



Absa Group Limited

2021 Broad-Based Black
Economic Empowerment Report



Our reporting approach

Absa supports a vision of transformation, diversity and inclusion in all its operations and believes in a democratic society that creates opportunities for all people to prosper.

This report sets out our efforts and performance in creating opportunities in the societies in which we operate. We use our financial resources, the expertise of our people and our infrastructure to promote inclusion. We aim to achieve this in a meaningful and sustainable way and do so as we simultaneously transform our organisation. We are a values-based business, driving a culture of fairness and equal opportunity.

Legislative frameworks applied

In South Africa, we fully support the principles of the Broad-Based Black Economic Empowerment (B-BBEE) Amendment Act, which serve 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 2021 Environmental, Social and Governance Report.

Reporting period

This report covers the financial period from 1 January 2021 to 31 December 2021. 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 (18 March 2022) are also 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 31 March 2022.

Francis Okomo-Okello (Committee Chairman)

Ihron Rensburg

Jason Quinn

Nonhlanhla Mjoli-Mncube

Rose Keanly

Sello Moloko (Chairman-designate)

Swithin Munyantwali

Wendy Lucas-Bull (Group Chairman)

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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, prioritising 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.

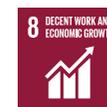
We will set targets in alignment with the Principles for Responsible Banking in 2022. These targets will link to the appropriate SDGs, the Paris Climate Agreement, and relevant regional and local frameworks, such as the African Union Agenda 2063 and the Financial Sector Code, which drives broad-based 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 (13.2).
- SDG 16.

2021 highlights

We achieved Level 1 B-BBEE status, moving from Level 2 in the previous financial year.

This status was realised through numerous strategic programmes that form part of our continued effort to support economic growth and to be a leader in diversity and inclusion. We continue to bring the possibilities of our customers, colleagues, suppliers, and communities to life through transformation, diversity and inclusion opportunities. The highlights below demonstrate our focus on racial and gender diversity, and inclusion in our business value and supply chains.



77% black
and 64% female
employees



R940m
contributed towards skills
development



R8.5bn
spent on 50% black-owned
suppliers, of which R6.5bn
was directed towards black
women-owned suppliers



R200m
investment towards enterprise
and supplier development



R63m
investment in socio-economic
development



Additional **R5bn**
towards Empowerment
Financing in 2021



R110m spent on 1 652
unemployed youth hosted across
47 learnership and internship
programmes

“ We achieved Level 1
B-BBEE status,
moving from Level 2
in the previous
financial year. ”



Verified scorecard

Absa achieved Level 1 despite the challenging operating context, characterised by continued lockdown restrictions.

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

Assurance

Empowerdex has verified the B-BBEE performance for 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 Level 1 despite the challenging operating context, characterised by continued lockdown restrictions. ”

Verified scorecard continued

Ownership

Measures effective ownership of enterprises by black people.

Score

18.98/28 points

(included 5 bonus points)

The UN SDGs impacted

Our black share ownership representation of 17.56% comprises the following:

- (i) A portion of our previous BEE transaction through the Batho Bonke consortium, which remains recognised based on the R2.5 billion net value created after the consortium sold their equity
- (ii) An independent analysis of our current institutional shareholders to determine the underlying percentage of black shareholders
- (iii) Surplus empowerment financing contributions recognised as equity-equivalent programmes as provided for in the amended FSC
- (iv) A sale of assets by Absa to a black-owned company, i.e., Thebe Investments, as contemplated in statement FS100 of the FSC.

On 22 September 2021, Absa Group announced its intention to implement a second B-BBEE transaction as part of our broader efforts to achieve transformation in a meaningful and sustainable manner. It is envisaged that the scheme will hold up to 8% of the Group's issued share capital. We anticipate that this transaction will be implemented in 2022. It will comprise third-party investors and an employee share ownership scheme (ESOP) where all Absa employees across the Group's operations are expected to participate.

Management control – Board and top management

Measures effective control of enterprises by black people.

Score

7.02/8 points

The UN SDGs impacted

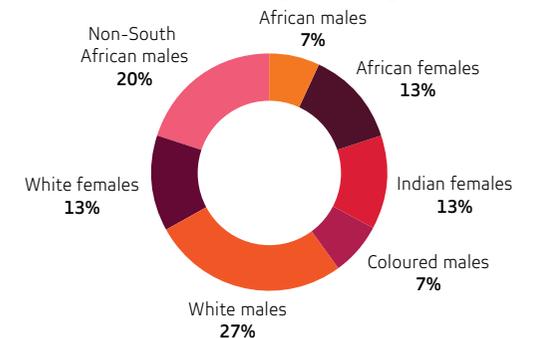
As of 18 March 2022, our Board comprised 15 members, including four black women and two black men. The Board composition therefore constitutes 40% black directors (up from 37.50% in 2020) and 26.7% black women directors (up from 18.8% in 2020). Daniel Mminele, who served as Group Chief Executive Officer (CEO), stepped down from his position during the year. Jason Quinn, who previously held the position of Group Financial Director (FD), was subsequently appointed as Acting Group CEO, and Punki Modise was appointed as Acting Group FD.

Other movements in the Board included the removal of Siphon Pityana, and the retirements of Colin Beggs and Mark Merson, as well as the appointment of John Cummins and Sello Moloko (Chairman-designate).

Joiners: Sello Moloko, Punki Modise and John Cummins

Leavers: Daniel Mminele, Siphon Pityana, Mark Merson and Colin Beggs

Board composition by race and gender



Verified scorecard continued

Management control – and top management continued

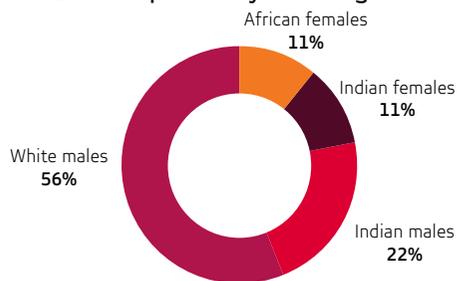
Group Executive Committee

As at 18 March 2022, our ExCo comprised ten members including an ex-officio member of the ExCo. The overall black representation and black women representation remained unchanged at 44% and 22% respectively.

Joiners: Deon Raju, Punki Modise, Wilhelm Krige, Saviour Chibiya

Leavers: Daniel Mminele, Bongwiwe Gangeni and Rajal Vaidya

ExCo composition by race and gender



Executive directors



1. Jason Quinn ⁴⁷
Interim Group Chief Executive Officer
Chair: Models Committee
ExCo: Five years
Absa: Thirteen years



2. Punki Modise ⁵²
Interim Group Financial Director
ExCo: Ten months
Absa: Fourteen years



3. Arrie Rautenbach ⁵⁷
Chief Executive: RBB
Interim Head: People and Culture
ExCo: Six years
Absa: Twenty-four years



4. Charles Russon ⁵⁵
Chief Executive: CIB
ExCo: Seven years
Absa: Fifteen years

As from 29 March 2022, Arrie is the Group Chief Executive Officer, Jason is the Group Financial Director and Punki will be the Interim Chief Executive: RBB



5. Akash Singh ⁴⁸
Group Chief Compliance Officer
ExCo: Two years
Absa: Eighteen years



6. Charles Wheeler ⁵⁷
Group General Counsel
ExCo: Nine years
Absa: Nine years



7. Saviour Chibiya ⁵⁰
Group Executive: ARO
ExCo: Four months
Absa: Eleven years



Prabashni Naidoo ⁴⁵
Group Chief Internal Auditor²
Ex-officio
Absa: One year



8. Wilhelm Krige ⁵⁶
Interim Group Chief Information and Technology Officer
ExCo: Eight months
Absa: Fourteen years



9. Deon Raju ⁴⁴
Group Chief Risk Officer
ExCo: Nine months
Absa: Twenty-three years

Executive Committee member biographies can be found at www.absa.africa

Verified scorecard continued

Management control – Employment equity

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

Score

9.18/12 points

The UN SDGs impacted

SDG 5 SDG 8

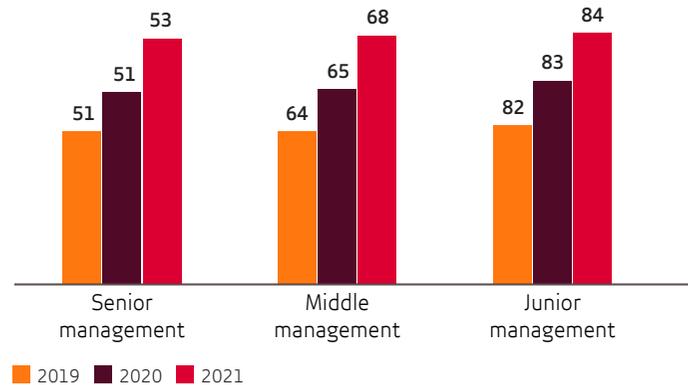
Diving deeper: [2021 ESG report](#)

- Race and gender of headcount (102-8)
- Race and gender of new employees and turnover (401-1).
- Gender disclosure of basic salary and remuneration (405-2).

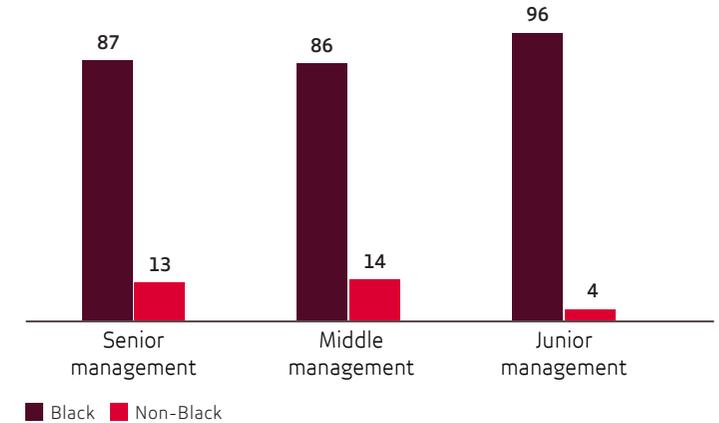
We remain committed to implementing our employment equity plan to ensure that our workforce reflects South Africa's demographics regarding race and gender. This objective is supported by our targeted recruitment and promotion principles, in place for the last two years, which look to appoint a majority of black people across all management levels with more prominence on women and Africans.

Our latest data demonstrates the impact these principles have had on our black representation, creating a pipeline of black managers that will continue to shape demographics in senior management in the future. Black employees now make up 77% of our South African workforce, and both new hires and promotions account for an aggregate of 89% and 85% black representation, respectively. Overall, there was a 2% net gain in black representation across all management categories.

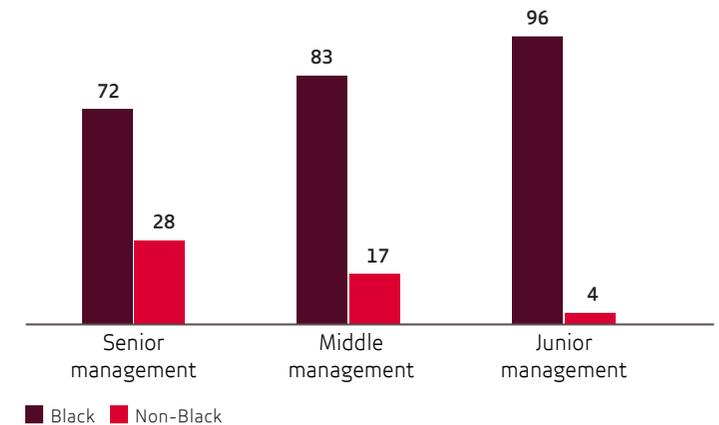
Black representation at management level (%)



New hires at management level (%)



Promotions at management level (%)



Verified scorecard continued

Skills development

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

Score

 17.25/23 points

(included 3 bonus points)

The UN SDGs impacted

SDG 5 **SDG 8** **SDG 10**

Diving deeper: [↓](#) 2021 ESG report

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

Absa has a well-established reputation as an employer that invests significantly in the development of our people. Having successfully transitioned to a 100% virtual-based learning ecosystem in 2020, we maintained our focus on a future-fit learning agenda in 2021 to enhance our workforce's technical, leadership, functional and management skills in line with strategic business requirements and the evolving world of work.

In South Africa, we continue to develop scarce and critical skills identified through workforce planning, prioritising the following groups: 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, providing access to self-driven learning platforms, bursaries and scholarships for tertiary qualifications, and learnerships/internships for employed and unemployed individuals.

Our total skills development expenditure for the year to 31 December 2021 was R1.2 billion. The breakdown of the spend per occupational level was as follows:

	2019 Total Rm	2020 Total Rm	2021 Total Rm	Of which		Of which total African Rm
				Total black Rm	total women Rm	
Training spend						
Senior management	31.2	35.4	62.7	46.7	25.8	26.9
Middle management	184.6	312.5	526.2	421.1	273.5	272.0
Junior management	236.2	282.3	370.2	320.1	258.4	215.2
Non-management	65.9	81.8	98.2	92.8	81.0	67.8
Black unemployed	181.8	110.2	109.8	104.7	55.2	97.6
Total¹			1 167.1			

¹ Skills development expenditure comprise of all legitimate expense incurred in accordance with the FSC which includes: course fees, cost of trainers, training materials, training facilities, salaries of learners on qualifying programmes etc.

Learnerships and internships

In 2021, we enhanced our focus on aligning the content of our learnership and internship programmes with the identified skills required to execute our strategy. The successful launches of the Absa Cybersecurity Academy for the Blind and the NoviaOne Certificate in Banking Learnership are two examples of these efforts.

We increased our number of learnerships/internships and skills programmes, as follows:

- 3 065 learnerships and/or internships were provided to Black people, compared to 2 023 in 2020.

- Of the 3 065 who were on learnerships and internships, 1 146 of them were Black unemployed people, compared to 1 003 in 2020.
- These unemployed people were hosted across 69 learnership/internship programmes.
- 98% participated in National Qualification Framework (NQF) – aligned programmes ranging from NQF level 3 to NQF level 9.
- 250 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 32 graduates participate in the 2021 programme, joining 1 313 young professionals who have built careers with us since 2008. In South Africa, we employed 29 of these graduates, of which 26 (90%) are black graduates (15 males and 11 females).

Leadership and management development

We continue to build competitive and relevant leadership and management skills through our Absa Leadership Academy (ALA) and business academies.

21 365 South African employees participated in leadership and management development offerings in 2021, including masterclasses, workshops, longer programmes, partially- and fully accredited programmes.

73% (15 676) of all participants were Black (9 944 African, 2 936 Coloured, 2 796 Indian), while 52% (11 073) were female.

The most popular leadership/management programmes among these participants were (a) National Certificate in Generic Management, (b) Higher Certificate in Management Practice, (c) Postgraduate Diploma in Business Administration, (d) Advanced Diploma in Business Management, (e) Personal Mastery, and (f) IgniteHer Women's Development.

Accelerated development

We significantly increased the investment in our top talent (across young, emerging and executive talent segments) through our accelerated development programmes, from 39 employees in 2020 to 223 employees in 2021. These programmes are designed and delivered in partnership with Switzerland's award-winning Institute for Management Development Business School.

Verified scorecard continued

Skills development continued

79% (133) of South African employees who participated were Black (86 African, 24 Coloured, 23 Indian), while 39% (65) were female.

Technical, functional and future skills development

Our technical, functional and future skills learning agenda is delivered through our Absa Leadership Academy (ALA), business academies, self-driven learning platforms and bursaries.

The most popular certified technical training programmes among of Black South African employees included the (a) National, Higher and Advanced Certificates in Banking, (b) National Certificate in IT Systems Support, (c) National Certificate in Financial Markets and Instruments, and (d) Postgraduate Diploma in Management of Digital Business.

Our efforts to embed a self-driven learning culture at Absa through Absa Learning Weeks continued in 2021. 76% (16 284) of participants were South African, constituting:

- 74% (11 972) Black participants (7 654 African, 2 529 Coloured, 1 789 Indian)
- 55% (8 941) Female participants.

We also continue to drive uptake of self-directed learning on the digital learning platforms available to all our employees, including Udemy for Business and the Absa Digital Campus (ADC). As at 31 December 2021, 16 360 Absa employees were actively learning on Udemy. The most popular technical courses included IT certifications, cloud certifications, analytics and web development, while the most popular functional and future skills development training areas on Udemy included personal growth, communication, customer success, service and leadership.

Bursaries amounting to R35.5 million were awarded to 997 Black South African employees in 2021.

Preferential procurement, enterprise and supplier development

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

 18.27/19 points

(including 4 bonus points)

 6.00/6 points

(including 3 bonus points)

 8.00/8 points

(including 1 bonus point)

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

To achieve our strategic objectives of transforming our supply chain and contributing to the financial sector's transformation, we needed to diversify our supply chain to include suppliers from different backgrounds, ethnic groups, genders, experiences, and expertise. Our procurement policy supports this approach to drive supplier diversity. In 2021, we increased our procurement spend with B-BBEE compliant suppliers, exceeding some of the targets set out in the FSC. We achieved 18.27 points with R16.3 billion weighted spend on products and services from 2 462 B-BBEE accredited suppliers. R8.5 billion (2020: R9.2 billion) was spent with black-owned suppliers, of which R6.5 billion (2020: R4.8 billion) was with 30% black women-owned suppliers. While we continue to increase procurement from black women-owned suppliers, we are prioritising our spending with small and medium enterprises (SMEs) and contributing to the creation and sustenance of jobs, and therefore the economic growth.

	2019 Rbn	2020 Rbn	2021 Rbn
Total measurable procurement spend	15.9	15.3	15.3
Total weighted spend with B-BBEE-accredited suppliers	17.7	17.8	16.3
Procurement from qualifying small enterprises and exempt micro enterprises	2.7	3.5	4.4
Procurement from 50% black-owned suppliers	8.1	9.2	8.5
Procurement from 30% black women-owned suppliers	5.7	4.8	6.5

Verified scorecard continued

Preferential procurement, enterprise and supplier development continued

Supplier development

Our supplier development efforts enable the transformation of our supply chain. We focus on supporting SMEs to grow their businesses by integrating them 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 and part of 2021, our supplier development contributions were lower than previous years. Our programmes focused on financial assistance to qualifying beneficiaries and one-on-one mentoring to improve business performance, processes and product or service offerings. 30 suppliers are currently participating in one of our supplier development programmes. These suppliers benefited from R4 million spent on capacity building, which included various business development interventions to assist them in handling the new ways of working.

	2019 Rm	2020 Rm	2021 Rm
Annual supplier development spend	230.4	231.0	123.6

Enterprise development

We are committed to the sustainable growth of SMEs to develop a robust and resilient pipeline of suppliers within the South African economy. Our approach to enterprise development focuses on supply chain transformation while facilitating access to capital for SMEs. In keeping with our role as a financial institution, we enable access to developmental finance and complement it with business development support and enhanced market access via preferential procurement.

	2019 Rm	2020 Rm	2021 Rm
Annual enterprise development spend	28.3	90.3	47.2

Development programmes

Federated Hospitality Association of Southern Africa (FEDHASA) business development programme	A partnership with FEDHASA to provide mentorship in financial and business management, including skills such as mastering cashflow management, compliance with income tax laws, small business tax incentives and South African Revenue Service (SARS) refunds for small businesses and personal financial planning.
Mentorship programmes for SMEs in different sectors, i.e., mining, public sector, etc.	Three-month mentorship programmes in various entrepreneurial topics, such as business strategy, business agility, cashflow management, legal and tax compliance, and marketing your business for success.
City Press Money Makers programme	Four-month business coaching programme in partnership with the City Press aimed at assisting newly established organisations in developing their businesses based on their needs. The initiative included coaching from business experts, financial advisers and Absa employees.
Ekasi COVID-19 Relief Compliance and Funding Readiness programme	A partnership with Ekasi Entrepreneurs started in 2020 to assist over 400 township-based SMEs with compliance and funding readiness to access Government Relief Funds nationally. Ekasi assisted SMEs with Unemployment Insurance Fund (UIF) registration, developing annual financial statements and reports, SARS registrations and access to an accounting and payroll system for a year. The benefits received by the SMEs from the programme amounted to more than R6 million, and over 100 jobs were created and sustained.
Basadi enterprise development programme under Absa Insurance Company	Our insurance business provided coaching to black female entrepreneurs, such as plumbers and electricians, who want to form part of Absa's approved service-provider database, used when Absa's customers lodge repair claims within the insurance business. The coaching included developing business plans for growth and funding and standard business operating procedures, as well as navigating pay-as-you-earn tax, UIF registrations and financial planning and reporting.
The Smart Procurement Xchange programme	The Smart Xchange programme Indaba is a virtual platform that offers SMEs access to training on introducing their products and services to large corporates and includes business branding and market readiness preparations. In addition, information was shared with SMEs on how to better access markets, obtain the best possible supplier status through innovation, and leverage the provisions of the B-BBEE Act and the Preferential Procurement Policy Framework Act.

Grants

Business development support of black financial intermediaries	Business development grants of R33 million were provided to 12 black-owned financial intermediaries with an annual fee income below R50 million. These grants have significantly contributed to beneficiaries overcoming their growth barriers. The 2021 cohort includes South Africa's first start-up Enterprise and Supplier Development Fund to be run and managed by people living with disabilities.
Lending-based grant subsidy programme	Lending-based grants were made available to black SMEs that applied for funding but did not qualify for the full amount. Instead, certain percentages of their applied-for loan amounts were offered as grants to help obtain more substantial loans to sustain and grow their businesses, thereby creating further employment.

Verified scorecard continued

Preferential procurement, enterprise and supplier development continued

Youth developmental programme	
Youth SME Summit	Absa 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 as an enabler for small businesses.
Access to markets	<p>The following interventions were carried out to enable access to markets for more businesses:</p> <ul style="list-style-type: none"> • Provided access to markets for SMEs by procuring personal protective equipment from SMEs for distribution to some of Absa stakeholders nationally • Sponsored female entrepreneurs in the construction sector to 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 with a reach of over 1 000 corporates and chief procurement officers for SMEs, including a year's membership to the online platform.
Absa.co.za	<p>We provide information on our website for SMEs to help them start and run a business.</p> <p>https://www.absa.co.za/business/starting-my-business/setting-up-my-business</p>

Empowerment financing

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

Score

 12.94/15 points

The UN SDGs impacted

SDG 5 **SDG 8**

Diving deeper:  2021 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).

	2019 ¹ Rm	2020 ¹ Rm	2021 Rm
Targeted investments	9 062.1	12 390.8	17 677.0
Transformational infrastructure	1 133.2	2 091.2	3 265.0
Black agricultural financing	63.2	116.2	242.5
Affordable housing	7 865.7	10 183.4	14 169.5
Black small and medium enterprises	435.1	713.9	538.4
B-BBEE transaction financing	4 150.7	4 347.0	4 329.0
Total	13 647.9	17 451.7	22 544.4

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 2021 targeted investment goal increased by R5.1 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 2021 that are still outstanding at year-end. Against our new target of R15.1 billion, we have financed R17.7 billion (the sum of transformational infrastructure, black agricultural financing, and affordable housing as this is a fungible sub-measurement).



Verified scorecard continued

Empowerment financing continued

Transformational infrastructure

We continue to play a role in funding renewable energy-related projects. This contributes to both our economic transformation and sustainable development strategies. South Africa is currently the continent's largest renewable energy market. Starting in 2010, the Renewable Energy Independent Power Producer Procurement Programme is the most significant contributor to South Africa's shift towards a low-carbon economy. In 2018, we funded six energy-related projects, which are still recognisable at the end of 2021 under the latest Empowerment Financing Guidance notes.

Black agricultural financing

Over the past year, we improved our offerings and internal capability to lend to the developing agri-sector. Our effort is reflected in the doubling of advances to black-owned enterprises. This was primarily driven by focused sector support to bankers which led to more of them completing new agri-transactions, concessionary pricing to new clients, and alternative means of collateral (e.g., indemnity facilities). Through a partnership between Absa (Agribusiness and Citizenship) and various industry associations, approximately 2 000 sub-commercial farmers received training in financial literacy and dealing with gender-based violence. Furthermore, the bank initiated a capacity building programme for potential clients in a closed value chain. We also offered these potential clients transactional banking services. Based on the expertise that they gained and relying on the support from the programme, we have advanced production facilities to some of participants. Finally, we continue to support holders of Absa agri-scholarships through one-to-one coaching sessions with Agri-Specialists and bespoke webinars to assist them in completing their study programmes.

The increased advances were predominantly to livestock and crop producers. To improve the portfolio balance within the developing agri-sector, a focused approach will be taken to increase exposure across all sub-segments, including horticulture.

We appreciate our internal and external partners who enabled us to deliver on our programmes for the developing agri-sector. We hope that sector role players will conclude the Agriculture and Agro-processing Master Plan (AAMP) and the concomitant Blended Finance Scheme. This public-private partnership scheme would certainly enhance impactful financing of the developing agri-sector.

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 offered home loans to 7 932 (2020: 5 308) affordable housing customers to the value of R4.3 billion (2020: R2.7 billion), with 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 borrowers' education programme informs customers on all aspects of home buying and home ownership. 9 084 (2020: 7 160) customers participated in the programme, being 27% growth year-on-year, delivered virtually to support social distancing. Our total affordable housing home loan book as at 31 December 2021 was R10.3 billion (2020: R9.9 billion). We also supported 127 (2020: 143) customers in accessing the government's Finance-linked Individual Subsidy Programme.

Black small and medium enterprise financing

Our focus on black SME customers, that is, enterprises under R50 million in turnover with greater than 51% black ownership, resulted in 2 943 new loans in 2021, totalling over R489 million. Absa collaborated with several strategic partners, such as the Anglo American Zimele Fund, to provide host communities with opportunities in core mining activities as part of the next phase of its transformation strategy. SMEs have been provided with funding to acquire a fleet of specialised trucks utilised to transport platinum group metals from Anglo Platinum's operations in Limpopo and North-West. Total funding for this project amounted to R72.1 million for the first six SMEs. In addition, over R100 million has been disbursed to 25 small businesses in 2021.

The Group also financed a capital adequacy initiative targeted at black SME Stockbrokers to enhance their ability to participate in a more significant percentage of the Johannesburg Stock Exchange (JSE) trading activity, which currently stands at 3%. Absa formulated a solution through an innovative structure where the capital adequacy funds are ring-fenced (JSE only access), such that traditional credit scores do not apply, thereby reducing funding costs to SME 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 resulted in a 20–30% increase in revenue on a financial year basis for the SMEs.

Verified scorecard continued

Socio-economic development and consumer education

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

Score

 8.00/5 points

+ 3 bonus points

The UN SDGs impacted

SDG 1 **SDG 4** **SDG 10**

Diving deeper:  2021 ESG report

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

In line with our strategic focus of being an active force for good in everything we do, our socio-economic development and social impact interventions aim to stimulate Africa's growth and sustainability by positively impacting the communities we operate in. Our socio-economic development interventions are delivered through education and skills development activities that increase productivity, social participation, and inclusive growth. We have partnered with leading specialists to help prepare and empower Africa's youth with the training and tools they need for employment and entrepreneurship in the future workplace. These programmes include:

Youth accelerator

This programme coordinates various sectors to empower young people and enable them access to economic opportunities. It targets new entrants into the job market, including those who have lost their jobs due to the COVID-19 pandemic. The programme focuses on unemployed youth from disadvantaged and vulnerable communities.

By the end of 2021, the programme realized the following:

- 391 participants in Information and communication technology courses (i.e. Cloud and Cybersecurity, Fintech, Software development)
- 108 participants in Vocational courses (i.e. Plumbing, Hair and Beauty, Drivers Licence)
- 480 participants in other courses such as Retail and Entrepreneurship

Bridging academy

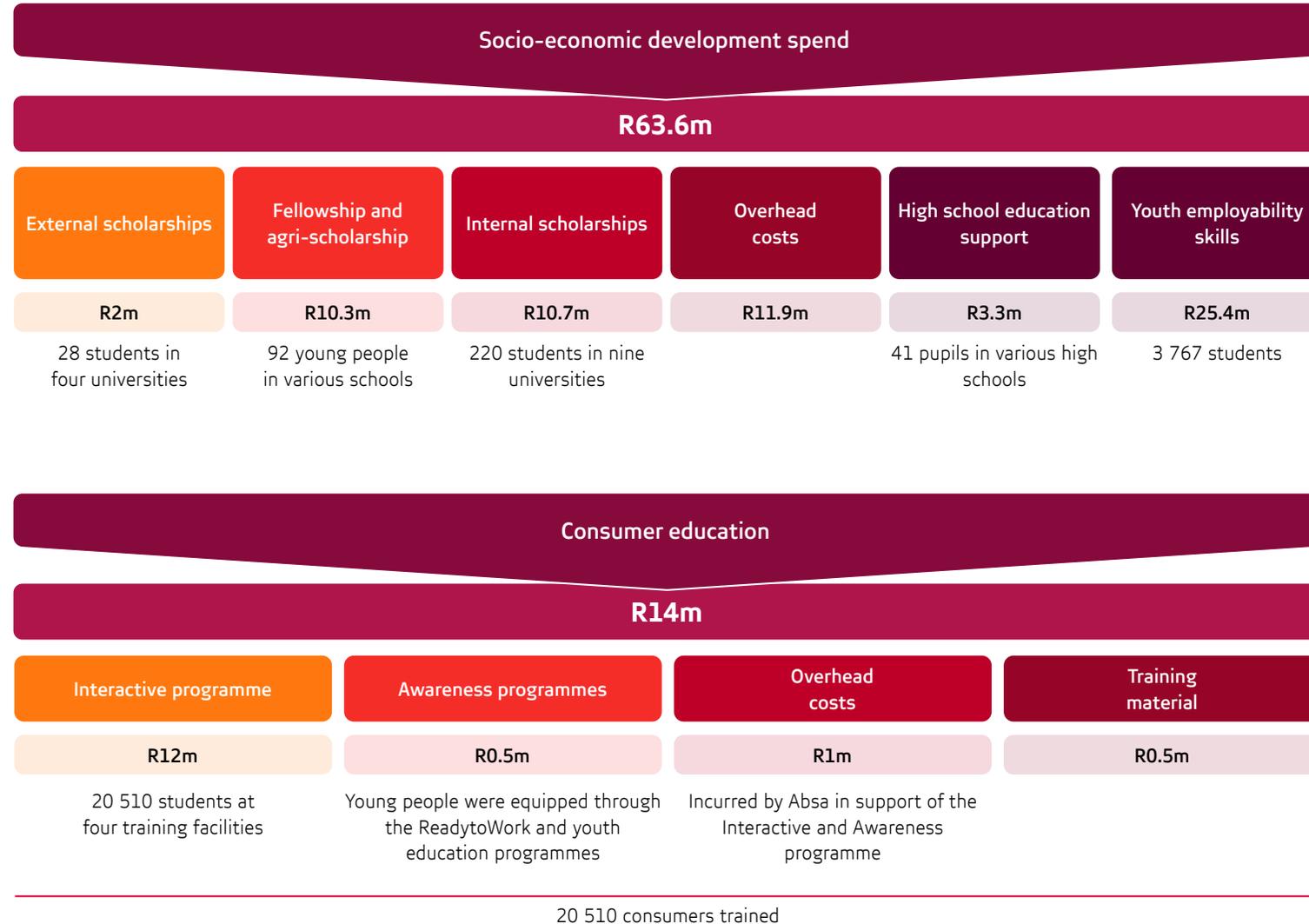
This programme promotes employability by building digital and vocational skills while preparing young people for the world of work. The programme provides a variety of skills in order to integrate an emerging young generation into the economy. The programme also offers rural youth bridging skills that will help them to: find entry-level work; enter further tertiary education either at another institution, online or in one of the curated second year career training academies; or pursue a career as an aspiring entrepreneur. A total of 298 young people completed the programme in 2021.

Our consumer financial education programmes play a critical role by providing individuals and communities with knowledge and understanding of financial products, concepts and risks to make appropriate financial decisions. This helps with the upliftment of our communities, in particular those from the low-income segments. These programmes form part of our financial inclusion strategic pillar, which seeks to, among others, enable positive individual financial behaviours through literacy and expanded financial education. It is delivered by accredited B-BBEE training partners and is targeted at community beneficiaries as well as beneficiaries in entry-level banking, agri-business and public sector individuals earning an income of less than R250 000 per annum.

	2019 Rm	2020 Rm	2021 Rm
Socio-economic development spend	117.9	105.8	63.6
Consumer education	34.1	30.2	14.0

Verified scorecard continued

Socio-economic development and consumer education continued



Verified scorecard continued

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

 10.35/12 points

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: [↓ 2021 ESG report](#)

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

	Target	2019	2020	2021
Geographic access				
Transactional points (%) ¹		73.10	76.18	76.40
Service and Sales points (%) ²		86.64	89.94	89.24
Electronic access (%)		15.44	16.41	16.92
Access to qualifying product accounts ('000)		2 354	2 319	2 260

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 are committed to providing affordable products and service distribution channels that are reliable, safe, and cost-effective. Whenever we open or close points of presence, we deliberate the impact on coverage, considering a suitable alternative. In July 2021, South Africa experienced unrest and riots, mainly in Gauteng and Kwazulu-Natal. This led to the destruction of some of the bank's infrastructure, which temporarily affected our reach and service offering to the affected communities. Temporary solutions, such as banks-on-wheels, were put in place and played a vital role in supporting continued access to financial services in the context of the unrest.

While improving our various customer touchpoint channels to be more accessible, our multi-channel imperative is to enable customers to bank better through the adoption of our digital platforms, which provides accessibility 24/7. Over the past few years, we have deployed technology to improve our channels and extended our affordable banking services beyond our branch network.

We have several channel options aimed at increasing access to financial services. Moreover, we help customers choose channels that best suit their needs and their budgets.



Verified scorecard continued

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
- Manage accounts
- 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
- 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

Chat Banking

- Transactions using Facebook Messenger and WhatsApp
- No monthly fee
- View account balances
- Pay beneficiaries
- Buy airtime, data and prepaid electricity

MegaU Youth Account app

- 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

Homeowner app

- A smartphone tool that allows customers to search for homes and calculate affordability

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 for faster online shopping checkouts

Verified scorecard continued

Access to financial services continued

Call centres

24/7 self-service line

- Cheque balances
- Request National Traffic Information System (NATIS) 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 payments

- 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	18.98	23.00	Black Ownership Percentage	17.56%
Management Control	16.20	20.00	Black Women Ownership Percentage	7.80%
Skills Development	17.25	20.00	51% Black Owned Designated Group Supplier	No
Procurement	18.27	15.00	Black Disabled Percentage	0.00%
Empowerment Financing and ESD	26.94	25.00	Black Youth Percentage	0.00%
Socio-Economic Development & Consumer Education	8.00	5.00	Black Unemployed Percentage	0.00%
Access to Financial Services	10.35	12.00	Black People Living in Rural Areas	0.00%
Total Score	115.99	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 2021
Empowering Supplier	Yes	Yes	Effective Date Used	18 March 2022
Discounting Principle Applicable	No	No	Expiry Date	17 March 2023
Final Procurement Recognition Level	135.00%		Re-issue Date	30 March 2022

Technical Signatory – P. Dozwa

30 March 2022

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.

FS22J06226(B)

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

A08261



EMPOWERDEX

Economic Empowerment Rating Agency

ANNEXURE A

Absa Group Limited

No	Company Name	Registration Number
1	Absa Bank Limited	1986/004794/06
2	Absa Life Limited	1992/001738/06
3	Absa Insurance Company Limited	1992/001737/06
4	Absa Financial Services Limited	1969/009007/06
5	Absa Alternative Asset Management Proprietary Limited	1999/027973/07
6	Absa Asset Management Proprietary Limited	1997/017903/07
7	Absa Capital Securities Proprietary Limited	2008/021179/07
8	Absa Development Company Holdings Proprietary Limited	1968/001326/07
9	Absa Financial Services Africa Holdings Proprietary Limited	1997/011695/07
10	Absa Fleet Services Proprietary Limited	1977/002924/07
11	Absa Fund Managers (RF) Proprietary Limited	1991/000881/07
12	Absa Insurance and Financial Advisers Proprietary Limited	1970/002732/07
13	Absa Insurance Risk Management Services Limited	2000/025898/06
14	Absa Investment Management Services Proprietary Limited	1980/002425/07
15	Absa Ontwikkelingsmaatskappy Etendoms Beperk	1969/012268/07
16	Absa Property Development Proprietary Limited	1962/000559/07
17	Absa Secretarial Services Proprietary Limited	1973/014516/07
18	Absa Stockbrokers and Portfolio Management Proprietary Limited	1973/010798/07
19	Absa Technology Finance Solutions Proprietary Limited	1980/010876/07
20	Absa Trading and Investment Solutions Holdings Proprietary Limited	1998/017358/07
21	Absa Trading and Investment Solutions Proprietary Limited	1987/005258/07
22	Absa Trust Limited	1915/004665/06
23	Absa Vehicle Management Proprietary Limited	1998/006289/07
24	Absa Vehicle Management Solutions Proprietary Limited	1994/005779/07
25	ABSAM Proprietary Limited	2003/029810/07
26	AIMS Nominees (RF) Proprietary Limited	1969/015989/07
27	Alberton Industrial Properties Proprietary Limited	1972/009717/07
28	Alicerose Nominee Proprietary Limited	1972/010235/07
29	Allied Development Company Proprietary Limited	1970/000925/07
30	Barrie Island Property Investments Proprietary Limited	2004/015930/07
31	Blue Age Properties 60 Proprietary Limited	2007/019053/07



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C e r t i f i c a t e

A08260



EMPOWERDEX

Economic Empowerment Rating Agency



32	Compro Holdings Proprietary Limited	1984/009618/07
33	Diluulo Investments Proprietary Limited	2006/033277/07
34	Diluulo Property Trading Proprietary Limited	2006/033264/07
35	Fradey Nominees (RF) Proprietary Limited	1964/000412/07
36	Goldreef Village Share Block Limited	1971/003358/06
37	Goudstad Nominees Proprietary Limited	1987/006089/07
38	Instant Life Proprietary Limited	2007/032320/07
39	Lekkerleef Elendoms Beperk	1983/006584/07
40	Marmanet Retirement Village Proprietary Limited	1984/007228/07
41	Mierfin Proprietary Limited	1972/008133/07
42	NewFunds (RF) Proprietary Limited	2005/034899/07
43	Ngwenya River Estate Proprietary Limited	2004/001484/07
44	Nkwe Rosslyn Properties Proprietary Limited	2007/023824/07
45	Pienaarsrivier Properties Proprietary Limited	2007/019824/07
46	Roodekop Townships Proprietary Limited	1944/016849/07
47	United Towers Proprietary Limited	1968/015550/07
48	1900 Summerstrand Share Block Limited	1984/009433/06
49	Woolworths Financial Services Proprietary Limited	2000/009327/07
50	Home Obligors Mortgage Enhanced Securities (RF)	2006/007171/06

1	Absa Foundation Trust (the group provides its SED contribution through this trust)	IT 18.10/94
2	Absa Empowerment Trust (The Trust was registered on 08 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

30 March 2022

Expiry date: 17 March 2023

FS22J06226(B)



BVA 030



C e r t i f i c a t e

A08259



www.absa.africa

Contact information

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

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