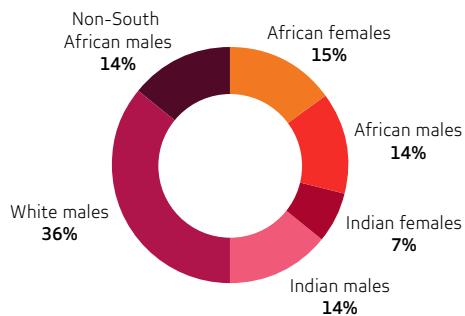
Joiners

Jeanett Modise – Group Chief People Officer
 Sydney Mbhele – Group Chief Brand, Marketing and Corporate Affairs Officer
 Faisal Mkhize – Chief Executive: Relationship Banking
 Geoffrey Lee – Chief Executive: Product Solutions
 Cowyk Fox – Chief Executive: Everyday Banking
 Johnson Idesoh – Group Chief Information and Technology Officer

Stepped down from interim executive roles

Wilhelm Krige – Interim Group Chief Information and Technology Officer
 Thabo Mashaba – Interim Group Chief People Officer

ExCo composition by race and gender



Arrie Rautenbach ⁵⁸
Group Chief Executive Officer
 ExCo: Seven years
 Absa: Twenty-six years



Jason Quinn ⁴⁸
Group Financial Director
 Chair: Models Committee
 ExCo: Six years
 Absa: Fifteen years



Charles Russon ⁵⁶
Chief Executive: Corporate and Investment Bank
 ExCo: Eight years
 Absa: Sixteen years



Punki Modise ⁵³
Group Chief Strategy and Sustainability Officer
 ExCo: Two years
 Absa: Fifteen years



Cowyk Fox ⁴⁹
Chief Executive: Everyday Banking
 ExCo: Seven months
 Absa: Seventeen years



Geoffrey Lee ⁵³
Chief Executive: Product Solutions Cluster
 ExCo: Seven months
 Absa: Fifteen years



Faisal Mkhize ⁵⁰
Chief Executive: Relationship Banking
 ExCo: Seven months
 Absa: Twenty-six years



Saviour Chibiya ⁵¹
Chief Executive: Absa Regional Operations
 ExCo: One year
 Absa: Twelve years



Deon Raju ⁴⁵
Group Chief Risk Officer
 ExCo: Two years
 Absa: Twenty-four years



Akash Singh ⁴⁹
Group Chief Compliance Officer
 ExCo: Three years
 Absa: Nineteen years



Jeanett Modise ⁶⁰
Group Chief People Officer
 ExCo: Two months
 Absa: Two months



Johnson Idesoh ⁵²
Group Chief Information and Technology Officer
 ExCo: Two months
 Absa: Two months



Prabashni Naidoo ⁴⁷
Group Chief Internal Auditor²
Ex-officio
 Absa: Two years



Sydney Mbhele ⁴⁹
Group Chief Brand, Marketing and Corporate Affairs Officer
 ExCo: Two months
 Absa: Two months

Management control – Employment equity

Measures initiatives intended to achieve equity in the workplace under the B-BBEE Act and the Employment Equity Act.

Score

9.81/12.00 points

The UN SDGs impacted



Diving deeper: [2022 ESG report](#)

- Race and gender of headcount (2-7)
- Race and gender of new employees and turnover (401-1).
- Gender disclosure of basic salary and remuneration (405-2).

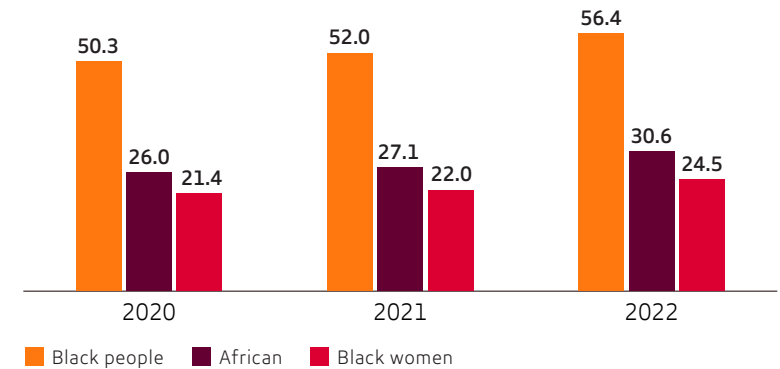
We made further progress in implementing our employment equity plan this year to ensure that our workforce reflects South Africa's demographics regarding race and gender. This aim is supported by our targeted recruitment and promotion principles, which have been in place for the last three years.

In particular, 80% of senior management, 87% of middle management and 98% of junior management new hires were AIC individuals, of whom 53% were females, and 50% were black females. Black representation in promotions also improved in favour of AIC individuals, with 65% at senior management, 82% at middle management and 89% at junior management level.

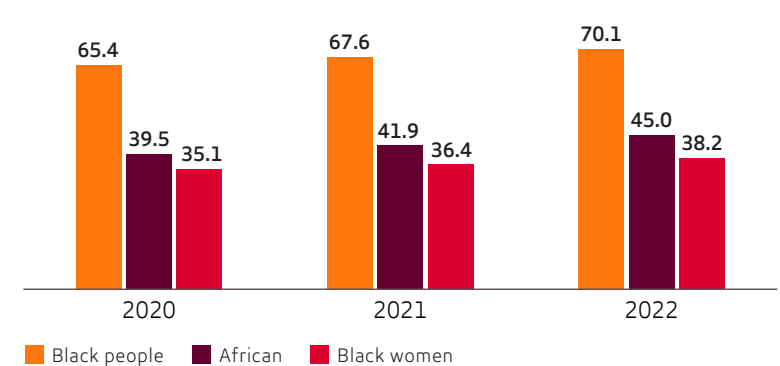
As at 31 December 2022, black employees comprised 79% of our South African workforce, reflecting a 2% net gain in black representation across all management categories. This data indicates a strong pipeline of black managers who will continue to shape the demographics of our company in the future.

We have also made good progress on fair and responsible remuneration, which is a strategic imperative within the Group's ESG strategy and the emerging discourse on remuneration-related disclosures. In this regard, we have invested over R500 million in improving our fair and responsible remuneration outcomes over the past two years, including fixed remuneration adjustments in both 2021 and 2022. Our focus on fairness is vertical (as between the various levels of the organisation) and horizontal (within the same organisational level). The actions taken are outlined in the 2022 Remuneration Report.

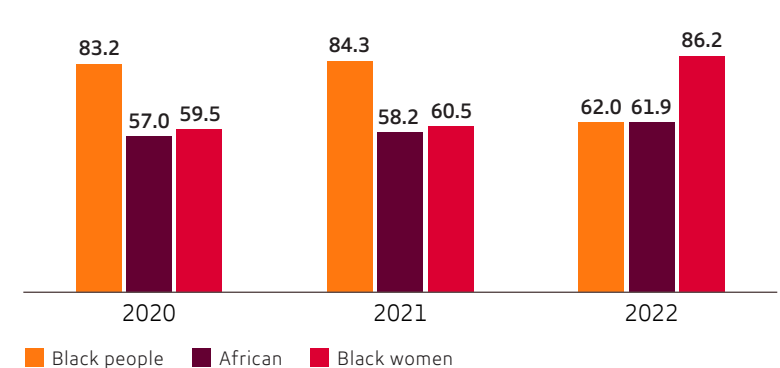
Senior management (%)



Middle management (%)




Junior management (%)



Skills development

Measures the extent to which employers carry out initiatives designed to develop the competencies of black employees.

Score

 19.42/23 points

(Included three bonus points)

The UN SDGs impacted



Diving deeper: [↓ 2022 ESG report](#)

- Race and gender of average training hours and external training programmes (404-1 and 404-2).

We focus on empowering employees to take ownership of their learning and career development in the evolving world of work with support from management and the broader organisational learning and development ecosystem. Absa's learning and career development practices ranked well above global best-practice benchmarks in an independent audit conducted by the Top Employers Institute in 2022. In addition, 83% of employees who completed Absa's 2021 Colleague Experience survey reported having access to the learning and development opportunities they needed.

In 2022, our direct skills development spend of R638 million (2021: R559 million) benefited both employees and unemployed learners, the bulk of which i.e. R500 million (2021: R449 million) was towards internal employees. Of that, R38.2 million were bursaries disbursed to 1 056 employees of whom 88% are black, and 66.4% are women (2021: R41.4 million). We awarded 1 278 learnerships to unemployed learners (2021: 984). Furthermore, we awarded 253 of these learnerships to individuals living with disabilities (2021: 148). 742 learners were enrolled in internships across several institutions of higher learning (2021: 669).

The breakdown of spend per occupational level, which includes recognisable ancillary costs, was as follows:

	2020	2021	2022	Total	Of which	Of which
	Total	Total	Total	black	total black	total
	Rm	Rm	Rm	Rm	women	African
Training spend						
Senior management	35.4	62.7	125.5	92.4	44.9	49.2
Middle management	312.5	526.2	517.4	395.7	210.3	237.0
Junior management	282.3	370.2	398.4	346.9	247.0	143.8
Non-management	81.8	98.2	99.4	89.6	69.1	67.1
Black unemployed	110.2	109.8	196.3	186.1	107,6	173.9
Total¹	822	1 167	1 337			

¹ Recognisable ancillary costs include all legitimate expenses incurred in accordance with the FSC, such as course fees, trainers' costs, training materials, training facilities, salaries of learners on qualifying programmes, etc.

Learnerships and internships

In 2022, Absa completed an extensive exercise to determine the supply of and demand for critical and scarce skills across the organisation and establish a critical and scarce skills baseline. We used insights from this exercise to enhance our learnership and internship programmes.

Participation in our learnerships/internships and skills programmes were as follows:

- 3 062 learnerships and/or internships were provided to black individuals (2021: 3 065)
- Of these, 1 267 were black unemployed individuals (2021: 1 146) hosted across 77 learnership/internship programmes
- 99% participated in National Qualification Framework (NQF) – aligned programmes ranging from NQF level 3 to NQF level 9
- 218 black unemployed learners living with disabilities are currently completing either an NQF Level 3 or NQF Level 4 qualification.

Gen A graduate programme

Our graduate development initiative saw 97 graduates participate in the 2022 programme, joining 1 345 young professionals who have built careers with us since 2008. In South Africa, we employed 82 of these graduates, of whom 78 (95%) are black graduates (41 males and 37 females).

Leadership and management development

We continue to build competitive and relevant leadership and management skills through our Absa Leadership Academy. In 2022, 8 798 employees across the continent participated in leadership and management development offerings, including masterclasses, workshops, extended programmes, and partially and fully accredited programmes. South African participants represented 65% of all programme participants and comprised 72% (4 135) black (2 606 African, 819 Coloured, 709 Indian), and 82% (4 704) female participants.

In 2022 we continued to prioritise the development of women leaders at all levels of the organisation in keeping with the Group's transformation, diversity, and inclusion strategy (of which gender diversity is one of five key focus areas). In recognition of our efforts, Absa won gold in the Best Advance in Leadership Development for Women category in the 2022 Brandon Hall Group Human Capital Management Excellence Awards for our Ignite Her Women Development programme.

Skills development continued

Accelerated development

We significantly increased investment in our top talent (across young, emerging and executive talent segments), with 396 colleagues participating in accelerated development programmes in 2022 (185 in their second and final year and 211 new participants).

These programmes are designed and delivered in partnership with Switzerland’s preeminent, award-winning Institute for Management Development Business School. South Africans represented 76% (300) of all participants, with 80% (240) being black (174 African, 32 Coloured, 34 Indian) and 48% (192) female.

Technical, functional and future skills development

We used insights from our organisation-wide critical and scarce skills baseline to inform our skills development, critical talent succession, retention, and reward strategies and planning decisions for 2022 and beyond.

As a result, in 2022, 41% of all training delivered by Absa was aligned with critical skills development, comprising 35.7% specialised technical skills, 3.7% leadership and management skills and 1.6% functional business skills. 59% of skills development in 2022 was focused on product and systems training.

Ensuring optimal balance in the ratio of critical and scarce skills development and investments will be a focus for 2023.

Measures the extent to which enterprises buy goods and services from suppliers with B-BBEE procurement recognition levels. This element also measures the extent to which enterprises carry out initiatives intended to assist and accelerate the development and sustainability of other enterprises.

Score

18.26/19.00 points

(Including four bonus points)

5.95/6.00 points

(Including three bonus points)

6.56/8.00 points

(Including one bonus point)

The UN SDGs impacted



Exempted micro enterprises – Entities with total annual revenue of R10 million or less.

Qualifying small enterprises – Entities with total annual revenue of more than R10 million, but less than R50 million.

Small and medium enterprises – Entities with total annual revenue of R50 million or less.

51% black-owned – Entities in which black people hold at least 51% of voting rights and economic interest.

30% black-women-owned – Entities in which black women hold at least 30% or more of voting rights and economic interest.

Preferential procurement, enterprise and supplier development

Preferential procurement

We continued to increase our spend with B-BBEE compliant suppliers and exceeded some targets set out in this element i.e. Procurement from black-owned and black women-owned companies, B-BBEE accredited suppliers and suppliers owned by black-designated groups. To achieve this, our supply chain was diversified to include suppliers from different backgrounds, ethnic groups, genders, and experiences. At year-end, 1 998 of our suppliers were B-BBEE compliant, of which 1 633 were small and medium enterprises (SMEs), and 1 236 were black-owned and black women-owned suppliers. The total weighted spend on products and services from these compliant suppliers increased to R17.3 billion in 2022 from R16.3 billion in 2021.

Meeting our legislated targets on spending with QSEs and EMEs continued to be a challenge this year, despite introducing several new suppliers to the bank and encouraging a shift to these qualifying suppliers. Many of our QSE suppliers outgrew this category, and our spending thus decreased by 18%.

	2020 Rbn	2021 Rbn	2022 Rbn
Total measurable procurement spend	15.3	15.3	15.2
Total weighted spend with B-BBEE-accredited suppliers	17.8	16.3	17.3
Procurement from qualifying small enterprises and exempt micro enterprises	3.5	4.4	2.6
Procurement from 51% black-owned suppliers	9.2	8.5	8.8
Procurement from 30% black women-owned suppliers	4.8	6.5	7.0

To sustain our procurement approaches and enhance access to the Absa internal market, we have developed a user-friendly online procurement marketplace. This simplified, single platform allows prospective SMEs to register their company profiles, upload their value propositions and access supply opportunities with Absa. The portal enables 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
- Assess whether they are eligible for Absa’s Supplier Development programme, which provides business support, training, mentoring, and advisory to qualifying SMEs

The Absa procurement portal can be accessed at <https://www.absa.co.za/business/procurement-marketplace/>

Preferential procurement, enterprise and supplier development continued

Supplier development

Our supplier development efforts enable the transformation of our supply chain. We support SMEs in growing their businesses by enabling their integration into competitive markets, thereby reducing unemployment. In line with our strategy, we seek to facilitate the development and financial independence of our supplier development beneficiaries. We engage and empower these suppliers through various initiatives, investing in their development and contributing towards their success. However, due to subdued macroeconomic conditions in 2020/2021 and the financial strain experienced by SMEs, many suppliers did not qualify for funding due to constrained financials. We therefore afforded grants to the value of R55 million to support the growth and development of current supplier development beneficiaries.

Our programme focuses on financial assistance to qualifying beneficiaries and one-on-one mentoring to improve business performance, processes and product or service offerings. Thirty-three suppliers currently participate in our supplier development programmes. These suppliers benefited from R10 million spent on capacity building, which included various business development interventions to enable growth and sustainability.

	2020 Rm	2021 Rm	2022 Rm
Annual supplier development spend	231.0	123.6	223.6

Enterprise development

Our enterprise development approach focuses on developing emerging, small and medium black-owned businesses and helps prepare them for absorption into our supply chain and access to our corporate client value chain. These businesses are initially assessed to determine their capabilities before undergoing tailored training to address their developmental needs.

In keeping with our role as a financial institution, we also enable access to affordable developmental finance to businesses that may not qualify under a traditional finance consideration. In 2022, the majority of our enterprise development spend was grant funding of R79.5 million towards 19 black-owned financial intermediaries. These funds are mainly used by beneficiaries towards acquiring NCR licenses to trade as micro-lenders, additional hire of new employees to expand their business to other categories of assets and to invest in new technology that will capitalise their business for growth.

Furthermore, we hosted several events, conferences, and various development programmes such as the Youth SME summit and School of entrepreneurship which are aimed at training and supporting black owned SMEs to be sustainable, financially and operationally independent and for them to have access to other markets.

	2020 Rm	2021 Rm	2022 Rm
Annual enterprise development spend	93.0	47.2	110.3

Empowerment financing

Measures the extent to which enterprises carry out initiatives intended to assist and accelerate the development and sustainability of other enterprises.

Score

 13.33/15.00 points

The UN SDGs impacted



Diving deeper: [↓ 2022 ESG report](#)

- Financial services sector disclosure on affordable housing, enterprise development, agriculture and partnerships (FS7).

As a key funder of public sector infrastructure projects, we supported municipalities to close gaps or backlogs in economic development, thereby enabling job creation by providing R22.1 billion in financing against our target of R20.9 billion (up R4.6 billion from the 2020 base of R17.5 billion).

	2020 ¹ Rm	2021 ¹ Rm	2022 ¹ Rm
Targeted investments	12 390.8	17 677.0	19 449.9
Transformational infrastructure	2 091.2	3 265.0	830.6
Black agricultural financing	116.2	242.5	853.2
Affordable housing	10 183.4	14 169.5	17 766.1
Black small and medium enterprises	713.9	538.4	1 158.0
B-BBEE transaction financing	4 347.0	4 329.0	4 442.5
Total	17 451.7	22 544.4	25 051.1

¹ Only new deals/transactions concluded on, or after 1 January 2018, that are still outstanding at year-end qualify for recognition. This is in accordance with the new Empowerment Financing Guidance Note.

Targeted investment

Our 2022 targeted investment goal increased by R1.8 billion in terms of the measurement principles for banks, which became effective in 2019. This includes empowerment deals concluded between 1 January 2018 and 31 December 2022 that are still outstanding at year-end. Against our new target of R15.1 billion, we have financed R19.7 billion (the sum of transformational infrastructure, black agricultural financing, and affordable housing, as this is a fungible sub-measurement).

Transformational infrastructure

With the increased focus on renewable energy from independent power producers as outlined in the State of the Nation Address, we continue to play a role in funding these projects, contributing to economic transformation and sustainable developmental strategies. We also expect to see increased spending by the local government as we move towards the national government elections in 2024, along with a focus on rebuilding the infrastructure destroyed during the recent flooding in KwaZulu-Natal. These will present opportunities to fund infrastructure projects.

Black agricultural financing

In 2022, we continued with agri-transformation as a critical focus area of the Agri business. As a build-up on the momentum from recent interventions, the pay-outs for black agri financing in 2022 were almost triple the 2021 pay-outs. The focused segments were smallholder farmers we finance in aggregation, black stand-alone commercial farmers who are largely beneficiaries of state agricultural land reform, and joint ventures between existing commercial clients and an empowering entity. These segments were in varied components of the agri value chains, including primary production, packaging, processing, energy supply, transport, and other allied services.

The support we provided to selected farmer development programmes in partnership with our internal stakeholders, i.e., Citizenship and Enterprise Development, also yielded promising results in the number of clients we financed in 2022 and in building a pipeline for 2023. This support included training and mentorship for developing farmers in a closed value chain, linked with an opportunity for the qualifying farmers to access finance. We offered concessions on the cost of borrowing to enable access to finance, particularly for clients using the credit indemnity facility. There were also several projects in which Absa provided funding for capacity development and networking opportunities to enable farmers to improve their knowledge and skills.

Empowerment financing continued

As in previous years, we went beyond simply lending to clients, providing financial literacy training to over 2 000 sub-commercial farmers and clients' employees. We continued to support 34 agri-scholarship holders with webinars to prepare them for their exams and entry into the agribusiness world. Seven scholars have completed their studies, with no student withdrawals from the course.

We have partnered with the Khula Credit Guarantee Scheme to implement a credit indemnity scheme. We are also in the advanced stages of negotiating a Blended Finance Scheme with the Department of Agriculture, Land Reform, and Rural Development. We hope to conclude a memorandum of agreement in 2023.

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. In 2022, we provided home loans to 6 843 (2021: 7 932) affordable housing customers to the value of R3.9 billion (2021: R4.3 billion).

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. However, in 2022, the South African economy saw market shifts with inflation rising sharply, driven by food inflation, increased electricity tariff rates, petrol prices and continuous interest rate hikes, placing consumers under affordability pressure.

To assist our customers, and as part of our home loan offering, our borrower's education programme informs customers on all aspects of home buying and home ownership. 6 960 (2021: 9 084) customers participated in the programme in 2022, delivered virtually to support social distancing. Our total affordable housing home loan book as at 31 December 2022 was R17.8 billion (2021: R14.1 billion). We also supported 469 (2021: 127) customers to access the government's Finance-linked Individual Subsidy programme.

Black small and medium enterprise financing

We are making strides in partnering with stakeholders and delivering solutions that are required by our emerging, start-up, and medium-sized customers, with commercial asset finance and overdrafts as the most used facilities. In 2022, we collaborated with Kumba Iron Ore to unbundle their Kolomela and Sishen Mine Operations' multimillion-rand staff transport services to benefit host communities. Contracts were awarded to local 100% black-owned and black women-owned SMEs, and Absa assisted beneficiaries with funding to deliver on the contracts.

This has sparked interest to several corporates who have approached Absa to recommend black-owned SME clients to be considered for procurement opportunities in their supply chains. To date, we have put forward the names of 32 SMEs to three listed corporates in a collaboration to transform their supply chains and, in turn, provide SMEs with opportunities that will aid their growth and sustainability.

The focus on emerging and medium-sized entities resulted in 1 610 new loans in 2022, totalling over R708 million. B-BBEE recognisable deals increased to R1.2 billion this year. The Group also provides post-finance management support to clients, a model which started in the taxi industry and has now been rolled out in collaboration with other corporate clients in the mining, chemicals and agricultural sectors.

B-BBEE transaction financing and Black Business Growth Funding

Over the years, we have continued actively pursuing new opportunities to fund black direct acquisition of, by black people, direct ownership in entities. However, recognition in terms of the FSC is now limited to transactions that were concluded prior to 1 December 2017 that are still outstanding to date. Black business growth funding remained highly competitive, with a limited number of new transactions concluded in 2022.

Socio-economic development and consumer education

Measures the extent to which entities carry out initiatives that contribute towards socioeconomic development or sector-specific initiatives that promote access to the economy for black people.

Score

7.77/8.00 points

(Included three bonus points)

The UN SDGs impacted



Diving deeper: [2022 ESG report](#)

- Consumer education and skills development (201-1)
- Financial services sector disclosure on financial literacy (FS 16).

Our socioeconomic development and social impact interventions aim to drive Africa’s growth and sustainability by positively affecting the communities in which we work. This is in keeping with our strategic emphasis on being an active force for good in everything we do. This strategic theme is delivered, in part, through our education and skills development activities that boost productivity, social participation, and inclusive growth. We have teamed up with leading experts to empower Africa’s young people with the training and resources they need for employment and entrepreneurship in the future.

Inclusive education

Absa embraces diversity and inclusion, and we believe in the right of all learners to access quality education. This commitment is integral to the 2030 Agenda for Sustainable Development, which pledges that no child will be left behind. To address the high unemployment rate among persons with disabilities, we partnered with a NID Training, a non-profit company, to provide accredited occupational and artisan skills training and work placements. Consequently, 120 beneficiaries from predominantly underprivileged communities and/or backgrounds across South Africa studied end-user computing courses aligned with needs and trends in the information and communication technology (ICT) sector.

Youth acceleration and enabling those not in education, employment or training (NEETs) to be economically active

With over 38 million out of 200 million NEET youth in sub-Saharan Africa (Mobile World Congress 2022), Absa is collaborating with leading specialists to help accelerate and enable NEETs to be economically active. Among others, we collaborated with the Catholic Institute of Education to train 651 young NEETs to gain occupational skills and improve their employability prospects. We also

collaborated with Harambee Youth Accelerator to prepare 250 excluded young people and transition them into income-earning opportunities in four areas/ sectors of the South African economy (global business services; automotive; plumbing; and delivery). Further, we collaborated with Afrika Tikkun to equip 2 860 unemployed youth with the requisite skills, training and work experience needed to secure employment in a selection of in-demand job roles in the ICT retail, hospitality and vocational sectors.

Consumer financial education promotes sustainable and effective financial inclusion by equipping individuals and communities with the knowledge and understanding of financial products and ideas and the risks involved to enable sound financial decisions. This contributes to community development as part of our financial inclusion strategic pillar to support positive individual financial behaviours. The programme is delivered by accredited B-BBEE training providers and is targeted at community beneficiaries and beneficiaries in entry-level banking, agribusiness, visually impaired and public sector individuals earning an income of less than R250 000 a year.

	2020 Rm	2021 Rm	2022 Rm
Socio-economic development spend	105.8	63.6	141.0
Consumer education	30.2	14.0	34.0

Socio-economic development and consumer education continued

Socio-economic development spend

R141.0m

External scholarships	Fellowship and agri-scholarship	Internal scholarships	Overhead costs	School education support	Youth employability skills
R13.2m	R21.3m	R5.7m	R10.1m	R5.9m	R84.7m
393 students in 15 universities	94 students in 6 universities	97 students in 33 institutions (universities and private)		7 412 pupils in 1 060 high schools	5 198 young people upskilled

Consumer education

R34m

Interactive programme	Awareness programmes	Overhead costs	Training material
R31m	R1m	R0.8m	R0.9m


57 082
consumers trained

“ In line with our improved financial performance, we increased our support towards youth employability skills by facilitating opportunities for practical training and invested more on scholarships to alleviate the student funding crisis. ”

Access to financial services

Measures the extent to which enterprises substantially increase effective access to first-order retail financial services to the defined target market as contemplated in the Code.

Score

 10.01/12.00 points

The UN SDG impacted



Geographic access – Physical points of presence where a customer can transact and undertake various administrative functions, such as ATMs and branches.

Transaction points – A point where a customer can withdraw cash and/or make purchases using a card linked to their bank account.

Living Standards Measure (LSM) – A marketing and research tool used in South Africa to classify standard of living and disposable income. It segments the population into 10 deciles based on their relative means, with LSM 1 being the decile with the least means and 10 being the decile with the most significant means.

Service and sales points – A point where a customer can carry out at least one transaction (i.e., cash withdrawal or card purchase) or one of the following services: replace a card, deposit cash, open an account, acquire a funeral policy, or obtain a loan, pin reset, money transfer, obtain a statement or initiate an account query.

Electronic access – Access to finance through any customer-owned or third-party infrastructure, for example, internet banking, cellphone banking, telephone banking or any new electronic product and/or technology.

Diving deeper: [↓ 2022 ESG report](#)

- Financial services sector disclosure (FS8, FS13 and FS14).

	Target	2020	2021	2022
Geographic access				
– Transactional points (%) ¹		76.18	76.40	74.43
– Service and Sales points (%) ²		89.94	89.24	82.88
Electronic access (%)		16.41	16.92	12.70
Access to qualifying product accounts ('000)		2 319	2 260	2 209

¹ This metric measures the extent to which Absa's transaction points of presence cover the target market within a 5km route.

² This metric measures the extent to which Absa's service and sales points of presence cover the target market within a 15km route.

We remain committed to being more accessible and continuously improving our customer touchpoint channels. Whenever we close our points of presence, we actively explore new sites to serve the community effectively.

The riots in 2021 and flooding in 2022 have impacted our ability to provide coverage, as landlords have not yet restored some premises. However, services continue to be delivered using a fleet of mobile branch units. These are not recognisable in terms of the FSC since they are not permanent structures. These mobile branches offer complete banking services and have been placed in locations where we lost permanent branches and in other new areas where we never had points of presence. Absa received an innovation award in 2022 for this initiative.

We continued to deploy technology over the past few years to improve our channels and extend our banking services beyond the branch network. These electronic platforms offer a convenient and low-cost alternative to traditional banking channels, and our pricing model encourages and rewards customers who opt to use them. Despite these efforts, Absa experienced a decrease in the target market, i.e., clients earning less than R7 731 per month who use these electronic platforms.

Access to financial services continued

Electronic customers can access banking services 24/7 through our digital banking channels

Online banking absa.co.za

- Send money using CashSend
- Sign up for SMS notifications
- Pay traffic fines
- View account balances
- Manage accounts
- Create, pay and manage beneficiaries
- Manage card limits
- Stop, temporarily lock or replace cards
- Get online security information
- Apply for home loans, vehicle financing, personal loans and funeral cover
- Request stamped or eStatements
- Buy airtime, data, SMS bundles and prepaid electricity
- Account transfers
- View and redeem Absa Rewards
- Control online banking profile
- Manage savings and investments

Banking app

- App personalisation
- Instant login
- Buy airtime, data, SMS bundles and prepaid electricity
- Verify transactions to protect against fraud
- View account balances
- Send money using CashSend
- View and redeem Absa Rewards
- Create, pay and manage beneficiaries
- Manage card limits
- Stop, temporarily lock or replace cards
- Account transfers
- Click to call a consultant

USSD code, no data or downloads needed *120*2272# on any cell phone

- View account balances
- Account transfers
- Pay Absa-listed beneficiaries
- Make payments
- Send money using CashSend
- Get mini account statements

Chat Banking

- Transactions using Facebook Messenger and WhatsApp
- No monthly fee
- View account balances
- Pay beneficiaries
- Buy airtime, data and prepaid electricity.
- For under 19s to learn to manage their money
- No monthly fee
- Check balances and keep track of spending
- Earn monthly rewards
- Earn cash from parents by tracking chores

Samsung Pay

- Tap and pay retailers with a Samsung Galaxy smartphone

Walletdoc (web or app)

- Manage and pay bills
- Receive notifications of payments due

MasterPass app

- Credit, cheque and debit card details and delivery addresses are kept in one digital wallet, allowing faster online shopping checkouts

Access to financial services continued

Call centres

24/7 self-service line

- Cheque balances
- Request National Traffic Information System and tax certificates
- Product information
- Settlement and instalment information
- Mini statements
- Absa Rewards information

Geographic

Branches

- 509 full-service branches across South Africa

Micro branches

- Access to banking in rural communities
- Sales
- Electronic banking hall

ATM

- Eight languages
- Cash withdrawals and deposits
- View credit limits
- Load and unload credit on a debit card
- Scan-and-pay bill payments
- Stamped and printed statements
- Send money using CashSend
- Pay beneficiaries
- Pay traffic fines
- Buy airtime, data, SMS bundles and prepaid electricity
- View account balances/inter-account transfers
- Instant loans
- Purchase funeral cover

Peer partnerships

Third party retailers

Customers can withdraw money at retailers till points (Ackermans, Massmart, Pick n Pay and Shoprite)

PEP-money

- Savings and transaction banking products
- No monthly fees and includes funeral cover
- 2 600 PEP retail stores mostly in townships and rural areas

Send and receive international payment

- Western Union – Increased our coverage by 35 branches to a total of 319 Western Union enabled branches in the physical channel network.
- Electronic transfers (SWIFT) – Secure transfers of funds from an Absa bank account to an account abroad
- Bank drafts – For gifts, subscriptions or travel can be sent directly to a beneficiary along with a letter, invoice or note
- NovoFX – A mobile app for conducting quick and easy outward cross-border transactions



EMPOWERDEX

Economic Empowerment Rating Agency

Generic Financial Sector Code B-BBEE Verification Certificate

Banks and Life Offices

ABSA Group Limited

Consolidated rating of the South African operations listed in Annexure A

Registration Number: 1986/003934/06

Address: ABSA Towers West, 15 Troye Street, Marshalltown, Johannesburg, 2001

Level One Contributor				
Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	18.05	23.00	Black Ownership Percentage	17.44%
Management Control	13.76	20.00	Black Women Ownership Percentage	6.71%
Skills Development	19.42	20.00	51% Black Owned Designated Group Supplier	No
Procurement	18.26	15.00	Black Disabled Percentage	0.00%
Empowerment Financing and ESD	25.84	25.00	Black Youth Percentage	1.31%
Socio-Economic Development & Consumer Education	7.77	5.00	Black Unemployed Percentage	0.00%
Access to Financial Services	10.01	12.00	Black People Living in Rural Areas	0.00%
Total Score	113.11	120.00	Black Military Veterans	0.00%
Participated in Y.E.S Initiative	No	No	Modified Flow Through Applied	No
Achieved Y.E.S Target & 2.5% Absorption	No	No	Exclusion Principal Applied	No
Achieved 1.5 x Y.E.S Target & 5% Absorption	No	No	VAT Number	N/A
Achieved 2 x Y.E.S Target & 5% Absorption	No	No	Financial Year End	31 December 2022
Empowering Supplier	Yes	Yes	Effective Date Used	17 March 2023
Discounting Principle Applicable	No	No	Expiry Date	16 March 2024
Final Procurement Recognition Level	135.00%		Re-Issue Date	N/A



Technical Signatory – P Dozwa

17 March 2023
Date

This verification certificate and the verification report are based on information provided to Empowerdex and represent an independent opinion based on the verification and analysis completed by Empowerdex. The calculation of the scores has been determined in accordance with the Financial Sector Code as Gazetted on 01 December 2017.

FS23J06650

Empowerdex (Pty) Ltd Reg. 2001/027963/07
Directors: J Brebner, V Jack, L Ratsoma, C Wu



BVA 030



C e r t i f i c a t e

A08685



EMPOWERDEX

Economic Empowerment Rating Agency

ANNEXURE A

Absa Group Limited

No	Company Name	Registration Number
1.	1900 Summerstrand Share Block Limited	1984/009433/06
2.	Absa Bank Limited	1986/004794/06
3.	Absa Life Limited	1992/001738/06
4.	Absa Insurance Company Limited	1992/001737/06
5.	Absa Financial Services Limited	1969/009007/06
6.	Absa Capital Securities Proprietary Limited	2008/021179/07
7.	Absa Development Company Holdings Proprietary Limited	1968/001326/07
8.	Absa Financial Services Africa Holdings Proprietary Limited	1997/011695/07
9.	Absa Fleet Services Proprietary Limited	1977/002924/07
10.	Absa Insurance and Financial Advisers Proprietary Limited	1970/002732/07
11.	Absa Insurance Risk Management Services Limited	2000/025898/06
12.	Absa Investment Management Services Proprietary Limited	1980/002425/07
13.	Absa Ontwikkelingsmaatskappy Eilendoms Beperk	1969/012268/07
14.	Absa Property Development Proprietary Limited	1962/000559/07
15.	Absa Risk Transfer Insurance Company Limited	2022/662897/06
16.	Absa Secretarial Services Proprietary Limited	1973/014516/07
17.	Absa Stockbrokers and Portfolio Management Proprietary Limited	1973/010798/07
18.	Absa Technology Finance Solutions Proprietary Limited	1980/010876/07
19.	Absa Trading and Investment Solutions Holdings Proprietary Limited	1998/017358/07
20.	Absa Trading and Investment Solutions Proprietary Limited	1987/005258/07
21.	Absa Trust Limited	1915/004665/06
22.	Absa Vehicle Management Proprietary Limited	1998/006289/07
23.	Absa Vehicle Management Solutions Proprietary Limited	1994/005779/07
24.	ABSAN Propriety Limited	2003/029810/07
25.	AIMS Nominees (RF) Proprietary Limited	1969/015989/07
26.	Alborton Industrial Properties Proprietary Limited	1972/009717/07
27.	Alicerose Nominee Proprietary Limited	1972/010235/07
28.	Allied Development Company Proprietary Limited	1970/000925/07
29.	Barrie Island Property Investments Proprietary Limited	2004/015930/07
30.	Blue Age Properties 60 Proprietary Limited	2007/019053/07
31.	Compro Holdings Proprietary Limited	1984/009618/07



EMPOWERDEX

Economic Empowerment Rating Agency

32	Diluculo Investments Proprietary Limited	2006/033277/07
33	Diluculo Property Trading Proprietary Limited	2006/033264/07
34	Fradey Nominees (RF) Proprietary Limited	1964/000412/07
35	Goldreef Village Share Block Limited	1971/003358/06
36	Goudstad Nominees Proprietary Limited	1987/006089/07
37	Home Obligors Mortgage Enhanced Securities (RF) Proprietary Limited	2006/007171/06
38	Instant Life Proprietary Limited	2007/032320/07
39	Marmanet Retirement Village Proprietary Limited	1984/007228/07
40	Merfin Proprietary Limited	1972/008133/07
41	NewFunds (RF) Proprietary Limited	2005/034899/07
42	Ngwenya River Estate Proprietary Limited	2004/001484/07
43	Nkwe Rosslyn Properties Proprietary Limited	2007/023824/07
44	Piensaarsrivier Properties Proprietary Limited	2007/019824/07
45	Roodekop Townships Proprietary Limited	1944/016849/07
46	United Towers Proprietary Limited	1968/015550/07
47	Woodbook Finance Proprietary Limited	1963/006472/07
48	Woolworths Financial Services Proprietary Limited	2000/009327/07

1	Absa Foundation Trust (the group provides its SED contributions through this trust)	IT 1810/94
2	Absa Empowerment Trust (The trust was registered on 8 August 2017 to give effect to the commitment by Barclays Bank PLC (Barclays) to contribute funds to allow Absa Group Limited to establish a Broad Based Black Economic Empowerment (B-BBEE) Scheme)	IT001473/2017



Technical Signatory - P Dozwa

17 March 2023

Expiry date: 16 March 2024

FS23J06650



BVA 030

C e r t i f i c a t e

A08682



www.absa.africa

Contact information

Absa Group Limited

Incorporated in the Republic of South Africa
Registration number: 1986/003934/06
JSE share code: ABC
ISIN: ZAE000255915

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