Absa Group Limited

2022 Environmental, Social and Governance Report

About our Environmental, Social and Governance Report

Scope and reporting period

Our Environmental, Social and Governance (ESG) performance report aims to communicate our impact on material sustainability issues, such as climate change, human rights, governance and social wellbeing. The report covers the period 1 January 2022 to 31 December 2022 and includes any notable or material events after this period and its approval date.

The data provided in this report – both financial and non-financial – pertains to Absa Group Limited (the Group) as the reporting entity, which includes all entities over which we have control or significant influence.

Currency and measurement

All amounts in this report are in South African Rands unless otherwise noted. Measurement used in this report are metric, except where otherwise noted.

Target audience and reporting frameworks

This report is published for all our stakeholders. Our stakeholders include current and prospective clients, investors, employees, suppliers, governments, regulators, and non-governmental organisations.

The ESG report supplements our 2022 Integrated Report. In the former, we recognise and provide disclosure on specific stakeholder interests regarding ESG issues.

The report has been prepared with reference to the Global Reporting Initiative (GRI) Standards as well as other regulations and legislative frameworks as listed below. We have sought to align with the revised Universal Standard released in 2021. We have included several sector-specific indicators per the Financial Services Sector Disclosures document. We have edited the GRI indicator descriptions for the sake of brevity. Please refer to globalreporting.org/standards/ for full indicator descriptions. Furthermore, we adhere to the JSE Sustainability Disclosure Guidance. As the nature of ESG matters, frameworks, and reporting obligations continue to evolve, we refine our reporting approach over time to ensure that it is providing stakeholders with relevant, transparent, and timely information on our ESG performance and impact:

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

KingIV™

King IV application

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This report is structured in line with the GRI index as outlined below.

About our Environmental, Social and Governance Report continued

Application of King IV

Absa is listed on the Johannesburg Stock Exchange (JSE). King IV is the primary corporate governance code in South Africa and applies to all types of entities. It comprises a set of voluntary principles and leading practices with an 'apply and explain' disclosure regime. The JSE Listings Requirements oblige listed companies to apply King IV. In various sections of this report, and within our 2022 Integrated Report, we provide information on how we have applied these principles and recommended practice. On page 27, we provide a reference table to guide readers to the relevant disclosures for each King IV principle.

Oversight

The accountability of our ESG strategy and reporting is part of the Social, Sustainability and Ethics Committee's mandate. The Executive Committee reviews this report, and the Strategy and Sustainability Office ensures execution of the strategy and reporting.

We comply to all laws and regulations and do not engage in unlawful activities.

Assurance

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

PricewaterhouseCoopers Inc. (PwC) conducted limited assurance on the total energy use and carbon emissions indicators as well as sustainable post-issuance verification on the application of the Absa Sustainable Finance Issuance Framework.

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

Approval of the report

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

The SSEC, on behalf of the Board, accepts responsibility for the integrity of this 2022 ESG Report. It is our opinion that it presents a fair and balanced view. We believe it demonstrates how we create and preserve sustainable value and prosperity for our stakeholders while minimising value erosion.

Arrie Rautenbach

Rose Keanly

Francis Okomo-Okello (Committee Chairman)

Sello Moloko (Group Chairman)

Ihron Rensburg

Swithin Munyantwali

Nonhlanhla Mjoli-Mncube

30 March 2023

Overview

Chief Executive Officer's message

Arrie Rautenbach
Group Chief Executive Officer

> ESG priorities will help us bring our purpose to life.

I am honoured by the opportunity to lead Absa. One of my first priorities as CEO is to lead our collective effort to become a purpose-led organisation, positioned for exceptional achievement in the medium term.

Last year, we agreed on our vision for Absa to be a truly purpose-led organisation that makes a positive contribution to the world and one that we all can be proud to be part of. This means putting our purpose at the heart of everything we do. We want to be purpose-led for several reasons; we believe that purpose can help us navigate difficult choices, rally and inspire our people and clients, meet the needs of our stakeholders, and support our long-term sustainability. We also believe that it will enable us to excel in the next horizon by unlocking 'inspiration' - performing better by working on the right things in the right way.

We began an immersive and inclusive journey to assess whether our purpose statement, bringing possibilities to life, continued to reflect who we want to be as a business. We started by unpacking the building blocks that sit at the intersection of what the world needs, what we have to offer, and what will make us proud. To do this, we conducted offsite workshops with our senior leadership team, engaged our employees through surveys and virtual platforms, and held discussions with the Board and ExCo. Through this process, key themes emerged around our role in powering Africa's possibilities, enabling our clients to realise their dreams, investing in people and exemplifying integrity. Building on this input, we finalised our new purpose statement in January 2023:

Empowering Africa's tomorrow, together . . . one story at a time

Integrating purpose and strategy is not enough. We recognise that sustainability is a key component of our purpose and value. We are committed to being a responsible corporate citizen and ensuring that our business has a positive impact on society and environment. In the spirit of the 75th anniversary of the United Nations Declaration of Human Rights, we will continue to operate in accordance with the declaration and the International Bill of Human Rights. We are continuously seeking ways to promote sustainable practices in our supply chain, seeking ways to reduce our carbon footprint, supporting our communities and taking our customers along with us on this journey. As a result, our ESG priorities will help us bring our purpose to life. They are critical in the markets in which we operate, given that we face more significant socioeconomic challenges in our region.

We have defined our ESG priorities based on our stakeholders' needs and expectations, regulatory and legislative guidelines, the potential impact on our business (risks and opportunities), and our ability to make a difference (our unique strengths and what we have to offer). Our approach is informed by global best practice, and we will continue evolving as the market develops. Our ESG priorities align with Board approved United Nations Sustainable Development Goals (SDGs) and targets. We also became signatories of the United Nations Global Compact in 2022 to build a sustainable future and participated in the National Business Initiative and the Presidential Climate Commission sessions.

I am proud of our ESG progress as a Group–we are ranked in the top fifteenth percentile globally according to S&P's ESG rating, we are a leader for women's representation in the workforce and we are a leader in sustainable finance in Africa.

We want to raise our ambition even further and for ESG to be a differentiator for our organisation. We will collaborate with other leaders and organisations to broaden our expertise, reach and impact. Our refreshed ESG strategy defines our go-forward ambition, focus areas and roadmap. Since 2018, we have continuously prioritised our climate change efforts, achieving many notable milestones throughout. We have set the long-term ambition to reach net zero state by 2050 for our scope 1, 2 and 3 emissions. This commitment includes both financed emissions and operational emissions. The net zero pathway planning will take priority in the coming year. [include URL].

Establishing a Strategy and Sustainability Office and appointing of the Group's first Chief Strategy and Sustainability Officer as a member of the executive committee demonstrates the elevated importance of purpose, strategy and sustainability on our agenda and the integration of ESG matters in daily business decisions. As a responsible business, we strive to be an active force for good in everything we do.

Our sustainability journey is guided by our purpose and a commitment to create a long-term value for all our stakeholders. We recognise the challenges facing our planet and our society and we are committed to playing our part to address them. We have made significant strides in our sustainability journey, however we recognise that there is still much work to be done. We believe that by working with our stakeholders we can build a more sustainable, just and equitable future for all.

Our purpose will guide us as we empower our tomorrow, together . . . one story at the time.

Punki Modise
Group Chief Strategy
and Sustainability Officer

"The strategy review identified three ESG focus areas where we will invest to deliver a truly ambitious agenda: financial inclusion, diversity and inclusion, and climate."

Chief Strategy and Sustainability Officer's message

Our strategy

One of the strategic imperatives of our Group is to be an active force for good in everything we do. This is a core part of how we want to operate and what we want to achieve in Africa, our home.

We are proud of the impact we have already had across the ESG spectrum. Building on this foundation, we refreshed our ESG strategy to define how to deliver an even greater impact at scale. We identified the ESG focus topics in the markets where we operate. ESG topics and priorities vary by market, and we recognise that balancing environmental, social and governance matters is essential. We believe our purpose will guide us in striking the right balance between these various factors.

Having identified our three ESG focus areas, we will invest to deliver a truly ambitious agenda: financial inclusion, diversity and inclusion, and climate.

- **Financial inclusion:** As a universal bank we are uniquely positioned to make a real difference in financial inclusion. We have set the goal to make inter-generational wealth creation accessible to all.
- **Diversity and inclusion:** Internal and external stakeholders cite diversity and inclusion as a critical topic and an enabler to unleash our talent and excel. Firms that embrace diversity also make better decisions. We aspire to enable all our people to bring their true selves to work and be a beacon of inclusion across the continent, therefore empowering them to respect and serve our diverse customer base. We have set clear transformation and diversity targets and want to address inclusion more explicitly.
- **Climate:** Climate is of prime importance to investors, regulators, and other external stakeholders. It also offers compelling business opportunities (e.g., in green products). Our climate strategy has five components: financed emissions targets; green business opportunities; climate risk processes, governance, and external engagement. Considering the need for a just transition, we have a net zero ambition.

Our progress

We have already made significant progress in many of these areas. For example:

- **Financial inclusion:** In affordable housing, we are driving social inclusivity by acting as the sole lender in Acorn's KES6.7 billion green loan that will increase access to student housing in Kenya.
- **Diversity and inclusion:** Forbes recognised Absa as a top African organisation championing women at work (number 36 out of 400 international companies and the top South African company assessed in the survey).
- **Sustainable finance:** We made significant progress in our sustainable finance ambition. We advanced and/or arranged R49.4 billion cumulatively since January 2021 – almost half of our December 2025 goal of R100 billion. Everyday Banking successfully launched an integrated and simple sustainable energy solution, helping customers manage their electricity challenges as they contend with persistent load-shedding and the rising cost of electricity.
- **Climate:** Considering the Prudential Authority's (PA) climate risk report, we have developed a programme based on industry best practice. The Group Risk and Capital Management Committee (GRCMC) has approved six priority areas in alignment with the Basel Committee on Banking Supervision (BCBS).

We are now crystallising our ambition and the metrics and targets to which we will hold ourselves accountable. To deliver on our aspirations, the following foundations must be in place:

- An organisation and operating model that scales our collective impact. The creation of the Strategy and Sustainability Office under our new operating model has accelerated our ESG agenda, increased our coordination and ability to scale efforts across the Group, and enabled more rigorous tracking and reporting of our progress.
- Proactive reporting and external engagement grounded in verifiable data that boldly tells our story. We will increase our communication and further align our reporting disclosures with global standards and best practice.
- Continued commitment to the highest standards of governance and ethics. This must be evidenced in our ESG work and how we run our business.

Just transition and sustainability

As we set our ambition within each of our focus areas, particularly climate, we want to give due consideration to a just transition. We need to calibrate the pace of just transition. This means having a clear understanding not only of the impact of our activities on environmental elements, but also on the social elements. In particular, in the markets we operate in, the social element is significantly important given the socioeconomic challenges that need to be addressed. We therefore will be incorporating the just transition element into our process as we set more detailed targets. Our purpose will guide us as we seek to find the right balance.

Chief Strategy and Sustainability Officer's message continued

The challenging environment caused by the intensity of loadshedding in South Africa has prompted our Group to support our clients during this difficult time. We continue to collaborate with them to identify innovative solutions that can reduce energy consumption, increase efficiency, and facilitate the transition to sustainable energy sources. Our aim is to help our clients minimise the impact of loadshedding on their daily lives and operations, while also contributing to the global goal of mitigating climate change. We welcome the recent tax interventions announced by the Minister of Finance to encourage businesses and households to adopt renewable energy sources, which can boost renewable power production and alleviate the energy crisis.

Sustainability reporting landscape

Global awareness of environmental, social and governance issues, has reached unprecedented levels, with an increasing focus on businesses' impacts and dependencies on planetary systems. Consequently, stakeholders are demanding a much more comprehensive range of information.

Although sustainability reporting is still voluntary in South Africa, with the only expectation being to produce an Integrated Report (embodied in the King Report on a comply and explain basis), it is expected by our key stakeholders.

Our approach on ESG reporting is led by our purpose, and is pragmatic to ensure we focus on the needs of stakeholders. While taking cognisance of the International Sustainability Standards Board Climate and Sustainability related draft disclosures, and the voluntary JSE Sustainability and Climate Guidelines, our ESG report continues to align with the GRI as it remains the most comprehensive sustainability reporting standard with a double materiality lens which supports our purpose. In addition, our ongoing preparation of our climate report in line with the TCFD framework focuses on understanding the financial impact of climate-related risk.

Being signatories to the UNEP Principle for Responsible Banking we also need to demonstrate the implementation of the six principles – this is achieved through the two mentioned reports and a PRB Report that gives a holistic overview. The United Nations SDGs influence our strategy and vision and are therefore responded to throughout our reports.

Concluding

Our purpose informs our ESG choices and priorities. As we embed this into the business, it will allow us to accelerate and coordinate execution, while we thoroughly track and report on progress and impact.

I have every confidence in our ability to fulfil our ambitious sustainability agenda and make a unique contribution to Africa and our six priority UN Sustainable Development Goals.

Punki Modise discusses Absa's ESG projects

Our purpose

Absa aspires to be a truly purpose-led organisation. This means making a proud and positive contribution to the world around us and putting our purpose at the heart of everything we do.

Empowering Africa's tomorrow, together . . . one story at a time

Empowering

As a financial institution, we empower and enable – from investing in our employees to uplifting our communities and enabling our clients' ambitions.

Empowering is active, every moment, walking together as partners.

We unlock opportunities for our clients through imagination, energy and passion, and finding innovative solutions.

Empowering ensures we invest in people and their capabilities.

Africa's

Our heartbeat is African. We are committed to a Pan-African presence and contribution.

We cherish our home; we care for it and invest in it. Africa is a home we are proud of.

Our organisation was born in Africa over 100 years ago.

Tomorrow

We value our heritage and embrace the challenge of reimagining a better tomorrow – for our colleagues, clients, and communities. We know that every action we take has a consequence for a meaningful tomorrow.

We relentlessly deliver on our commitments today with a long-term mindset through good times and bad.

We are stewards of a sustainably better world. Tomorrow embodies the aspiration of youth and future generations.

Tomorrow represents one day or many years.

Together

We are a trusted and caring partner, committed to collaborate with all our stakeholders.

We embrace diversity and inclusivity. This strengthens us, unleashes everyone's full energy and enables better outcomes.

We are a collective, holding ourselves and one another accountable for our outcomes.

We are stronger together.

We listen to many perspectives while remaining decisive. We work together to bring our strategic ambitions to life.

One story at a time

Brick by brick, we build a masterpiece – no matter how big or small.

We embrace Africa's heritage of storytelling. Stories bind us.

We see you. We hear your story – it inspires us to act and grounds us in what is real.

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.

We have selected strategic focus areas . . .

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.

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.

8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

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.

5 GENDER EQUALITY | 10 REDUCED INEQUALITIES

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

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.

7 AFFORDABLE AND CLEAN ENERGY | 13 CLIMATE ACTION

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

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

As a signatory to the Principles for Responsible Banking (PRB), we are committed to prioritising SDGs where we have the most impact. Based on our ESG strategy, we prioritised SDG 5, 7, 8, 10, 13 and 16.

These are all areas of substantial impact for us, where we can set targets for specific SDG subcomponents.

We will still report our impact on the other SDGs, but these will be our priorities.

Prioritised SDGs

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

Policies and documents that define our approach to sustainable development

Our Group Sustainability Policy specifies the broad principles and control requirements for managing sustainability. It is supplemented by the following additional documents:

- Sustainability Risk policy
- Net zero statement
- 2022 Pillar III Risk Management Report
- Human rights statement

Senior management commitment

Our senior leadership will lead, and be guided by our new purpose, creating a more sustainable and inclusive future for our stakeholders and our continent.

We will do our best, for what is best for Absa and all our stakeholders

We are proud to be Absa and we will tell our story

We are ignited and honored to guide Absa as stewards

We want to win together as One Absa, selfless

We will proactively forge a new path, and think long term.

We will lead with integrity and be accountable for our actions

We will lead with honesty, fairness and care

We will talk straight, facing up to difficulties

We will provide constructive feedback

We have the courage to stand up for what we believe in.

We will embrace diversity

We build and promote diverse, winning teams

We will crowd in the creative energy of diverse thoughts to solve problems

We will empower others to lead

We will lead in a way that everyone belongs

We will inspire through our presence.

We will pursue impactful excellence

We will deliver sustainable and material positive outcomes for us, for society

We are bold, we will take on competition and pursue outperformance

We will lead in a client-centric way across the continent.

We will listen and learn

We listen to clients, colleagues and to stakeholders

We listen to understand, not to respond

We sign up to our teams' ideas

When we make mistakes, we are nimble learners

We also show up as team members, not only as team leaders.

Absa at a glance

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

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

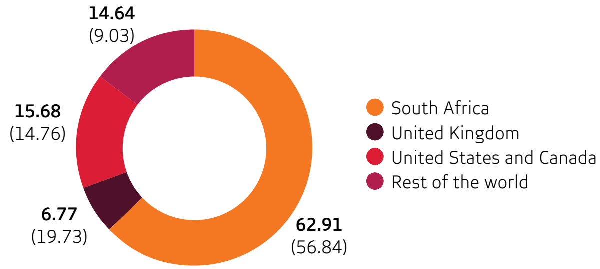
We empower Africa's tomorrow, together

. . . one story at a time

The 847.8 million issued shares are held by a diverse shareholder base, with over 40% held by our top 10 shareholders.

	2022	2021
Ninety One Limited (SA)	5.33	6.87
Old Mutual (SA, NA)	5.18	5.57
M&G (SA, UK)	5.02	5.32
Public Investment Corporation (SA)	4.89	5.41
Black Rock Incorporated (US, UK, JP, CA)	4.40	3.75
GIC Asset Management (SG)	4.23	1.73
Citigroup Global Markets (SA)	4.01	4.03
The Vanguard Group Incorporated (US, AU)	3.90	3.07
Investec Securities (SA)	3.16	3.35
Coronation Asset Management (SA)	3.14	0.54

Geographic split of shareholders (%)



Scale of the organisation

Income	Total equity	Total assets
R98.8bn	**R150.0bn**	**R1.8trn**
2021: R85.9bn	2021: R143.5bn	2021: R1.5trn
Headline earnings	**Capital adequacy ratio**	**Gross loans and advances to customers**
R21.0bn	**16.6%**	**R1.3trn**
2021: R18.6bn	2021: 17.0%	2021: R1.1trn
Market capitalisation	**Common tier 1 capital**	**Deposits due to customers**
R164.4bn	**12.8%**	**R1.2trn**
2021: R129.3bn	2021: 12.8%	2021: R1.2trn

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

15 countries (2021: 15)	**3 million** digitally active customers (2021: 2.7 million)	**6 416** ATMs (2021: 8 668)
35 451 employees (2021: 35 267)	**114 895** point-of-sale (PoS) devices (2021: 123 153)	**919** branches (2021: 989)

	Employees	PoS	ATMs	Branches[1]	Founded
Botswana	1 073	4 810	114	32	1950
Kenya	2 304	5 318	194	83	1916
Ghana	1 187	1 361	166	52	1917
Mauritius	754	1 585	38	9	1919
Mozambique	767	1 473	93	45	2002
Seychelles	270	2 060	22	6	1959
South Africa	25 719	92 026	5 364	559	1888
Tanzania[2]	1 478	1 418	242	62	1945
Uganda	922	2 124	79	39	1927
Zambia	786	2 720	104	32	1918

Czech Republic[3]	Namibia[4]	Nigeria[4]	UK[5]	USA[4, 5]
136 employees	1 employee	14 employees	30 employees	10 employees

[1] The Absa Regional Operations excludes sale centres (18).
[2] Absa Bank Tanzania and National Bank of Commerce combined.
[3] Technical (IT support resources to the Group).
[4] Representative office.
[5] Securities entities.

Our group structure

Corporate and Investment Bank (CIB) Pan-Africa	Relationship Banking (RB)	Everyday Banking (EB)	RBB Absa Regional Operations (RBB ARO)	Product Solutions Cluster (PSC)
• Corporate Bank: Corporate Bank SA, Corporate Bank ARO • Investment Bank: Global Markets, Investment Banking Division, Commercial Property Finance, Private Equity and Infrastructure investments.	• Business Bank • Wealth • Commercial Asset Finance.	• Customer Value Management • Distribution – digital, physical and virtual channel • Personal Loans • Credit card • Transactions and Deposits.	• Retail Banking: Premier Banking, Prestige Banking, Personal Banking, Financial inclusion • Business Banking: SME banking, Commercial Banking • Insurance: Life insurance, Non-life insurance.	• Home loans • Vehicle and Asset Finance • Life Insurance: Non-Life Insurance and Non-banking Financial Service.

The Group announced a refinement to its operating model, effective from 1 July 2022. This change is part of the Group's journey to enhance market competitiveness with due consideration to its transformation imperative. In essence, the Group has moved from two commercial businesses, Corporate and Investment Bank (CIB) Pan-Africa and Retail and Business Banking (RBB) Pan-Africa, to five business units (Everyday Banking, Relationship Banking, Product Solutions, CIB Pan-Africa and RBB Absa Regional Operations).

2022 highlights

Financial inclusion

Absa won the **Financial Inclusion Award** for a bank that demonstrates that they are creating access to finance for historically disadvantaged individuals and groups by having an affordable cluster of products with superior benefits to serve the community

Total procurement spend was **R22.3bn**

Global Banking and Finance Awards 2022 – Absa was awarded the Best Digital Bank South Africa 2022 Award and Excellence in Innovation – Banking Product Award

Our total skills development spend was **R638m**

79 173 consumer education participants

New **Purpose**
Empowering Africa's tomorrow, together … one story at a time

Climate

Released our **Net Zero statement**

Green bond issuance **R4.5bn**

Financed over **R1bn** in SME embedded renewable **power generation** capacity

Tripled pay-outs to **B-BBEE clients** in the **Agricultural sector**

17 certified green buildings

Diversity and inclusion

Absa was named one of the World's **Top Female-Friendly Companies** for 2022 by Forbes and certified as a Top Employer in Africa by the Forbes Institute.

60.8% female employees

Sustainability and Social Investment Awards 2022 – Absa won the prestigious award for the best company promoting STEM education, together with two additional awards celebrating its ReadytoWork educational skills programme and women empowerment drive

We achieved **Level 1** B-BBEE status

86.1% B-BBEE procurement as a percentage of the South African total

Creation of **ESG** and **sustainability** dedicated focus function

89th percentile ranking on S&P Indice and CDP rating **B**

Institute of Risk Management South Africa – **Financial Services Industry Award** recognising our contribution to elevating risk management

Ethics Institute Awards 2022 – Absa was named winner of the Ethics Initiative of the Year Award

94% retention of high-performing employees

R500m invested in training and development for employees

Best Bank Trade Finance Africa

Our stakeholders

We consider how our strategic actions affect our broader stakeholders. We recognise that the quality of our relationships with stakeholders impacts our ability to fulfil our purpose. We therefore measure the quality of our relationships through various mechanisms to make an informed assessment.

Investor community

Shareholders and debt investors who provide capital and funding, and have a vested interest in the performance of the Group. We require a strong relationship to ensure a shared expectation around our vision, strategy and future performance.

We effectively manage risk and create sustainable returns by:
- Ensuring Absa is a well-diversified group both by revenue streams and geography
- Maintaining substantial market share in our presence countries
- Offering improving shareholder returns and a rising dividend pay-out ratio
- Ensuring strong capital and liquidity levels to support a solid balance sheet.

Customers

Customers provide not only revenue but are the main source of deposits that enable our lending activities. To remain relevant, we offer innovative and cost-effective products and solutions to meet their needs.

We deliver innovative technologies and propositions to help our customers empower their tomorrow.
- Improving access to financial services and local, regional and global markets
- Deepening relationships with customers through a life-stage/ecosystem approach
- Providing an extensive and accessible network combining physical outlets, call centres, digital platforms and strategic partners
- Protecting data privacy and ensuring cybersecurity through robust technology and data management.

Employees

Capable, engaged and knowledgeable employees with access to value-creating customer solutions, will drive our commercial success and advance our reputation. We provide employment, fair pay and development opportunities.

We create an environment where employees can fulfil their potential and deliver excellence to our customers by:
- Creating differentiated experiences and inspiring a diverse and inclusive workforce
- Attracting and retaining the best talent
- Encouraging self-led development and opportunities for career progression
- Delivering performance-based reward and recognition
- Providing a comprehensive wellness programme and supporting different ways of work.

Regulators

Sound governance and compliance with the legal and regulatory frameworks creates a stable financial services system that guides the way we do business.

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

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

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

Society

Our success is interlinked with the wellbeing of the societies in which we operate. Charities, non-governmental organisations and public and private sector partnerships enable the Group to amplify our positive impact in addressing a number of socioeconomic challenges.

Our societal interventions are aimed at meaningfully contributing to help create inclusive and sustainable economic growth aimed at positively impacting the communities we operate in. We do this through:
- Preparing young people for the future of work
- Advancing financial literacy and inclusion
- Providing products and services with a positive social impact
- Supporting an inclusive and responsible supply chain
- Minimising the impact of our busines on the communities and society
- Supporting national development objectives and policies to stimulate inclusive growth generating and distributing economic value.

Planet

The natural resources on which we, and our stakeholders, depend.

We seek to address climate change and play an active role in minimising pressure on nature's resources by:
- Supporting customers in responsible consumption and the transition to a low-carbon economy
- Advancing our environmental and social risk management practices and capabilities in climate risk management
- Minimising our direct environmental impacts.

Our ESG governance

Key:

- Social, Sustainability and Ethics Committee
- Group Risk and Capital Management Committee
- Remuneration Committee

Board level governance

The Board is the highest decision-making body for matters of significance to the Group because of their strategic, financial or reputational implications or consequences. Our Board is committed to continuously improving our corporate governance principles, policies and practices through implementing evolving regulatory and best practices, as well as through acting on regular feedback from stakeholders.

Social, Sustainability and Ethics Committee

SSEC – Monitors key organisational health indicators relating to social and economic development; good and responsible corporate citizenship; the environment, health and public safety; labour and employment; conduct and ethics; consumer relationships; stakeholder management and transformation; as well as the Group's activities relating to its role in Africa's growth and sustainability and the impact on the Group's employees, customers and environment. It applies the recommended practices and regulation as outlined in King IV and the Companies Act in executing its mandate.

Group Risk and Capital Management Committee

GRCMC – Assists the Board in overseeing the risk, capital, funding and liquidity management of the Group by reviewing and monitoring:

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

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

Remuneration Committee

GRC – Sets and oversees the implementation of the Group's Remuneration Policy to deliver fair and responsible pay aligned with current and emerging market practices, meet regulatory and corporate governance requirements, and align the behaviour of executives with the strategic direction of the Group. It approves the total remuneration spend, including fixed pay, short-term and long-term incentives, other remuneration arrangements, and the particulars of a defined senior population. It also considers and approves the Group's remuneration disclosure policies and ensures that disclosures are accessible, understandable, accurate, complete and transparent and that the Group remunerates fairly and responsibly, focusing particularly on remuneration differentials.

Supporting Executive Committees

The Executive Committee supports the Board and SSEC. They are responsible for the Group's operational activities, developing strategy and policy proposals for consideration by the Board, and implementing the Board's directives.

- Executive Risk Committee is responsible for exercising the Executive Committee's collective responsibility for the management of the risks and compliance.
- Executive Appointments and Remuneration Committee is focusing on strategic matters relating to remuneration and senior appointments, with a focus on other individual matters where necessary. They support the Group Remuneration Committee to discharge its strategic reward responsibilities, and forms part of the integrated remuneration governance environment.
- Remuneration Review Panel makes recommendations on adjustments to individual awards, and malus adjustments and clawbacks in the event of conduct, compliance, control, regulatory or ethical issues arising that impact on, or are impacted by, remuneration.
- Group Credit Committee is responsible for credit risk oversight.
- Treasury Committee makes decisions pertaining to the Groups capital, funding and liquidity, non-traded market risk, funds transfer pricing and the use of financial resources by the business to meet its strategic and regulatory requirements as well as sustainability and resilience objectives.
- Exit and On-boarding Committee reviews and approves customer, and third-party onboarding and exits that pose a potential or actual reputational and/or financial crime impact to the Group.

Executive committee

The Executive Committee and its sub committees support the Board and Board committees with regard to its ESG responsibilities.

Strategy and Sustainability Office

Oversees our ESG work across the Group, drives coordination, and scales our impact across Africa.

The Social, Sustainability and Ethics Committee

The purpose of the SSEC is to monitor the Group's activities, having regard to any relevant legislation, or prevailing codes of best practice on matters relating to social and economic development; good and responsible corporate citizenship; the environment, health and public safety; labour and employment; conduct and ethics; consumer relationships; stakeholder management and transformation. The Group has an ambition of shaping Africa's growth and sustainability. This ambition links to a variety of areas within the SSEC's mandate. The Committee also provide oversight and evaluation of management's performance against the balanced scorecard on all appropriate non-financial matters.[1]

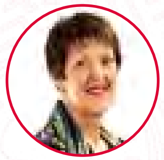
Francis Okomo-Okello 73
Chairman
LLB (Hons), Dip (Law), Certified Public Secretary

Ihron Rensburg 63
BPharm, MA (Political and Organisational Sociology), LLD (Hons Causa), PhD (International Development Education)

Nonhlanhla Mjoli-Mncube 64
PgCert (Engineering Business Management), Fellowship in Urban Development, Masters in Regional and Urban Planning

Swithin Munyantwali 60
BSc, LLD, LLM

Sello Moloko 57
Group Chairman
BSc (Hons), PGCE, AMP



Rose Keanly 64
BCom (Hons), BSc

Arrie Rautenbach 58
Chief Executive Officer
BBA AMP, MBA

Attendees

- Group Chief Compliance Officer
- Chief Executive: Corporate and Investment Bank
- Chief Executive: Relationship Banking
- Group Chief People Officer
- Chief Executive: Absa Regional Operations
- Group Chief Strategy and Sustainability Officer
- Group Chief Marketing and Corporate Affairs.

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

Additional attention was given to several aspects in 2022:
- Understanding our starting point through a comprehensive assessment of gaps in our current approach based on best practice globally
- Shaping our purpose and ESG focus areas by understanding the heart of the business and resulting go-forward purpose, and shaping our ESG strategy accordingly (including the Voice of Stakeholder)
- Articulating our overall ESG strategy and ambition entailed prioritising three ESG focus areas to differentiate ourselves and communicate our aims for priority areas, crystalising our strategy and moving to action
- Focus on people, culture, B-BBEE, ESG and the Group's role in society
- Approval of the Strategic, Sustainability and Reputational Risk Framework and Sustainability Risk Policy, the Absa Way Code of Ethics Policy, and the Conduct Risk Management Framework
- Monitoring of existing standards and approval of new standards concerning extractive and other environmentally sensitive industries, including the decarbonisation targets
- Finalisation of the Sustainable Development Goals (SDG) prioritisation and target setting
- Approval of customer measurement indexes and metrics
- Approval of the organisational health metrics for the long-term incentive (for 2022-2024) and short-term incentive for 2022; and review and approval of the attainment of the prior incentive schemes.

[1] Source: SSEC Terms of Reference

Upholding human rights

Our pledge to human rights

In line with our purpose of Empowering Africa's tomorrow, together ... one story at the time, we are committed to respecting and upholding human rights in all our operations and all jurisdictions in which we conduct business.

The Board has overall oversight of human rights matters and these are an integral part of the business strategy. In support of the 75th anniversary of the United Nations Declaration of Human Rights, we will continue to operate in accordance with the declaration and the International Bill of Human Rights.

Our culture is diverse and inclusive, and provides a working environment free from discriminatory practices, in particular harassment. We recognise the importance of a work culture based on mutual respect and human dignity as envisaged in the International Labour Organisation's Convention 190 and its Recommendations concerning the Elimination and Prevention of Violence in the world of work.

Our commitment:

As an employer

We comply with all six human rights and labour principles as derived from the UN Global Compact. Controls around these principles are established, well embedded and are continuously being improved and enhanced Group-wide.

As a financial services company

Our philosophy towards our customers and clients is focused on developing products and services that support inclusion and improve access through fair cost and efficient channels. Central to this philosophy is treating customers with human dignity, striving to empower the achievement of equality, and ensuring fairness, regardless of race, gender, sexual orientation, nationality, ethnicity, language, religion or any other status.

To procurement

Absa continues to embed the Absa Way Code of Ethics and the Supplier Code of Ethics in managing ethics risk to which the bank is exposed, through association with suppliers with reference to human rights.

To communities

We invest in support of communities through education and youth employability, strategic engagement initiatives as well as our corporate community support, to enable inclusive sustainable economic growth in Africa. This has been done in a way that brings our purpose to life by driving measurable and material change in our communities. We also invest in programmes aimed at enabling economic and social inclusion, through facilitating access to quality education, providing demand-led training to accelerate youth transitions into the world of work, institutional capacity building, leadership development and consumer financial education.

'We value and respect the dignity and human rights of all '

Diving deeper: 38 ESG 2-23

"In support of the 75th anniversary of the United Nations Declaration of Human Rights, we will continue to operate in accordance with the declaration and the International Bill of Human Rights."

Risk management

Our risk management approach

The role of risk management is to evaluate, respond to and monitor risks in executing the Group's strategy and is supported by an effective Enterprise Risk Management Framework (ERMF). The ERMF outlines the approach to managing risks and assigns ownership and accountability for the principal risks, which are credit, market, capital and liquidity, insurance, strategic and sustainability, model, operational and resilience and compliance risks. The Board annually reviews and approves the ERMF on recommendation by the Group Risk and Capital Management Committee. The Group risk appetite statements, both quantitative and qualitative, define the level of risk that the Group is willing to take in pursuit of its strategy and is also approved annually by the Board.

The Group's approach to sustainability risk is guided by the Sustainability Risk Policy which applies to all its business activities, not just lending or insurance. This Policy applies to the Group's own operations, any acquisitions or projects, and the development of new financial products or services. The Sustainability Risk Policy and associated Standards contain controls and procedures that are intended to identify, assess, and mitigate sustainability risks.

The Policy mandates a comprehensive review and analysis when it may be exposed to risks due to environmental or social issues.

The Group places great importance on managing sustainability risk as a fundamental aspect of its sustainable finance approach. It has developed a core competency in risk management, which is supported by a risk-aware culture and management approach. It regards sustainability risk as a cross-cutting risk that requires the consideration of financial and non-financial factors that may impact it and its clients. To this end, the bank has integrated climate risk considerations, including physical and transition risks, into its qualitative risk appetite framework, risk measurement, and risk policies.

The Group's Environmental and Social Management System (ESMS) which encompasses sustainability risk management processes is designed to ensure that an appropriate level of due diligence is applied to affected transactions.

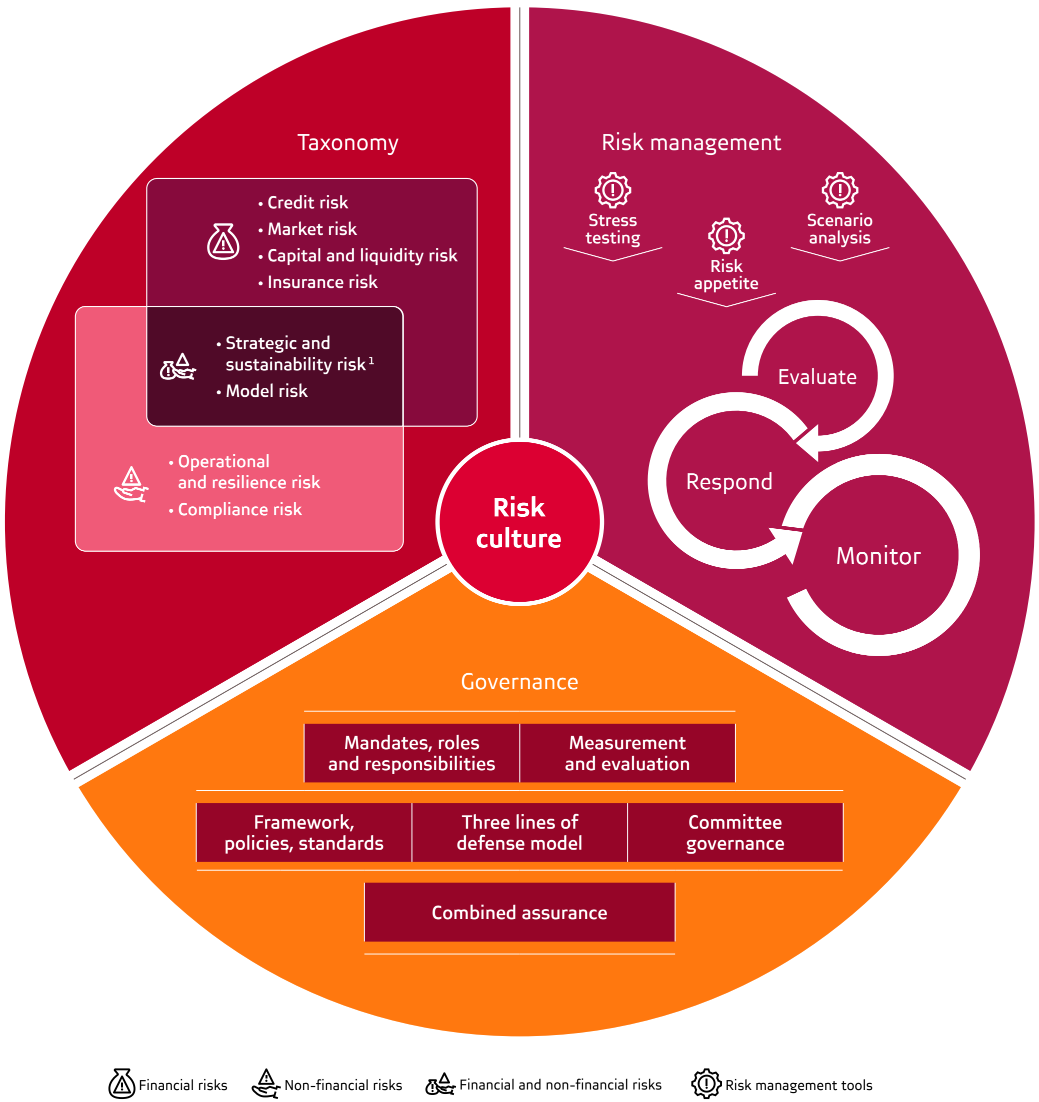
The Group believes that the Policy, Standards and associated procedures reflect its commitment to a balanced, measured, and responsible approach to business. Furthermore, the Group proactively reviews and updates its Policy, Standards and associated procedures to align with its ESG commitments, address regulatory developments, and respond to emerging and evolving issues and international best practices through participation in local and international forums.

Data privacy

Maintaining thriving relationships with our customers is critical to our ongoing success. We therefore treat our customers, employees and third parties' personal data with utmost care. The lawful processing and ethical handling of the personal data in our care are critical to maintaining trust and sustaining long-term partnerships with all our stakeholders.

Diving deeper: 48 ESG 3-3

Enterprise risk management framework (ERMF)



[1] Includes reputational risk

General disclosures[1]

[1] Numbering in line with GRI disclosure

General disclosures

The organisation and its reporting practices

2-1 Organisational details

Our headquarters is located at 15 Troye Street, Johannesburg, South Africa. We have banks[1] in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Absa Bank Tanzania and National Bank of Commerce), Uganda and Zambia, as well as insurance operations in Botswana, Kenya, Mozambique, South Africa and Zambia. We have representative offices in Namibia, Nigeria and the United States, securities entities in the United Kingdom and the United States, as well as a specialised IT office in the Czech Republic. Absa is a publicly traded, limited liability entity listed on the JSE.

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

2-2 Entities included in the organisation's sustainability reporting

Absa operates in 15 countries and includes each one for the purposes of ESG reporting unless otherwise stated.

We provide a list of related parties, including significant subsidiaries and consolidated structured entities, in note 48.2 of the Group's consolidated and separate financial statements. We consolidate entities over which we have control. This is the case when we are exposed, or have rights, to variable returns from our involvement with the investee and can affect those returns through our power over the investee. In some cases, judgement has been applied in determining first, whether an entity meets the definition of a structured or sponsored entity, and second, whether we control such an entity.

2022 Annual Consolidated and Separate Financial Statements

2-3 Reporting period, frequency and contact point

Our reporting period runs from 1 January to 31 December. Any notable or material events after this date and until the approval of each report within our reporting suite are included in the relevant report. This document forms part of our integrated reporting suite issued annually for the reporting period ended 31 December 2022. The reports are published on 31 March 2023.

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

Diving deeper: Our annual report archive is available at https://www.absa.africa/investor-relations/annual-reports/

2-4 Restatements of information

Financial reporting changes

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

The Group announced a refinement to its operating model, effective from 1 July 2022. This change is part of the Group's journey to enhance market competitiveness with due consideration to its transformation imperative. In essence, the Group has moved from two commercial businesses, Corporate and Investment Bank (CIB) Pan-Africa and Retail and Business Banking (RBB) Pan-Africa, to five business units (Everyday Banking, Relationship Banking, Product Solutions, CIB Pan-Africa and RBB Absa Regional Operations).

2022 Annual Consolidated and Separate Financial Statements. Accounting policies 1.1 and 1.21 – Reporting changes.

Environmental data

We have amended our reporting period for environmental data to align with our financial disclosure reporting period, which runs from 1 January to 31 December. Our data collection processes on our environmental footprint CO_2 emissions are continuous, and each year we report the most accurate data available for the baseline and subsequent years. This can lead to restatements of previously reported data if data quality improves, more information is available, or updated carbon emission factors are applied. Where we have collected new data for previously unreported consumption, we will restate the baseline if the latest data amounts to a material change greater than 1% of the total consumption. If the difference is less than 1%, we will report consumption from the point at which the data became available. If it is greater than 1%, we will restate the baseline and the previous year's figures based on actual or estimated figures. We strive to improve our internal processes for our environmental data through internal and external reviews.

Material topics/topic boundaries

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

Contact point for questions regarding the report

Queries and/or comments can be sent to esg@absa.africa. These will be redirected appropriately, depending on the nature of the question.

2-5 External assurance

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

We expect each business to:

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

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

Assurance service providers and functions may include:

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

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

PricewaterhouseCoopers Inc. (PwC), an independent audit firm, conducted limited assurance on the total energy use, the carbon emissions indicators and the Sustainable Finance Bond Framework disclosed in this report.

2022 Absa Group Independent Limited Assurance Report – Footprint
2022 Absa Group Independent Limited Assurance Report – Sustainable Finance

Activities and workers

2-6 Activities, value chain and other business relationships

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

The table below outlines the range of solutions per customer type:

<table>
<tr><th rowspan="2">Range of solutions</th><th colspan="5">Customer type</th></tr>
<tr><th>Individuals</th><th>Small- and medium-sized businesses</th><th>Corporates</th><th>Financial institutions and banks</th><th>Sovereigns and institutions</th></tr>
<tr><td rowspan="5">Provide a safe place to save, invest and manage funds</td><td colspan="5">Current accounts and overdrafts</td></tr>
<tr><td colspan="5">Savings, deposit and investment products</td></tr>
<tr><td colspan="3">Mobile and digital payments</td><td colspan="2"></td></tr>
<tr><td colspan="2">Stockbroking and trading services</td><td colspan="3">Access to international financial markets</td></tr>
<tr><td></td><td colspan="4">Cash management, payment systems and international trade services</td></tr>
<tr><td rowspan="4">Provide financing for purchases and growth</td><td rowspan="4">Residential home loans, vehicles and asset finance, personal loans and credit cards</td><td colspan="3">Commercial property finance and business loans</td><td rowspan="2"></td></tr>
<tr><td colspan="3">Asset and lease finance, trade and supplier finance, and working capital solutions</td></tr>
<tr><td rowspan="2"></td><td colspan="3">International capital markets</td></tr>
<tr><td colspan="2">Large corporate and inter-bank lending</td><td></td></tr>
<tr><td rowspan="3">Manage business and financial risks</td><td></td><td colspan="4">Foreign exchange rate hedging</td></tr>
<tr><td colspan="3">Fixed–rate loans</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td><td colspan="3">Inflation and interest rate hedging</td></tr>
<tr><td rowspan="2">Provide financial and business support</td><td rowspan="2">Wealth advisory and private banking services, including investment advice, wills and trusts</td><td colspan="4">Relationship managers and support</td></tr>
<tr><td>Business seminars and start-up support</td><td colspan="3">International investment research. Advice on large corporate deals and mergers and acquisitions</td></tr>
<tr><td>Protect against risks</td><td colspan="3">Insurance (life, investments, retirement, credit and short-term insurance)</td><td colspan="2"></td></tr>
</table>

Notes

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

The table below outlines the market segments served and services offered to each:

Core business activities	What this means	Risks[1]	Statement of financial position impact	Flow of money	Statement of comprehensive income impact
Provide payment services and a safe place to save and invest	• Managing shareholder funds • Accepting customers' deposits and raising debt • Facilitating payments • Providing savings and investment management products and advice.	• Capital and liquidity • Market • Strategic and sustainability • Compliance.	• Shareholders' equity and preference shares • Deposits • Debt securities in issue • Borrowed funds • Dividends paid • Investments linked to investment contracts • Liabilities under investment contracts.	• Interest paid to depositors and other funders • Returns generated for shareholders • Investments made on behalf of customers • Fee income administration services.	• Interest expense • Net fee and commission income • Changes in investment and insurance contract liabilities • Gains and losses from investment activities.
Provide financing for purchases and growth	• Extending credit, considering customers' credit standing and our risk appetite.	• Credit • Market • Capital and liquidity • Model • Compliance.	• Investment securities • Loans and advances to banks • Loans and advances to customers • Provision for impairment losses.	• Interest received from borrowers • Fee income relating to lending activities.	• Net interest income • Net fee and commission income • Gains and losses from banking and trading activities • Impairment losses.
Manage business and financial risks	• Providing solutions to manage various risks, such as interest rate and foreign exchange.	• Credit • Capital and liquidity • Market • Strategic and sustainability • Compliance.	• Hedging and trading portfolio liabilities • Hedging and trading portfolio assets.	• Fee income from advisory services • Commission income • Trading revenue • Hedging costs.	• Gains and losses from banking and trading activities • Net interest income • Net fee and commission income.
Provide financial and business support	• Providing individual and business advice, investment research and advisory on large corporate deals.	• Market.		• Fee income from advisory services.	• Net fee and commission income.
Protect against risks	• Providing savings and investment policies and compensation for a specified loss, such as damage, illness or death, in return for premium payments.	• Insurance • Market • Model.	• Policyholder liabilities under insurance contracts • Reinsurance assets.	• Insurance premium income • Pay out claims for specified losses.	• Net insurance premium income • Net claims and benefits payable on insurance contracts • Changes in investment and insurance contract liabilities.

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

Significant changes to the organisation and its supply chain

We reached an agreement with Sanlam to combine our investment management businesses, exchanging our investment management business for a stake of up to 17.5% in Sanlam Investment Holdings (Pty) Limited. The transaction was successfully concluded in December 2022. The transaction saw Absa's investment unit become part of one of the largest black-owned asset management companies in South Africa. In essence, the transaction sees Absa exchange its investment management businesses for a stake in Sanlam Investment Holdings Proprietary Limited, which is a larger asset management business.

We changed our operating model from two commercial businesses to five business units.

Diving deeper: 20 ESG 2.4

Supply chain

Our suppliers include SMEs, national, regional and multinational companies and state-owned entities. Our supply chain increased to 2 984 (2021: 2 368) suppliers in South Africa due to supplier participation in our emarket portal. Absa Regional Operations supplier numbers decreased to 1 919 (2021: 2 401), primarily due to operational efficiencies. Supplier relationships are managed through a risk-based approach where the suppliers provide various services, that is, technology, banking platforms and services, and corporate and professional services. Contracts vary depending on the strategic nature of the relationship. The term of the supplier contracts is five years as part of the procurement policy.

As a financial services organisation, most contracts have a specialised service orientation that is not labour or product intensive. Our Absa Supplier Code of Ethics ensures that our values and ethical standards are clearly articulated to, and supported by, our suppliers across the Group. We support human rights through our supply chain by insisting on behaviours and practices that are in line with our standards and policies, with specific consideration for health and safety, freely chosen employment, avoidance of child labour, working hours, fair wages and benefits, freedom of association, and diversity and inclusion. The Absa Supplier Code of Ethics is shared with and acknowledged by our suppliers. We are entering the second implementation phase for our sustainability measures as part of the review of our supplier base, in line with our Sustainability Policy requirements. This phase entails automating requirements into risk assessment workflows.

In 2022, we hosted the Supplier Ethics Day to raise ethics awareness with our suppliers and third parties and by training employees further.

The supplier's sector, size, geographical location and services are assessed as part of the risk rating. The due diligence is performed to mitigate the risk exposures arising from financial, technology, regulatory and reputational risks. To mitigate against supplier performance failure, suppliers must be contracted correctly regarding the relevant policies, and continuously assessed and reviewed to ensure compliance. The inherent risk of a supplier and service is determined during the contracting process using assessment tools that define a set of control obligations for the supplier to comply with to mitigate the risks. The residual risk is then managed periodically by supplier relationship managers. Any non-compliance or non-performance reported from audit or assurance reviews are addressed under the applicable risk management framework and expedited for remedial actions, whether positive or negative. Our suppliers are encouraged to use materials or products geared towards sustainable environmental practices when providing services to the bank.

Absa is one of the largest buyers of goods and services in the South African financial services industry, and we use our purchasing power to support a transformation agenda. The Amended Financial Services Charter requires that we measure the level of procurement spend from B-BBEE compliant companies, qualifying small enterprises, exempted micro enterprises and black-owned and black women-owned companies. We support black-owned SMEs through our enterprise and supplier development initiatives.

For qualifying entities, we:

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

The Absa Procurement Marketplace

Our preferential procurement and supplier development strategy focuses on the direct spend categories within the procurement value chain and all our approaches, internally and externally. We have developed a user-friendly online portal to sustain our practices and further open access to the Absa internal market. The Absa Procurement Marketplace is a simplified, single platform for small, micro and medium enterprises to register their company profiles, upload their value propositions and access supply opportunities with Absa. The portal allows prospective suppliers to:

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

The total number of users registered increased to 1 385, including:

Youth-owned enterprises	Women-owned enterprises	Black-owned enterprises
523	**242**	**1 208**
(2021: 370)	(2021: 440)	(2021: 844)

Supplier diversity

Our business development support initiatives continue to assist our beneficiaries with their overall operational and strategic requirements. The total supplier development refundable financing (loan) at preferential rates amounts to R164 million, dispersed to our 33 supplier diversity beneficiaries in South Africa (2021: R189 million; 32 beneficiaries). We contributed a further R13.7 million in business development initiatives to our supplier diversity beneficiaries and R55 million in capacity building, non-refundable financing (grants) for small and medium enterprises supplying goods and services to Absa. Five of our suppliers have completed their business development support training, such as the Protection of Personal Information Act (POPIA) and operational transformation and leadership training. They were further invited to participate in the global leadership immersion cohort with the State University of New York in Albany in 2022. This cohort also won the Best Group for Business Strategy Award at this event and will attend the global awards in Brazil in 2023.

Supplier growth

Itqulate entered the Supplier Diversity programme in 2021 as a provider of managed print services. The organisation is a fully women-owned entity that has received lending to the value of R90 million, together with business development support that has resulted in growth and additional contracts from other sources. Through these interventions, the R50 million revenue mark was passed, and the organisation is now regarded as a large supplier. They were recently invited to present their solutions to the King of Eswatini among the shortlisted suppliers, which is an accolade as they were recognised for an outstanding solution.

Additionally, we have three beneficiaries graduating from the supplier diversity programme this year after being in the programme for five years.

Pavati Plastics is an Absa supplier diversity beneficiary that entered the programme in 2017 after being awarded a contract to produce and supply the Absa branch network with various money bags. Absa funded Pavati Plastics to enable growth and provided business development support, which has assisted the business in entering other markets. We co-funded Pavati Plastics in a new initiative to expand its product range with the Industrial Development Corporation. As a result of their growth and development, they were included in the Black Industrialist Programme by the Department of Trade, Industry and Competition, and they accompanied President Ramaphosa as part of his business delegation to the Kingdom of Saudi Arabia. This was a high-level visit of strategic importance to the bilateral trade and investment relationship with the Kingdom of Saudi Arabia. They were also included in an earlier delegation to the United Arab Emirates for similar reasons. Pavati Plastics has further invested in machinery funded by Absa for import replacement, a Department of Trade, Industry and Competition imperative. Subsequently, they won two Flexographic Technical Association of South Africa Print Excellence Awards in 2022, which are print industry-specific awards. The organisation graduated from our programme and is now a prominent supplier.

Uyandiswa is a 100% black women-owned entity specialising in project management, business analytics and organisational effectiveness. Through their journey with Absa, they built and developed a solid business that continues to play an active role in the ecosystem. They received committed business contracts, business development support and preferential interest rates on all their banking facilities. They have also benefited from the business development support programmes to assist the suppliers with their operational transformation and leadership training. They have created employment and incubated other upcoming businesses as enterprise and supplier development partners.

SystemLogic Group is a 100% black women-owned entity consolidating multiple businesses that provide innovative solutions through advisory, technology, strategic execution, branding and investment. The organisation has received financial support from Absa through preferential lending. Absa strengthened efforts to grow its digital partnerships ecosystems across Africa with the appointment of SystemicLogic, which helped the bank identify potential collaboration partners. We established a digital partnerships ecosystem to collaborate with innovative, mature start-ups to create value exchange that will enable us to scale solutions and benefit customers.

Basadi programme

The Basadi Supplier programme is an Absa Insurance Company shared value initiative aimed at uplifting black women-owned suppliers within the plumbing, electrical and building fields. The three-year programme has been in operation since September 2020. During this time, six suppliers have been moved from enterprise development to successful suppliers on the AIC[1] panel following the completion of their development initiative. Achievements in 2022 include:

- Basadi suppliers were nominated to attend the eleventh Annual Absa Enterprise and Supplier Development Indaba
- Basadi suppliers participated in the Absa Enterprise Supplier Development programme in partnership with Smart Procurement , which includes, among others:
  - Monthly supplier interactive webinars, where buyers are interviewed by a moderator and provide suppliers with insights into their organisations and their procurement processes
  - Access to the online linkage service where Smart Procurement links Basadi suppliers to targeted buyers for their business
  - Bi-weekly online masterclasses. Sessions were hosted every second Thursday for seven months.
- Six contractors from three Basadi suppliers attended an Absa-sponsored roofing academy to receive roofing accreditation and expand their services
- Four Basadi suppliers extended their service offering:
  - One supplier expanded from electrical services to include swimming pool repairs
  - Two suppliers expanded their offering from building to include plumbing
  - One supplier expanded their offering from building and plumbing to include electrical
- A few suppliers also increased their footprint to operate in other regions.

Basadi's spend has doubled since joining the programme due to preferential work allocation.

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

2-7 Employees

Information on employees and other workers

Our employee information is reported on the source system, Workday. The data is collected based on specified definitions of all categories. Headcount by employment category, by geographic region and by age as at 31 December:

	2021				2022			
	Male	Female	Total	%	Male	Female	Total	%
Total	13 805	21 642	35 267		13 908	21 543	35 451	
Full time equivalent			34 811				35 040	
Per employment category								
Permanent	13 503	21 061	34 564	98.0	13 413	20 924	34 337	96.9
Temporary	302	401	703	2.0	495	619	1 114	3.1
Full–time	13 792	21 407	35 199	99.8	13 901	21 519	35 420	99.9
Part–time	13	55	68	0.2	7	24	31	0.1
Per region								
South Africa	9 291	16 617	25 908	73.5	9 239	16 480	25 719	72.5
Absa Regional Operations	4 355	4 825	9 180	26.0	4518	5 038	9 556	27.0
International	20	159	179	0.5	151	25	176	0.5
By age								
<20	1	9	10	–	–	3	3	0.0
20 – 29	1 527	2 137	3 664	10.4	1 577	2 107	3 584	10.4
30 – 39	5 960	9 436	15 396	43.6	5 717	9 016	14 733	41.8
40 – 49	4 374	6 411	10 785	30.6	4 592	6 941	11 533	32.7
50 – 59	1 707	3 069	4 776	13.5	1 778	3 074	4 852	13.8
>60	236	400	636	1.8	244	402	646	1.8

Total female employees	Women in revenue generating functions	Women in junior management[1]	Women in junior, middle and senior management
60.8%	**63.6%**	**66.8%**	**61.7%**
(2021: 60.9%)	(2021: 64.7%)	(2021: 67.1%)	(2021: 61.8%)
Women in middle management[2]	**Women in senior leadership[3]**	**Female Board members**	
51.2%	**37.0%**	**28.6%**	
(2021: 50.6%)	(2021: 35.0%)	(2021: 40.0%)	

In South Africa, where racial diversity is imperative, 79.3% (2021: 77.3%) of our employees are black, and 56.2% (2021: 52.6%) of our senior managers are black.

[1] Business area 3 to business area 4.
[2] Assistant Vice President to Vice President.
[3] Managing Principal to Principal.

Diving deeper: 81 ESG 401 and 2021 B-BBEE Report

2-8 Workers who are not employees

We do not have workers who are not employees but are controlled by the bank. All employees have a specified contract with the salary or work hours with payment prescribed. We contract with suppliers of services, and these suppliers are responsible for delivering the service in terms of the contract.

Governance

King IV reference table

Leadership and organisational ethics			**Stakeholder relationships**		
Principles 1 and 2	1: The governing body should lead ethically and effectively. 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	2-9 to 2-13, 2-15, 2-23, 2-26	Principle 16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	2-29
Responsible corporate citizenship and regulatory compliance			**Risk governance**		
Principles 3 and 13	3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen. 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	2-13	Principle 11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	2-5, 2-9, 2-12
Strategy and performance			**Technology and information governance**		
Principle 4	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation.	2-12	Principle 12	The governing body should govern technology and information in a way that supports the organisation's setting and achieving of its strategic objectives.	2-9
Reporting and assurance			**Delegation to management and committee**		
Principles 5 and 15	5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects. 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	2-5, 2-14	Principles 8 and 10	8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties. 10: The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.	2-18
Board's primary role and responsibility			**Remuneration governance**		
Principle 6	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	2-9	Principle 14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	2-9, 2-20
Board composition			**Board and committee performance evaluation**		
Principle 7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	2-10	Principle 9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	2-18
Responsibilities of institutional investors					
Principle 17	The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.		https://www.absainvestmentmanagement.co.za/wealth-and-investment-management/about-us/governance/		

2-9 Governance structure and composition

Governance structure

The Board is the highest decision-making body for matters of significance to the Group because of their strategic, financial or reputational implications or consequences.

The Board[1]

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

[1] Source: Board Terms of Reference

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

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

- Outlines our Board and committees' mandates and specifies which matters are reserved for the Board
- Defines separate roles for the Group Chairman and Group Chief Executive Officer
- Outlines a formal process for director appointment, induction and training
- Dictates the Board's expectations of the directors, the chairmen of our Board committees and the Lead Independent Director
- Sets criteria for director independence and the assessment of such independence
- Requires that non-executive Board members attest to their independence and capacity on at least an annual basis
- Details how to deal with matters of conflict of interest, including disclosures and recusals, where relevant
- Describes the assessment methodology for Board and committee activities
- Sets out how the corporate governance provisions in King IV, the South African Companies Act, the Banks Act (including South African Reserve Bank Directive 4/2008) and the JSE Listings Requirements will be put into practice
- Acknowledges that there are applicable regulations and codes in our presence countries outside of South Africa.

The Group Governance Framework further supports the Charter in these areas, and a Guidelines of Engagement Protocols Document, which covers, among other things, how the directors and executives engage with each other, and a Group Fit-and-Proper Policy that deals with the requirement for fitness and propriety of directors at the stage of appointment and on an ongoing basis.

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

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

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

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

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

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

Committees that support the Board

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

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

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

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

i. The Group's risk profile against its set risk appetite
ii. Capital, funding and liquidity positions, including taking into account applicable regulations
iii. The implementation of the Enterprise Risk Management Framework and the 12 principal risks defined there. It receives assurance that processes are in place to comply with laws and regulations pertaining to risk, capital, funding and liquidity management in all relevant jurisdictions.

The Group Remuneration Committee – Sets and oversees the implementation of the Group's Remuneration Policy principles to deliver fair and responsible pay aligned with current and emerging market practice and to meet regulatory and corporate governance requirements, and to align the behaviour of executives with the strategic direction of the Group. It approves the total remuneration spent, including fixed pay, short-term and long-term incentives, and any other remuneration arrangements, and the particulars of a defined senior population. It also considers and approves the Group's remuneration disclosure policies and ensures that disclosures are accessible, understandable, accurate, complete and transparent; and that the Group remunerates fairly and responsibly across the Group in the context of overall employee remuneration, with a particular focus on remuneration differentials.

The Social, Sustainability and Ethics Committee (SSEC) – Monitors key organisational health indicators relating to social and economic development; good and responsible corporate citizenship; the environment, health and public safety; labour and employment; conduct and ethics; consumer relationships; stakeholder management and transformation; as well as the Group's activities relating to its role in Africa's growth and sustainability and the impact on the Group's employees, customers and environment. It applies the recommended practices and regulation as outlined in King IV and the Companies Act in executing its mandate.

The Information Technology Committee – Assists the Board with effective oversight and governance of technology and information for Absa. King IV distinguishes between governance oversight of (i) the organisation's information assets, and (ii) the technology infrastructure used to generate, process and store that information. The focus is on resilience and stability; architecture; data management; security (cyber and other), and digitisation.

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

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

The Models Committee – is the designated committee tasked with reviewing Absa Group's material models as required by the Prudential Authority.

Subsidiary relations

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

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

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

Through the Absa Financial Markets Index, we also provide thought leadership on building resilient financial markets and proffer possible blueprints to different regulators and policy markets. The annual Absa Financial Markets Index report has become a significant development index on the financial markets. It is widely quoted by governments, policymakers and journalists as the benchmark indicator for excellence.

Each ordinary share constitutes a vote. The shareholders can vote on any matter to be decided by the Board, participate in the distribution of profits, and share in the Group's residual value upon its dissolution.

Voting can take place via electronic communication. Special resolutions require support of 75% of the voting rights exercised. The annual general meeting will be broadcast to any listener. However, only ordinary shareholders will be able to participate.

Diving deeper: 2023 Notice of Annual General Meeting
2022 AGM Form of Proxy

Race and gender policy

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

- 29% of the members of the Group's Board are women
- 36% of the members of the Group's Board are AIC[1].

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

Skills and expertise policy

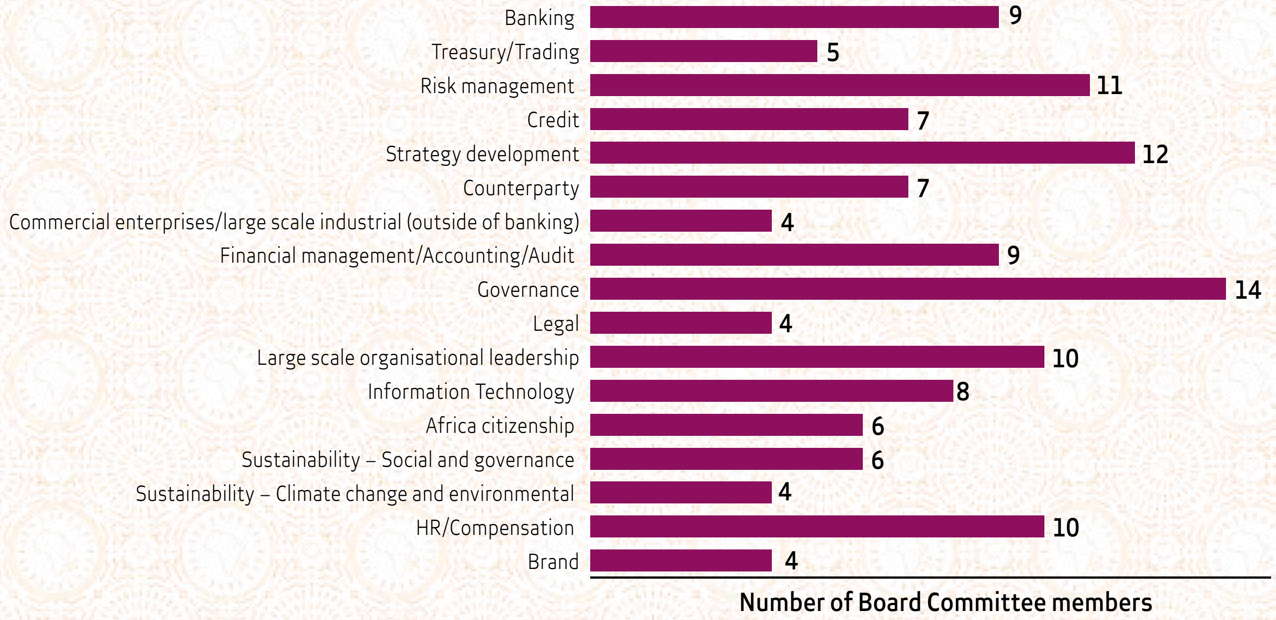
Members must have the highest levels of integrity, a deep understanding of governance, appropriate technical, financial and non-financial knowledge and interpersonal skills. Skills and experience in banking, risk and capital management, technology, commercial and industrial, accounting, legal and human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

In assessing the skills requirements within our current operating context, our analysis shows that additional skills in the areas of (i) banking, risk and treasury would be ideal given the increasingly complex regulation and developments in these areas; and (ii) legal due to the importance of the South African legal environment to our business and the commercial arrangements dealt with. This will be addressed with the appointment of suitable non-executive directors in due course. All Board members will need to become skilled in environmental and social sustainability and climate change. We began bolstering these skills in 2019 through training and deep-dive sessions, and this remains a focus to ensure a general understanding of these challenges and their ramifications. Over the past year, we continued to strengthen and refresh our Board skills and experience, specifically in technology, human resources and sustainability. The below analysis, as at 22 March, provides the mix of skills and expertise. Our boards outside South Africa also focus on their composition and skill sets.

Independence policy

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

Skills and expertise
Number of Board members



Directors who were assessed in 2022 maintained their independent status. Independent non-executive directors are assessed annually in accordance with the JSE Listings Requirements and King IV recommendations.

We use the outcome classifications to assist the Board with its director recruitment/appointment priorities. The Chairman would address an adverse outcome related to time and capacity with the director concerned. Our Board Charter also contains provisions on the maximum number of outside directorships a Board member may hold.

In early 2023, we reassessed independence and conducted a detailed time and capacity assessment as recommended by the South African Reserve Bank Governance Directive 4 of 2018. The Board approved the status of each director after receipt of the (i) confirmation of adequate time for Board duties and responsibilities; (ii) assessment and declaration of independence and Directors' disclosures; and (iii) fit and proper attestation. The responses confirmed adequate time for Board duties and responsibilities and supported the categorisations of independence.

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

Other directorships

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

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

For non-executive directors with no executive role:

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

For the non-executive directors with an executive role:

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

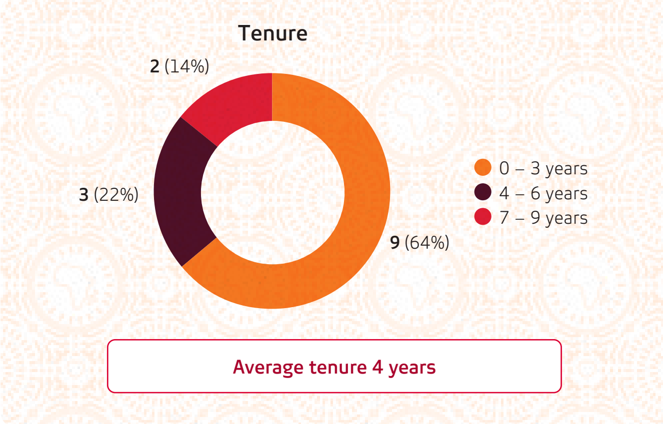
An appointment as a director, trustee (in respect of an external trust) or advisory board member of any company or other entity outside the Group (including any form of public role) is subject to the prior approval of the Directors' Affairs Committee, which will consider any conflict or potential conflict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

Tenure policy

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

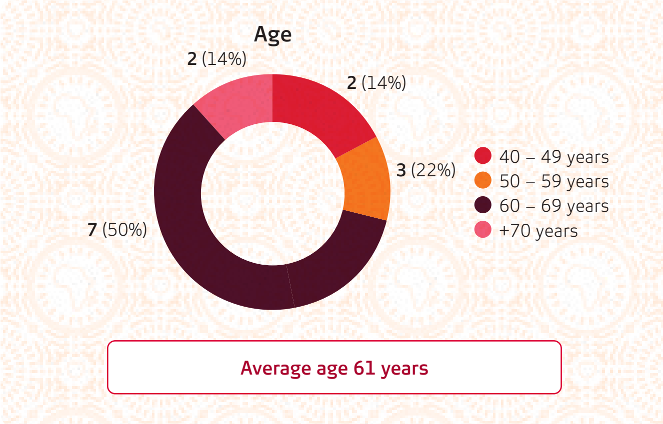
We provide for a staggered rotation of Board members to retain knowledge, skills and experience and to maintain continuity while simultaneously introducing new expertise and perspectives. Directors serving over nine years are subject to annual re-election, and length of service forms part of our succession planning. The balance of longer-serving directors and recent appointees provides a combination of Group-specific experience and fresh challenge. In terms of the South African Reserve Bank Directive 4 of 2018, directors who have served for longer than nine years are categorised as non-independent.

Wendy-Lucas Bull reached her nine-year tenure as Group Board Chairman and retired on 31 March 2022. Sello Moloko was elected as the Group Chairman on 1 April 2022.



Age

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



Board composition

As at 31 March, our Board comprised 14 members, including 11 independent directors, one non-executive director and two executive directors. 10 directors are South African, of whom five are AIC[1] and four are women. The remaining members are Ghanaian/British, Kenyan, Ugandan/British and British. The Group Chairman, Sello Moloko, is an independent director.

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

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

The number of each member's other significant positions and commitments is disclosed in the 2023 Notice of Annual General Meeting.

Board member biographies are available at www.absa.africa/absaafrica/about-us/board-and-management/

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

2-10 Nomination and selection of the highest governance body

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

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

2-11 Chair of the highest governance body

The Chairman of the Board is independent.

Chairman engagements included:

- Engagement with shareholders on Board changes and our Board Chairman designate process
- In conjunction with Remuneration Committee Chair, interacted with shareholders on our remuneration policy and the implementation plan
- Together with the Lead Independent Director, interacted with shareholders on management changes
- The Chairman engaged with shareholders ahead of the June 2022 annual general meeting on various matters, including governance matters and the arrangements and composition of the Board
- The nature of the reporting from management committees to the Board (and its committees) forms a vital part of the formal annual meeting between the Chairman and the Prudential Authority. Matters pertaining to Board succession, Chairman succession, executive succession and Board training and development are all topics discussed at this meeting.

Diving deeper: 46 ESG 2-29 and 47 ESG 2-30

2-12 Role of the highest governance body in overseeing the management impact

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

The Board considers and provides input into the Group's emerging ESG framework to drive measurable, material change in our communities in a way that brings our purpose to life, differentiates us and strengthens our business.

The priority ESG actions have been agreed upon, including (i) financial inclusion (make inter-generational wealth creation accessible for all); (ii) diversity and inclusion (enable all our people to being their true selves to work and be a beacon of inclusion externally across the continent); and (iii) climate (reach net zero by 2050 and become Africa's leader in sustainable finance). The pathway ambitions and the metrics to determine the effectiveness will be defined in the coming months.

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

Our purpose statement – we empower Africa's tomorrow, together ...one story at a time means making a proud and positive contribution to the world around us and putting our purpose at the heart of everything we do. This purpose is the driving force that defines our brand, continually inspires the desired culture and connects customers to opportunities.

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

The refreshed strategic priorities, which are re-anchored to the 2018 strategy, were presented to the Board in October 2022. The process confirmed that our strategic choices remain relevant and that our execution could benefit from greater precision and speed. The process culminated in the Board's approval of the Group's integrated and medium-term plans in November 2022.

We believe the strategy accelerates growth, primacy and digitisation without materially altering the Group's risk appetite. It focuses on more efficient and precise implementation.

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

Diving deeper: 54 An active force for good in everything we do

Identifying and managing economic, environmental and social impacts

As indicated above, the SSEC monitors the Group's activities relating to social and economic development, including consideration of socioeconomic challenges like structural inequality, growing unemployment and insufficient economic growth, sustainability more generally, good corporate citizenship, conduct, ethics, sustainable development, labour and employment, consumer relations, stakeholder management, transformation, the environment, and health and safety. Various regulatory requirements, stakeholder inputs, and emerging ESG frameworks inform these considerations.

The Committee also considered the Group's ESG ratings and progress against the Principles for Responsible Banking; the United Nations Global Compact and related requirements; and the refreshed role in society strategy to increase the Group's positive impacts relating to ESG matters, for example, in the arena of sustainable finance and supporting the just transition.

In 2022, the Committee held six meetings. The quarterly meetings lasted seven to eight hours, while the meetings scheduled for specific approvals lasted at least two hours each.

Diving deeper: 32 and 33 ESG 2-12 and 2-13

2022 Principles for Responsible Banking Report

Effectiveness of the management processes

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

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

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

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

Regarding ESG risks, our SSEC assesses management's response in terms of the Conduct Risk Framework relating to customers, labour and conduct.

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

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

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

2-13 Delegation of responsibility for managing impacts

Executive-level responsibility on economic, environmental and social topics

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

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

ESG matters are delegated to various Executive Committee members in accordance with their responsibilities. Each report directly to the Group Chief Executive Officer. SSEC meetings are, as a minimum, in addition to the non-executive director members and the Group Chief Executive, attended by the:

- Group Chief Compliance Officer
- Group Chief Strategy and Sustainability Officer
- Group Executive: People and Culture
- Chief Executive: Relationship Banking
- Chief Executive: Corporate and Investment Bank
- Group Chief Marketing and Corporate Affairs Officer.

These executives represent key functions supporting the substantive matters within the remit of the SSEC. Our Financial Director is responsible for various matters relevant to the Committee, including the Group's sustainability programme, real estate management (direct environmental impact), supplier management, and the Group's integrated and ESG reporting. He attends the SSEC when the relevant teams report on these matters.

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

2-14 Role of the highest governance body in sustainability reporting

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

In 2022, the Social, Sustainability and Ethics Committee:
- Approved the Group Transformation scorecards for 2022 and the Group's 2021 B-BBEE Report
- Approved the 2021 ESG Report, the Group's second United Nations Environment Programme Finance Initiative's Principles of Responsible Banking Report, and the Group's second TCFD Report.

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

Diving deeper: 2022 TCFD Report
2022 B-BBEE Report

2-15 Conflicts of interest

Ethics and culture

Our Board appreciates the importance of ethics and culture and their contribution to value creation. The Board is therefore committed to instilling ethical values throughout the Group, beginning with the conduct of individual directors. Directors must strive to:
- Uphold the standards of conduct required of them by law, regulation, policies and ethical standards
- Demonstrate behaviours that are consistent with the Group's values.

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

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

We consider actual and potential conflicts of interest in the annual assessment of directors' independence. Any proposed Board appointment must also be agreed with the Chairman before the director accepts such an appointment. In the case of the prior Group Chairman's acceptance of an appointment as Chairman of a major South African retailer, the matters of capacity and conflicts were discussed in 2022.

Regarding conflicts, given that the retailer is a client, although most activity takes place at a management level, in the event that any decision was to come to the Board or Committee, the prior Chairman would not have had sight of the papers and would have been recused from any discussion and decision.

The conflicts register is available on our web page. https://www.absa.africa/content/dam/africa/absaafrica/pdf/2022/absa-group-conflicts-register-2022.pdf

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

There is no controlling shareholder of the Group. Related parties are disclosed in Note 48 of the Group's 2022 Consolidated and Separate Annual Financial Statements.

2-16 Communication of critical concerns

The Executive Committee, or the relevant management committee reporting to the Executive Committee, reviews any critical concerns in the first instance. As required, these matters are then escalated to the relevant Board committee chair and the committee in question. Finally, if deemed appropriate, the final escalation will be to the Board as a special topic:
- Through the Group Chief Executive Officer, Chief Risk Officer or Financial Director's reports; or
- Through a Board committee chair's report back.

We do not disclose the number and nature of specific critical concerns; however, the thematic critical concerns for 2022 included:
- Increasing pace and evolving complexity of regulatory and statutory requirements
- ESG skills requirements to meet new regulations
- Potential long-term impact of regulatory changes on business strategy
- Pace of change in crypto-currency and fintech including regulation
- Socio-political issues, including:
  - Uncertainty arising from geopolitical instability and conflict
  - Infrastructure failures, including logistical and power supply, negatively impact stakeholders and increase the cost of doing business

- Actions taken to limit inflation may result in economic hardship, higher unemployment, increased inequality, lower business and consumer confidence and be ineffective
- High sovereign debt levels, combined with reduced debt and interest servicing capacity, increase the possibility of sovereign restructures or downgrades and defaults

- Fraud, data security and security risk, including financial and cybercrime
- Heightened risk of social unrest due to high inflation levels impacting on cost-of-living, weak economic environments, infrastructure failures, and poor service delivery
- Employee wellness from evolving work environments
- Adverse impact of climate and social change
- Evolving complexities in managing social trends, and the societies and political environments
- Increasing expectations from stakeholders to integrate sustainability risk management practices with business activities.

2-17 Collective knowledge of the highest governance body

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

The Board is exposed to training, awareness sessions and briefings by sustainability subject-matter experts to build up collective sustainability and climate change skills.

Directors are continually provided with training and briefings on relevant topics to keep them abreast of regulatory, technology, corporate governance, socioeconomic and business environments. Specific training is delivered through presentations from internal and external experts, as required.

The Board and Board committees attended the following training in 2022 (60 hours):

- Remuneration and incentive schemes
- B-BBEE and transformation
- Macroeconomic updates
- Sovereign risk
- Recharges and settlements
- Financial crime (FICA)
- Information Technology (data assets, innovation and digital)
- Cyber Risk (including crisis simulation and training)
- Capital, funding and liquidity (including stress testing, recovery and resolution plans)
- Regulatory changes (Financial conglomerate supervision, RDARR, Pillar 3, over-the-counter, market risk, Basel)
- Impact of geopolitical events (Russia/Ukraine war; KwaZulu-Natal floods)
- Credit risk (home loans, consumer stress, etc)
- Electric vehicles adoption in South Africa
- Sustainability (including climate risk, oil and gas; agriculture, screening processes for sensitive and ESG financing transactions, greenwashing)
- Cross-border portfolio
- State owned entities
- New Enterprise Risk Management Framework (including risk taxonomy)
- Corporate insurance
- Data privacy
- Ethics.

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

2-18 Evaluation of the performance of the highest governance body

The Group conducts annual effectiveness reviews in order to evaluate the performance and effectiveness of the Board, Board committees and individual Directors, including the Chairman, in line with Section 64(B)(b)(iv) of the Bank's Act, 1990. The 2022 evaluation was facilitated by The Board Practice, which assessed the effectiveness of the Board and its committees (including the SSEC and its coverage of ESG topics), individual directors and the Group Chairman. The Chairman provides individual peer review feedback to each Board member while the Lead Independent Director provides peer feedback to the Chairman.

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

The governance areas covering Board composition rated marginally lower. An action plan was therefore implemented to address the granular findings identified for improvement, and updates were provided to the Board. The SSEC was assessed along with all the other committees. The Committee was comfortable with the assessment that all key matters within its agenda, including anti-corruption, corporate citizenship, the United Nations Global Compact Principles, B-BBEE, environmental, health and public safety, the sufficiency of coverage regarding ESG, customer relations, employees, talent management, and conduct and ethics were adequately or well covered in the assessment. Room for improvement was noted concerning achieving effective alignment between playing a shaping role in society for the business in all regions across Africa and integrating the entire spectrum of ESG matters into activities related to business as usual. The Board considered the outcomes of the assessment in recommending directors for re-election by shareholders at the 2022 annual general meeting and in recommending the annual appointment of the Group Chairman after that meeting.

We amended the terms of reference of the SSEC considering the evaluation outcomes and relevant legislation to reflect:

- Greater oversight of sustainability and ESG matters
- The Financial Sector Conduct Authority's Conduct Standard for Banks (2020), which requires the Board to be accountable for the approval, establishment, embedment, ongoing review of, and continued compliance with, the bank's governance arrangements to reasonably ensure the fair treatment of its financial customers
- Greater emphasis on the importance of culture
- The approval of the refined role in society strategy to support the Group's strategic enabler – to play a shaping role in Africa's growth and sustainability.

Group Company Secretary

Our Company Secretary advises the Board and individual directors on their fiduciary duties, corporate governance requirements, and practices. She has unfettered access to the Group Chairman, and her office is sufficiently resourced to perform its duties. The Board evaluates the qualifications, competence and experience of the Group Company Secretary annually and remains satisfied that she is qualified for the role.

During its annual review in 2022, the Board reconfirmed her independence concerning her interactions and arm's-length relationship with the Board and its members.

2-19 Remuneration policies; 2-20 Process to determine remuneration

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

Diving deeper: 2022 Remuneration Report

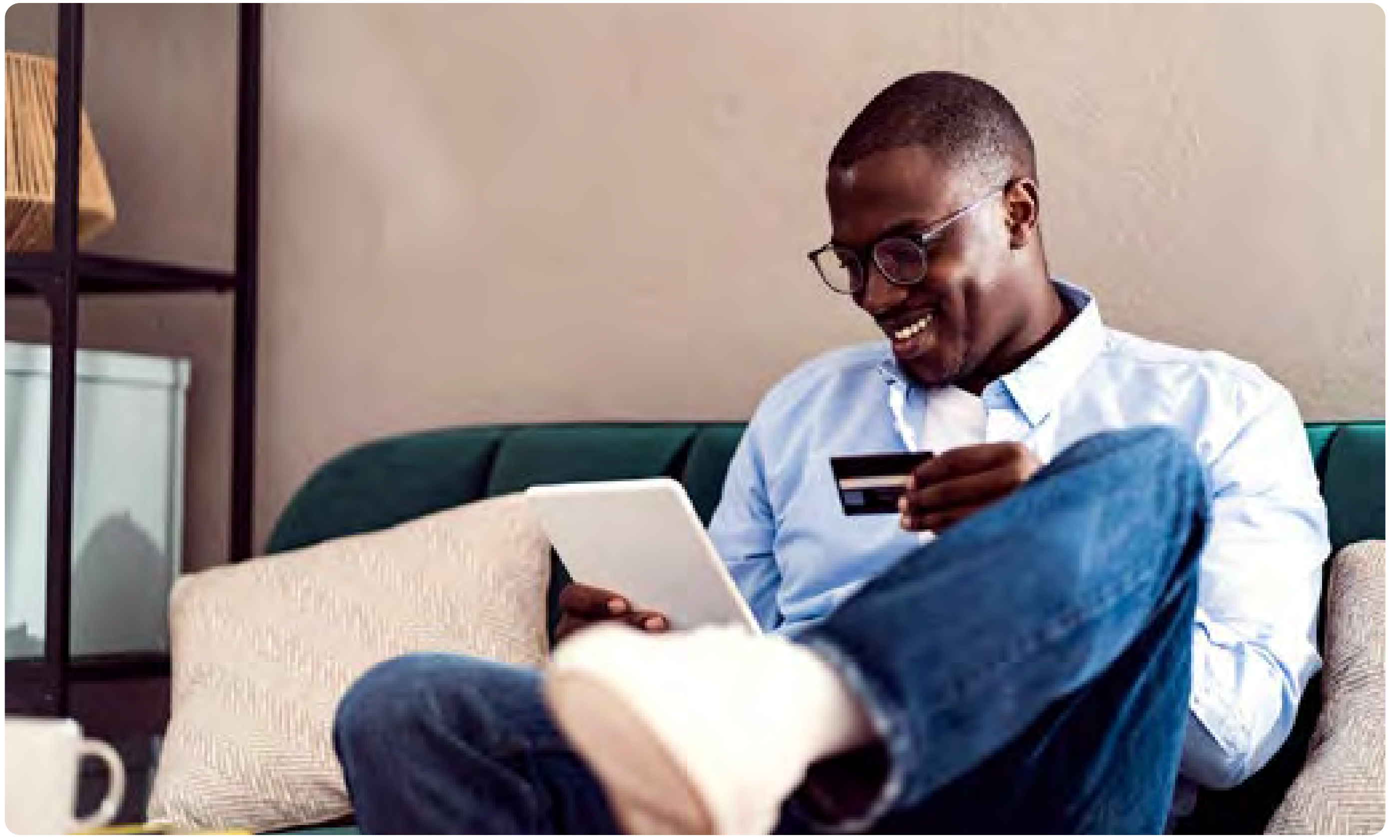
Before adoption, the Board and Remuneration Committee chairs met with shareholders to discuss our Remuneration Policy. We received a 58.85% 'For' vote for the Group's 2023 Remuneration Implementation Report, an 81.45%% 'For' vote for our Remuneration Policy and a 97.03% vote in favour of the proposed remuneration for the non-executive directors at the 2022 annual general meeting (2021: 93.96%; 84.52%; and 86.70%, respectively).

The 2023 annual general meeting voting outcomes will be published on www.absa.africa following the meeting that will be held on 2 June 2023.

2-21 Annual total compensation ratio

Remuneration information is outlined in the Remuneration Report.

Diving deeper: 2022 Remuneration Report



Strategy, policies and practices

2-22 Statement in sustainable development strategy

Our ambition to be an active force for good in everything we do remains critical, cutting across group policies and practices and aligning with our goal of being a purpose-led organisation. The formulation of our strategy sets a solid foundation to accelerate execution and to drive excellence.

We made significant progress over the last nine months to shape our ESG strategy and outcomes through a multiphase approach.

1. Foundational assessment

- Comprehensive review of shifts in regulation, global legislation, trends in societal challenges, and stakeholder expectations
- Benchmarking against global best practice and competitors
- Extensive stakeholder engagement to assess priorities and business impact.

2. Aligning our Purpose and ESG focus areas

- Understanding what sits at our heart given our responsibility to people, planet and society, and collaboratively defining how this translates into our purpose
- Aligning our purpose to our ambition.

3. Articulating our ESG strategy and ambition

- Prioritised three ESG focus areas for impact, aligning to prioritised sustainable development goals
- Three focus areas defined: financial inclusion; diversity and inclusion; and climate.

4. Crystalising strategy into actions and outcomes

- Articulating our ambition into short-, medium- and long-term outcomes
- Crafting implementation framework and policies to guide environmental and social decisions
- Setting up our reporting and measurement capability to track progress against measures.

The foundation assessment included a comprehensive review of:

- Regulatory actions impacting the national climate agenda (for example green finance economy)
- Legislative overview that may affect local business (for example carbon border adjustments tax established by the European Union)
- Supervisory bodies, investors, development finance institutions, climate alliances driving sustainability matters
- Shift in demand from corporate and retail customers (for example sustainable bonds, green mortgages)
- Employees feedback on ESG linked to Purpose, well-being and productivity
- Extensive stakeholder engagement to assess priorities and business impact
- Benchmarking against global best practice and competitors
- Social challenges that require strong support.

To anchor us as an organisation in our purpose and ambition, 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 will invest significantly in three specific ESG focus areas: financial inclusion; diversity and inclusion; and climate. We selected these areas by considering the relative importance of these matters to our stakeholders, the potential impact on our business, and our strengths and assets.

The choice of our environmental, social and governance priorities will be grounded in three aspects, informing its materiality to Absa:

- The relative importance and priority of the topic to our stakeholders (including investors, customers and employees)
- The potential impact to our business of the topic – informed by the potential risk it poses and the business opportunity it presents i.e., climate change and green financing
- The unique strengths of our business and as a result, which topics we are positioned to make a difference in.

We are evaluating the potential trade-offs that exist in each priority area:

- Large-scale infrastructure projects could have a positive impact on society, but a negative outcome on emissions
- Certain financial products that drive inclusivity may also negatively impact overall profitability.

Particularly on climate, we are giving due consideration to supporting a just transition as we set our ambitions. Our purpose will guide us as we seek to find the right balance between our ESG focus areas and the necessary trade-offs.

During 2023, we will commence crystalising and aligning our strategy and key focus areas. Priority actions and metrics during 2023 will be as follows:

- Define metrics across ESG key focus areas
- Aligned execution framework
- Reporting and external engagement
- Define the integrated risk framework
- Plan the education and expert insights distribution to employees.

During the shaping process of our ESG strategy, we continued with our portfolio of initiatives across the Group:

Environmental initiatives

Sustainable finance

- Eco home, ecosystem and green vehicle loans, renewable and green asset financing products
- Sustainability-linked loans/bonds, including renewable financing, transition support, social financing and carbon trading
- ESG-related capital raising (i.e., green bonds)
- Green financing
- Financing standards for fossil fuels and mining, advisory support, research and insights
- Scorecard on carbon emissions, solar programmes at Absa sites
- Climate-related risk implementation (Kenya).

Biodiversity

- Environmental conservation campaign
- Energy efficiency, water and waste management, sustainable procurement (for example recyclable debit/credit cards)
- Energy efficiency, water and waste management, electric power charging stations, tree planting initiatives.

Social initiatives

Inclusive financial services for SMEs, women and youth

- Concessionary pricing for first-time home buyers, the farmers' development programme, business development support
- Empowerment financing, enterprise development, corporate funds management
- SME/start-up support (including financing and training and development programmes)
- Consumer education programmes, employee learnerships, youth education, skills development and bursary programmes (e.g., Absa Fellowship programme, ReadytoWork, Women in Tech, Gen A Graduate Programme, Qhubeka School Mobility programme), and financial literacy training.

Support for communities, employees and clients in need

- COVID-19 vaccination drive, blood donation drive, adverse situation support (i.e., during COVID-19, flooding and cyclones) and donations
- Mental health support for Absa life customers.

Championing diversity and inclusion

- Employee and supplier diversity/transformation targets and initiatives (i.e., supplier development) and fair-pay initiative.

Governance initiatives

Governance and risk management

- Sustainability governance structure finalised
- Sustainability operating model and decision processes updated
- Incorporation of sustainability in key risk management policies.

The Risk Appetite and Forecasting Committee have started to mature their capability to manage direct impact to the bank by setting up scenario modelling and leading indicators for climate and environmental risk. Risks taken into consideration include credit risk due to physical and transition risks; insurance risks; resilience risk; risks of our impact on the environment; greenwashing; reputational risk; and biodiversity risk.

Our strategy is clear with priority actions outlined for 2023. We will finalise short, medium and long-term targets, drive actions to achieve targets, and manage risk in parallel through operating model and governance structures that have been formulated. Training across the key initiatives will be rolled out.

2-23 Policy commitments

Ethics and integrity

Good conduct, underpinned by ethics, is fundamental to the sustainability of the financial services industry and the creation and preservation of value. Good conduct is evidenced through our daily behaviours and exhibited in our individual and collective actions and decisions. Absa is committed to the highest standards of integrity and ethical behaviour. The Board recognises that for leadership to be effective, it must be ethical.

Our directors uphold the standards of conduct required of them by law, regulation and our policies while demonstrating behaviours consistent with the Absa Values. The Board has agreed on and signed the Board Ethics Commitment Statement, committing to abide by the Absa Way Code of Ethics, which is to set the right tone from the top, to act ethically and fairly, and to ensure long-term value and sustainability for our stakeholders. Each member of the Board commits to the Absa Way Code of Ethics in their capacity, as they individually and collectively take responsibility for the impact of their decisions and actions on the Absa Group and broader society. The Board oversees the various tools, processes and systems used to embed an ethical culture in the organisation. The Financial Sector Conduct Authority's Conduct Standard for Banks (2020) requires the Board to be accountable for the approval, establishment, embedment, ongoing review of, and continued compliance with the bank's governance arrangements to reasonably ensure the fair treatment of its financial customers.

In line with the Board's commitment to the ongoing review of the Absa Way Code of Ethics, a local and international benchmark was conducted on the Absa code of ethics and conflict of interest policy.

The Board also received industry and Absa-tailored ethics training. As part of the training, the Board re-committed to individually and collectively setting the right tone. Absa's Values underpin our culture, and we continue our journey to embed these as we unite under the Absa brand. This year, we have taken our suppliers on our ethics journey through our first Pan-African Supplier Ethics Day, where a mutually beneficial ethical journey with our suppliers was defined. All new suppliers now attest to our Supplier Code of Ethics as part of introducing a harmonised ethics-driven approach to sourcing while we effectively manage our risks and opportunities.

Our employees and suppliers support and embrace good conduct. Country-specific training has been delivered across all our Absa Regional Operations, focusing on country-specific ethics themes. In support of speaking up and driving high performance, ethics panels and ethics weeks sessions have been held across our Group to strengthen and demonstrate the value of ethical decisions in everyday decisions. The intense focus on driving ethical behaviour within our business was recognised by the Ethics Institute, where Absa was announced as the winner of the 2022 Ethics Initiative Award. Ethical decision-making has also been integrated into our recruitment and procurement process through various projects. Value and integrity-based decision-making are ingrained in the tools, processes and systems we use to embed an ethical culture. Conduct and expected behaviour continue to be driven by these values, which resulted from extensive collaboration by employees across our business. They inform who we are and impact our customers' and stakeholders' experiences.

World's Top Female-Friendly Companies 2022 – Top Employer Institute named Absa as one of the World's Top Female-Friendly Companies for 2022, ranking thirty-sixth among 400 global companies excelling in championing women at work.

The Absa Way Code of Ethics

We drive high performance to achieve sustainable results

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

We are obsessed with the customer

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

Our employees are our strength

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

We have an African heartbeat

- We deliver a uniquely Absa experience, across Africa
- We co-create across Africa to provide better solutions
- We will engage with our communities to empower Africa's tomorrow, together.

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

The Absa Way Code of Ethics shapes our purpose of empowering Africa's tomorrow, together one story at a time. The Absa Way and our values detail the expected behaviours when engaging with our fellow employees, customers, shareholders, government, regulators, business partners, suppliers, competitors and the broader community. We are deeply committed to helping Africa's people – young and old, employed and unemployed within the broader community – to unlock their potential, and we are dedicated to playing our part in promoting principled behaviour. Financial service providers like Absa safeguard customers' hopes and enable their success. Likewise, customer trust is indispensable to our existence. To maintain the trust of our customers and other stakeholders, we commit to acting with integrity as outlined in the Absa Way. We continuously challenge ourselves to find better and more sustainable ways to achieve growth and empowering Africa tomorrow, together. As our internal policies and standards evolve in response to changing legislation and customer requirements, so will the Absa Way. The foundational principles will, however, remain – that is, to act ethically, fairly and sustainably to ensure long-term value for our stakeholders.

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

As an organisation, Absa understands that corporate culture is a significant influencer of behaviour. In line with this, Absa continues to drive country and risk-specific ethics management plans derived from our ethics risk assessment survey. The ethics management plans build on our foundation to improve on the culture of integrity and conducting business honestly and fairly. Employees continue to undertake annual online Absa Way Code of Ethics training, including an assessment to confirm their understanding of the Absa Way. 98.5% of our employees completed the training in 2022.

An ethical culture fosters values-based decision-making and shows how our policies and practices align with the Absa Values.

The 2022 Enterprise Risk Management Framework classifies conduct risk as a sub-risk under the compliance principal risk type.

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

Our SSEC receives comprehensive updates on conduct and ethical matters from the Group Chief Compliance Officer and information on misconduct, dismissals and grievances from the Head: People and Culture.

Personal accountability is central to our culture. As outlined in the Absa Way Code of Ethics, we expect our employees to:
- Act ethically and with integrity
- Promote colleague collaboration
- Act with due skill, care and diligence
- Be open and cooperative with regulators
- Treat customers fairly
- Respect one another professionally, including our diversity
- Remember our communities in day-to-day business.

We use the Absa Lens as an ethics-based decision-making tool designed to help employees assess third parties, customers/clients, and suppliers from an ethics-based perspective. We do not condone the following activities:
- Child labour
- Discriminatory practices
- Harassment (including sexual and tacit harassment or material and/or statements)
- Human rights abuses/controversies
- Environmental pollution
- Unsafe health and safety practices
- Poor employment practices
- Wilful/negligent misconduct and unethical behaviour.

We apply additional scrutiny for businesses that fall within sectors deemed as high risk. This is as per various policies and standards developed to manage the risks associated with high-risk clients/sectors and to ensure compliance with all regulatory and legislative requirements.

Focused supplier training, blending the relevant aspects of the Absa Way Code of Ethics and the Supplier Code of Ethics, was delivered through the Ethics Suppliers Day in October 2022.

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

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

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

Human rights assessment

We operate in accordance with the International Bill of Human Rights, including the United Nations Guiding Principles on Business and Human Rights, and consider other internationally accepted human rights standards. Our human rights statement applies to all our employees, business activities and relationships across the Group. The statement is available on our web page and intranet site to which all employees have access. The SSEC approved this statement. The Absa Way Code of Ethics outlines how we expect our employees to behave, details required work standards, and references human rights. Employees undertake annual mandatory training in the Absa Way Code of Ethics, which includes human rights.

We also respect and promote human rights through our employment policies and practices, our supply chain, and the responsible provision of our products and services.

We have an unambiguous responsibility to respect and uphold human rights. Human rights are managed in line with the Group Enterprise Risk Management Framework, Operational Risk Management Framework, and employee risk policies and standards.

The principles and guidelines are outlined in the employee policies and standards, including guidelines on:
- Diversity and inclusion
- Employment relations (discipline and grievance)
- Bullying and harassment (including sexual harassment)
- Recruitment and development
- Pay and remuneration
- Employee conditions of service
- Performance management
- Talent management
- Employee wellness (health and safety)
- Whistleblowing.

We follow a combined approach across the three lines of defence (including compliance, internal audit, and specialist risk type) to assess and monitor policy and regulatory adherence to employee risk practices. Where gaps are identified, remediation plans are documented, tracked and monitored for effective closure. Regular employee risk profile and control environment assessments are compiled and submitted to the relevant sub-Board committees.

We monitor the effectiveness of our approach through:

- Employee engagement
- Direct feedback from employee representatives through recognised trade unions and staff associations
- Whistleblowing referrals and other employee grievances
- Colleague experience survey.

We assessed our human rights practices in the Group against the six principles of the United Nations Global Compact and the Group's standing in terms of the goals and purposes of human rights. Overall outcomes were satisfactory:

- No violations of human rights were reported
- No issues were raised that indicated that the business was not supporting and respecting the protection of internationally proclaimed human rights
- There was no indication that the business was complicit in human rights abuses. Whistleblowing reports are one of the sources used to determine conduct issues, and there were no issues raised regarding human rights abuses through this reporting channel
- Freedom of association was in place, and there was effective recognition of the right to collective bargaining
- We did not subscribe to forced or compulsory labour
- Whistleblowing reports and grievances do not indicate any failure in this regard
- We did not employ individuals aged younger than 18
- No discrimination was identified regarding employment and occupation
- There were no material risk events reported pertaining to human rights breaches.

The importance of human rights risks in the bank is reviewed as part of the assessment. Furthermore, we review any reported grievances associated with salient human rights issues during the reporting period. Grievances are tracked through our grievance and whistleblowing processes. To date, we have not identified stakeholders whose rights may have been affected by our activities.

Human Rights Statement

This statement draws together the policies, principles and standards relevant to all parts of Absa with the aim of:

- Guiding the business and employees on the extent of our responsibilities and commitments to respecting and upholding human rights
- Contributing to the Group's compliance with human rights legislation and standards
- Supporting the Group's values of driving high performance to achieve sustainable results, strength in our employees, obsession with the customer, and being the heartbeat of Africa.

https://www.absa.africa/wp-content/uploads/2022/09/Absa_Human_Right_Statement.pdf

Moreover, the evaluation of human rights and social aspects are integrated into our product development, business relationships and transaction review.

Precautionary principle or approach

We have adopted a precautionary approach to environmental impacts and are signatory to the UN Global Compact and UNEP PRBs. This is managed through our Enterprise Risk Management Framework, primarily through strategic and sustainability risk, which includes the following sub-risks: strategic risk, sustainability risk and reputational risk. Environmental and social risk are also considered in the conduct, credit, insurance and operational risks (including supplier and legal sub-risks).

Diving deeper: 98 ESG Financial Services Sector Disclosure

2-24 Embedding policy commitments

We have implemented several policies and standards aligned with regulatory guidelines and best practice in support of all business processes and decision-making. Business units across the bank are consulted when new or revived policies are introduced. Once appropriate committees have approved policies, circulars communicating the changes are published on the bank intranet. Business committees and training interventions also make employees aware of these changes.

All documents incorporate the appropriate objectives and are embedded into all business decision-making processes. This affirms every employee's responsibility to be aware of, understand, and behave in accordance with the policies.

Policy documents outline clear allocation of roles and responsibilities and applicability across different businesses, including managing, monitoring and reporting requirements. Various policy and regulatory training interventions are rolled out through the Learning Management System. Some training modules are role and activity specific, aligning with business objectives. The learning council assesses all training interventions to ascertain the appropriate rollout and timing of the training modules.

Institute of Risk Management South Africa – the Group Compliance Monitoring and Testing team recently received a Financial Services Industry Award recognising their contribution to elevating risk management.

Embedding ethical behaviour

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

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

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

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

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

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

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

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

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

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

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

- Customers are confident they are dealing with financial institutions in which the fair treatment of customers is central to their culture
- Products and services sold in the retail market are targeted at identified customer groups and designed to meet their needs
- Customers are provided with clear information and kept appropriately informed before, during and after the point of sale
- Where advice is given, it is suitable and considers customer circumstances
- Products perform as firms have led customers to expect, and service is of an acceptable standard and is as they have been led to expect
- Customers do not face unreasonable post-sale barriers imposed by firms to change products, switch providers, submit a claim or make a complaint.

The Conduct Standard for Banks (2020) balances principles-based and rules-based compliance requirements to ensure that banks deliver fair customer outcomes in a disciplined, transparent and consistent manner. The Group continued to embed the requirements of the Conduct Standards across all jurisdictions.

Conduct risk management framework

We monitor our conduct performance against our internal framework, policies and standards, and regulatory requirements. Conduct risk is managed through defined internal controls and monitored by the three lines of defence and stakeholder feedback.

Our 10 target conduct outcomes

- Our culture places customer interests and ethical decisions at the heart of our strategy, planning, decision-making and judgements
- Our strategy is to develop long-term banking relationships with our customers by providing products and services that meet their needs and do not cause detriment
- We do not disadvantage or exploit customers, customer segments or markets
- We pre-emptively identify conduct risks, where possible, and intervene before they crystallise by managing, escalating and mitigating them promptly
- Our products, services and distribution channels are designed, monitored and managed to provide value, accessibility and transparency and meet our customers' needs
- We offer banking products and services that meet our customers' expectations and perform as represented. Our representations are accurate and comprehensible, enabling our customers to understand the products and services they purchase
- We address any customer detriment and dissatisfaction in a timely and fair manner
- We safeguard the privacy of personal data, using it responsibly and for the purpose collected
- We facilitate market integrity and do not wilfully cause distortions or participate in anti-competitive behaviour
- We engage with regulators constructively, transparently and proactively.

Ethics Institute Awards 2022 – Absa was named winner of the Ethics Initiative of the Year Award.

2-25 Processes to remediate negative impacts

2-26 Mechanisms for seeking advice and raising concerns

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

Our Whistleblowing Policy mirrors legislation (specifically the Protected Disclosures Act in South Africa) in that it protects employees against retaliation. The Protected Disclosures Act and our Whistleblowing Policy prohibit any form of victimisation against whistleblowers. We also protect whistleblowers' identities when they choose to remain anonymous and, in doing so, prevent any form of retaliation.

Other processes exist for addressing issues that may arise, such as an employee's treatment or a customer's complaint. Mandatory compliance training for all employees in 2022 also covered whistleblowing. The whistleblowing training emphasised that no attempt should be made to identify whistleblowers, the importance of anonymity, confidentiality and the prohibition of retaliation/victimisation.

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

We have a zero-tolerance approach to fraud and unethical conduct. The consequences of committing fraud or assisting someone in committing fraud may include suspension, dismissal, criminal proceedings being instituted, Register for Employees Dishonesty System listing, and Financial Advisory and Intermediary Services (FAIS) debarment.

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

Our annual Whistleblowing Awareness Week in October included sharing relevant content, such as a message from our Group Chairman, interim Chief People Officer and the Managing Director of Absa Bank Tanzania, encouraging employees to blow the whistle and emphasising the importance of whistleblowing. We also issued regular communications via various channels encouraging employees to blow the whistle on fraud and misconduct.

As at 31 December 2022, 416 tip-offs were received, of which 105 were substantiated, while 131 remain under investigation (2021: 416; 112; 103). 303 tip-offs were staff conduct related, of which 74 (38% of closed cases) have been substantiated to date (2021: 76; 36%).

While many cases were unfounded, those upheld contain essential insights for management to ensure additional controls, consequence management, or other behavioural changes to be instituted.

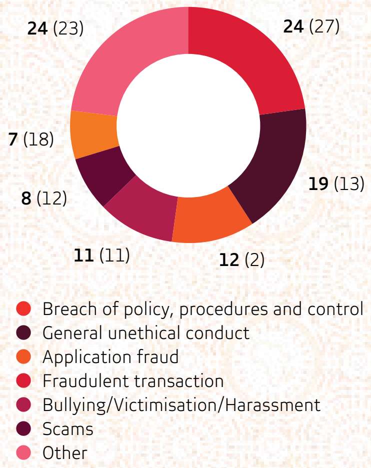
The necessary investigations were undertaken, and appropriate disciplinary action was applied, where necessary. During the year, four employees were dismissed. We refer criminal offences to the relevant authorities for criminal prosecution.

Whistleblowing is audited regularly (internally and externally), where external audits focus on the process and internal audits assess the details. Priority Investigations and Whistleblowing was audited for the period July 2021 to August 2022 with a 'satisfactory' outcome regarding Priority Investigations and Whistleblowing control environment. 58% of whistleblowing matters were received from our external service provider (Tip-offs Anonymous), and 21% were from whistleblowers directly. The remaining 21% of new cases came from other channels, such as the Ethics Helpdesk. 73% of whistleblowers were anonymous.

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

Substantiated whistleblowing cases

2021 comparatives in brackets



Whistleblowing contacts

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

Whistleblowers can email protect@tip-offs.com or visit www.tip-offs.com. They can also email the Absa Priority Investigations and Whistleblowing team directly at protected@absa.africa or send an anonymous Whatsapp to 0860 660 007.

Botswana
Orange 1144/
Mascom 71 119 312/
BTC 0800 600 644

Ghana
+233 30 2610 240

Kenya
0800 720012

Mauritius
802 027 0001/802 049 0019

Mozambique
+258 2134 0630/800666666

Namibia
+27 31 571 5694

Nigeria
+234 708 060 1872/8099937319

Seychelles
+27 31 571 5717

South Africa
0800 205 055

Tanzania
+255 754 210818 (Absa)
+255 752 043729 (NBC)

Uganda
800100255

United Kingdom
0800 069 8171

United States
+866317 7033

Zambia
+260 971231250

Whistleblowing by WhatsApp in Absa

This is a first-to-market innovation in the South African banking sector and a digital add-on to our current whistleblowing channels. It forms part of our long-term strategy to ensure our whistleblowing channels evolve in line with market trends and remain relevant to users.

2-27 Compliance with laws and regulations

We have a zero-tolerance approach to causing detriment to customers, markets and effective competition. In the ordinary course of business, our various regulators conduct reviews of our business operations' controls and progress in meeting regulatory requirements. We continuously focus on compliance and risk controls. At times, however, remedial action is required, and administrative penalties and fines are levied on the Group.

A set of thresholds was approved by the Group Chief Compliance Officer and are in place across the Group to assist with the identification of significant instances of non-compliance.

In 2022, we incurred R3.7 million in penalties (2021: R2.1 million), the largest contributor was due to contraventions relating to the timely management of customer complaints.

There were 16 material non-compliance regulation matters across the Group. Nine resulted in the above mentioned regulatory fines and seven did not have monetary sanctions. In instances where there were underlying process or control breakdowns that led to the fines, remedial actions have either been taken or are in progress. We incurred no fines/settlements valued >USD100 million over the previous three years, nor have we incurred penalties concerning corruption and/or anti-competitive behaviour.

2-28 Membership associations

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

G – Absa holds a position on the governing body or one of the committees

F – Funding of collaborative initiatives between Absa and associations, as well as events undertaken by these organisations

N – New membership.

Industry associations

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

Business associations

- Black Business Council[F]
- Business Leadership South Africa[G]
- Business Unity South Africa[G, F]
- Connect Africa[N]
- GCE Initiative[F]
- National Business Initiative[G]
- Small Business Institute of South Africa[F]
- South African Photovoltaic Industry Association.

Chambers of Commerce[1]

- American Chamber of Commerce in South Africa[G, F]
- British Chamber of Business in South Africa[G, F]
- German Chamber of Commerce[2, F]
- Nigeria-South African Chamber of Commerce
- South African Chamber of Commerce and Industry[G]
- South African Chamber of Commerce Singapore.

Professional bodies

- ACI Financial Markets Association[N]
- Association for Black Securities and Investment Professionals[G, F]
- Black Management Forum[G, F]
- Fiduciary Institute of South Africa[G]
- International Swaps and Derivatives Association[N]
- Society for Trust and Estate Practitioners
- South African Institute of Stockbrokers[N].

Other affiliations

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

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

[2] This membership relates to international clients.

External initiatives

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

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

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

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

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

The GRI, applied by Absa from 2014, is a set of global sustainability reporting standards.

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

The United Nations SDGs, applied by Absa from 2018, encompass a blueprint comprising 17 goals to address global challenges related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

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

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

The United Nations Principles for Responsible Insurance, launched in 2012, is a global framework for the insurance industry to address ESG risks and opportunities. In considering its strategy, Absa Life Insurance used the Principles for Sustainable Insurance as a framework, although we are not signatories to it.

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

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

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

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

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

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

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

Stakeholder engagement

2-29 Approach to stakeholder engagement

Creating value for Absa means delivering on our purpose of empowering Africa's tomorrow, together one story at a time. We do this by providing tangible value to our stakeholders. We recognise that the quality of our relationships with stakeholders impacts our ability to fulfil our purpose. We therefore measure the quality of our relationships through various mechanisms to make an informed assessment.

Stakeholder engagement is a process that provides valuable information about our business, social, political and physical environment to shape strategic thinking and hone our decision-making processes.

We regard all our material stakeholders as essential partners and seek to effectively identify, understand and manage these relationships to enhance business sustainability, reduce risk, and ensure a successful implementation of our strategy.

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

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

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

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

The Board and SSEC provide supervision of, and direction for, stakeholder engagement matters and recognise our decentralised stakeholder engagement approach, which uses a central point to collate engagement results.

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

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

Stakeholder engagement principles

The principles that underscore our stakeholder engagements are:

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

Identifying and selecting stakeholders

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

The Group's primary stakeholders are:

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

Diving deeper: 2022 Integrated Report

98 ESG Financial Services Sector Disclosure

2-30 Collective bargaining agreements

We uphold the constitutional rights of our employees to freedom of association, the right to collective bargaining, the protection of employee representatives, and the right to be a member of a trade union of their choice. Our commitment to ensuring freedom of association and the right to collective bargaining is laid out in our Employment Relations Policy, available to all employees on our intranet. The policy references the employees' right to freedom of association (the right to join and/or form a trade union of their own choice). Absa concluded and entered into several recognition agreements with unions for purposes of collective bargaining (for example, salary negotiations for employees within the bargaining unit). We also subscribe to and promote ILO C87 (Freedom of Association) and C98 (Right to Collective Bargaining). The Group does not encourage anti-union discrimination and/or union bashing. Furthermore, we rely on in-country laws and the International Labour Organisation principles. We established the Absa Africa Consultative Forum, a Pan-African management-union bilateral platform created for consultative purposes on matters of mutual interest. The forum seeks to engender and foster, among other things, a culture of co-determination; dialogue; mutual trust; open and frank stakeholder engagement; employee voice; and sound labour peace. The Employee Benefits Policy and Standard, as well as the recognition agreements, make provision for paid leave for union representatives and office bearers. Unions are, on request, granted access to our premises to conduct union activities (for example, hold meetings) and membership recruitment drives.

We have two formal agreements with the collective bargaining units:

- Retrenchment Collective Agreement, which is applicable when the bank is contemplating section 189 retrenchment processes
- Recognition Agreement, which sets out the rules and procedures to be used by the majority union, Sasbo (formerly the South African Society of Bank Officials), and the bank in carrying out consultations, collective bargaining and representation. We have a wage agreement that is concluded annually after the completion of the salary negotiations.

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

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

Informally, the unions can raise any safety-related matter at any time, including at our National Consultative forum, which is held quarterly.

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

Our Manage Mediation and Grievance Procedure is accessible on the intranet for all employees. It makes provision for employees to raise grievances without the fear of victimisation. The Whistleblowing Policy encourages employees to report unbecoming conduct anonymously. We did not experience any significant disruptive work stoppages in the markets in which we operate. This is mainly attributed to the mature and functioning collective bargaining structures that can negotiate and settle disputes of interest, such as salary negotiations, without resorting to any form of coercive power by either of the parties.

We have recognition agreements with 16 trade unions across our operations, covering 40.8% of our employees (2021: 15; 38.1%).

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

Diving deeper: 43 ESG 2-26

Material topics[1]

[1] Numbering in line with GRI disclosure

Material topics

3-1 Process to determine material topics

As a financial services provider, we play a pivotal role in the economic activity of individuals, businesses and nations, helping to create, grow and protect wealth through partnerships in economic development. Our ability to create value is impacted by many factors, including our operating environment, stakeholders, responses to risks and opportunities, and our chosen strategy. Our ESG and Integrated Report material topics align in terms of their materiality.

Our materiality determination process includes the following:

1. Identifying list of potential matters
2. Considering the relevance of identified matters
3. Assessing the importance of a matter
4. Prioritising material matters.

3-2 List of material topics

Our material matters are:

- Maintaining economic momentum
- Climate change and a just transition
- Digital dependencies and vulnerabilities
- Rising regulation
- Social cohesion erosion
- Evolving employee value propositions.

Diving deeper: 2022 Integrated Report

3-3 Management of material topics

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

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

In this 2022 ESG Report, identified material issues are those that reflect our significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders.

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

Diving deeper: 49 ESG 3-2

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

Financial inclusion

- Economic performance
- We are continuously seeking ways to promote sustainable practices and supporting our communities. Therefore, taking our customers along with us on this journey
- We therefore will be incorporating the just transition element into our environmental and social processes
- Risk management, including, but not limited to, business continuity; cyber risk management/ cybersecurity; fighting financial crime (anti-bribery and anti-corruption; anti-money laundering; fraud); and data privacy
- Product responsibility/responsible banking (products/services; affordability; environmental and social impacts in lending).

Diversity and inclusion

- Labour practices, training and development, diversity and equal opportunity, and occupational health and safety
- Transformation, including ownership, local procurement, and access to financial services
- Human rights
- Community support.

Climate

- Direct environmental impact management.

Economic performance

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

Financial services organisations play a central role in financing the real economy. This is done by, for example, providing financial products to:

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

Diving deeper: 2022 Integrated Report

Our business continuity plan

Business Recovery Planning:

Absa has a mature Business Recovery Planning methodology which defines business recovery strategies at a team-level within the organisation. These plans are implemented through the Group BCM structure in collaboration with Business Continuity Coordinators in each of Bank's functional units. Business Recovery Plans cater for scenarios affecting the process, people, technology, suppliers, key buildings, physical and electronic records. All Business Recovery Plans are tested on an annual basis through real invocation to ensure these plans are fit for purpose and to identify any gaps which may exist for remediation.

Technology Recovery Planning:

Technology recovery requirements are derived based on the criticality of the process which the relevant technology systems support. The recovery of technology systems is tested on an annual basis through a predefined disaster recovery testing schedule.

Incident Handling:

Absa has dedicated structures to manage any incident that may occur on a 24/7/365 basis and covers technology, cybersecurity, physical security and business continuity management related incidents. Absa also conducts regular simulation exercises across the various response layers of the organisation to ensure preparedness for decision making and response actions when incidents do occur.

Extreme Risk Scenario Planning:

Absa runs Groupwide programmes to research, plan for, simulate and ultimately respond to extreme risk scenarios which may affect the Bank on wide scale. Extreme Risk Scenario planning brings together Business and Technology Recovery Planning, Incident Handling as well as Crisis Management to define end-to-end recovery procedures that would allow the Bank to absorb and recover from these scenarios should they occur.

Business continuity

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

Fighting financial crime

Absa has zero tolerance for facilitating, concealing or failing to report known or suspected acts of financial crime, including but not limited to bribery and corruption, money laundering, terrorist financing, or any other fraudulent or illegal activity by any customer, supplier, employee or associated party.

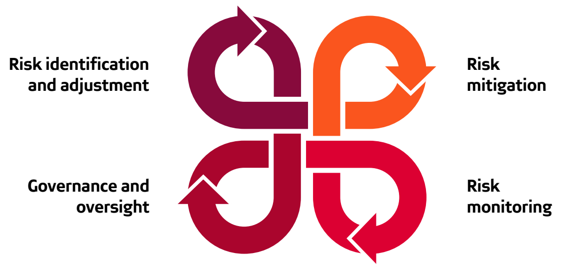
In accordance with Section 42 of the Financial Intelligence Centre Act (FICA), 38 of 2001 as amended, we have a Risk Management and Compliance programme that applies to all entities, businesses and jurisdictions within the Group. As approved by the Board, the Group-wide Risk Management and Compliance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

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

Moreover, we play a prominent role in offering comments and providing input in new legislation for the banking and insurance industries.

Components of the Risk Management and Compliance Programme

Absa's money laundering and terrorist financing (ML/TF) risk assessment approach



South African Anti-Money Laundering Integrated Task Force expert working group

Through our role as a member of the South African Anti-Money Laundering Integrated Task Force expert working group, we have actively prioritised specific crimes, such as investment scheme fraud (Ponzi schemes), income tax and value-added tax (VAT) refund fraud, corruption, terrorist financing, drug trafficking and modern slavery, among others. These efforts have strengthened our ability to report meaningful information to the Financial Intelligence Centre and improved our ability to detect and disrupt this behaviour. We have worked with various agencies, such as the South African Revenue Agency and the Financial Surveillance division within the South African Reserve Bank, to freeze and forfeit assets believed to be the proceeds of crime.

Diving deeper: 64 ESG 205

Data privacy

Maintaining thriving relationships with our customers is critical to our ongoing success. We therefore treat our customers, employees and third parties' personal data with utmost care. The lawful processing and ethical handling of the personal data in our care are critical to maintaining trust and sustaining long-term partnerships with all our stakeholders.

Considering our privacy obligations, the growing online banking presence of our customers, digital migration and new ways of work, we have implemented policies, processes, standards and guidelines on handling personal and special personal information.

Training and awareness campaigns for our employees and third parties on how to treat personal data are consistent. They stretch across the Group to ensure a privacy culture is firmly embedded.

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

We work closely with our local and international regulators to influence the data privacy narrative for banks and partners in dealing with data breaches in the unfortunate event of an occurrence. A Code of Conduct for the lawful processing of personal information for banks has been approved by the Information Regulator and published in October 2022.

Absa's privacy statement is aligned with the POPIA and the General Data Protection Regulations (GDPR). It makes provision for sharing personal data internally, inter-entity and/or with third parties, including third parties in other countries. In addition, personal data may be collected from a customer in writing as part of a written application form, electronically (email), telephonically, online (absa.co.za or absa.africa) or via the Absa Banking app.

Given the importance of combating cybercrimes, the President signed the Cyber Crimes Bill into law to reduce and prevent cybercrime in South Africa. It also helps law enforcement to enforce the law and hopefully protect the people of South Africa from criminals. Absa launched training on the Cyber Crime Act in 2022.

Diving deeper: 98 Financial Services Sector Disclosure
2022 TCFD Report
2022 Principles for Responsible Banking Report
2022 Integrated Report

Labour practices and decent work

The Group complies with all relevant local employment regulations and subscribes to the International Labour Organization Protocol on Decent Work and Working Conditions. We manage occupational health and safety for the Group in line with local laws using a framework encompassing policy, standards, procedures, a control library and key indicators covering all premises and employees.

Diving deeper: 80 ESG 400

Human rights

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

Diving deeper: 38 ESG 2-23

Transformation

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

Our commitment to the United Nations SDGs supports this focus. In South Africa, we concentrate on the South African employment equity requirements and the Amended Financial Sector Code, which emphasises historically disadvantaged South Africans.

Diving deeper: 2022 B-BBEE Report

Community support

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

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

Diving deeper: 53 ESG 201-1
2022 Principles for Responsible Banking Report

Direct environmental impact

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

Diving deeper: 74 ESG 300

Economic[1]

[1] Numbering in line with GRI disclosure

201 Economic performance

201-1 Direct economic value generated and distributed

Total income	+	Income from associates and joint ventures	-	Impairments	-	Non-controlling Interest	=	Total value available for distribution
R98.9bn		R0.1bn		R13.7bn		R2.3bn		R83.2bn
2021: R85.9bn		2021: R0.1bn		2021: R8.6bn		2021: R1.7bn		2021: R75.8bn

Total value distributed

R83.2bn

2021: R75.8bn

	Suppliers	Community	Reinvested
Share	22.4%	0.3%	18.2%
Amount	R18.6bn	R267m[1]	R15.1bn
2021	2021: R16.5bn	2021: R195m	2021: R19.8bn
Description	Procuring goods and services from a diverse supplier base	Invested in education and skills development	Retained to support future business growth

	Employees	Government	Shareholders
Share	33.5%	13.4%	12.3%
Amount	R27.9bn	R11.1bn	R10.2bn
2021	2021: R26.2bn	2021: R9.8bn	2021: R3.4bn
Description	Paid to our employees in salaries, benefits and incentives	Contribution to the fiscus through taxes[2]	Paid in dividends to our diverse shareholders

[1] Charitable donations 26%; Community investments 70%; Commercial initiatives 4%.

[2] Taxes paid include indirect taxes, dividend withholding taxes and VAT. The above amounts relating to employees, dividends and retained earnings may not align with the financial statements.

Source: Normalised management accounts

An active force for good in everything we do

We refined our strategic direction as 'an active force for good in everything we do'. This is a crucial step in becoming a truly purpose-driven organisation that creates value for all its stakeholders, and to positively contribute in empowering Africa's tomorrow, together ... one story at a time.

To achieve this, we are embedding ESG aspirations into our core business strategy, which is key to delivering true long-term value linked to our purpose. Our active force for good in everything we do strategy aims to purposefully create inter generational value through active participation in managing planetary boundaries, contributing meaningfully to the societies in which we operate and being committed to the highest standards of governance and ethics, and to being an active, positive influence in the world.

2022	2023–2024
Environmental: Promoting environmental sustainability through proactively managing climate change and biodiversity risks and opportunities and providing innovative sustainable finance products and solutions. **Social:** Contributing meaningfully to the societies in which we operate through providing inclusive financial services and solutions, supporting demand-led education and youth employability interventions, and championing diversity and inclusion. **Governance:** Commitment to the highest standards of governance and ethics by ensuring fair outcomes and transparency with all stakeholders for a more resilient and robust control environment. **Public policy and regulation:** Promoting just and equitable societies by actively influencing public policy and regulation and strengthening trust by acting as a strategic thought leader in key regulatory dialogues.	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 will invest significantly in three specific ESG focus areas: financial inclusion; diversity and inclusion; and climate. We selected these areas by considering the relative importance of these matters to our stakeholders, the potential impact on our business, and our strengths and assets. Brandon Hall Group Human Capital Management Excellence Awards 2022 – Absa won gold in the Best Advance in Leadership Development for Women category. The award is in recognition of the Absa IgniteHer Women's Development Programme.

Association of Black Securities and Investment Professionals Awards 2022 – Absa won the Financial Inclusion Award for a bank that demonstrates that they are creating access to finance for historically disadvantaged individuals and groups by having an affordable cluster of products with superior benefits to serve the community.

Our community spend amounted to R267 million (2021: R195 million) and included corporate spend, education and skills, and promoting fairness, equality and transparency.

Some of our initiatives are outlined below:

Our corporate community support

Our corporate community support included disaster and food relief, health support, and employee volunteering, with corporate community spending amounting to over R24.9 million.

Corporate community spending
R24.9 million

We impacted:

Employees

- Water and care packages
- Absa Insurance (waiver of excess fee)
- #InItTogether.

Customers

- R6 million excess fees waived by Absa Insurance
- Collaboration with business forums
- Credit and products mobilised for clients in the wholesale, retail, manufacturing and logistics sectors.

Communities

- In response to the KwaZulu-Natal floods, we pledged R7.5 million towards immediate relief and R2.5 million towards social infrastructure.

Education and skills

Absa Fellowship

R22.0m invested (2021: R21.0m)

6 universities (2021: 6)

94 students (2021: 50)

The Fellowship programme was launched in 2021 and offers selected candidates financial support for their undergraduate academic studies and exposure to a specially curated leadership development programme that includes emotional wellness support, academic tutoring and mentoring.

https://www.absa.africa/absaafrica/our-role-in-society/absa-fellowship-programme/

Promoting youth employability

5 535 young people, including **1 301** supported to access employment.

At Absa, our education and skills development strategic imperative seeks to build skills for the future world of work through skills matching that expands employability opportunities for young people. We deliver this by taking a demand-led approach that considers the marketplace's needs and the holistic development of young people to prepare them to enter the workplace and/or for entrepreneurship.

Leadership development and capacity building

R9.1m invested (2021: R10.3m) in funding research chairs

Supported 155 learners (2021: 140)

- **University strategic support:** As part of our strategic focus to support institutional capacity building, we help strengthen the academic competitiveness of universities in South Africa through funding research chairs.
- **Youth leadership development:** In collaboration with the Gordon Institute of Business Science (GIBS), the Alexandra Education Committee and through the Student Sponsorship programme, we help develop future South African leaders.

ReadytoWork

29 881 youth were supported through this initiative.
(2021: 20 620)

Absa ReadytoWork is our Group flagship education programme to help the youth prepare for work. ReadytoWork provides access to world-class learning content.

Sustainability and Social Investment Awards 2022 – Absa won the award for the best company promoting STEM education, and two additional awards celebrating our ReadytoWork educational skills programme and women empowerment drive.

https://www.absa.africa/absaafrica/citizenship/ready-to-work/

Consumer financial education

79 173 face-to-face training participants
(2021: 32 639)

Launched the **Finance and Banking Skills Academy.**

In South Africa, our consumer financial education intervention is provided to consumers with household incomes of less than R250 000 annually. It is delivered by accredited training partners, with over 80% of beneficiaries comprising black households and at least 25% living in rural areas.

Promoting fairness, equality and transparency

Absa young Africa works

Absa Bank Ghana entered a five-year partnership with the Mastercard Foundation to create the Absa Young Africa Works, aimed at enabling young people, particularly young women, to access work by investing in SMMEs.

Over **3 140** (2021: 2 000) SMEs and Smallholder farmers (SHFs) trained, financially supported over **1 277** (2021: 700) SMEs and SHFs to the value of GHS 138 million (2021: GHS 5.4 million), over **9 140** (2021: 1 076) jobs created, with 80% going to women.

Inclusive Growth Forum

We renewed our partnership with the Kgalema Motlanthe Foundation to enable the delivery of the 2022 Inclusive Growth Forum.

Participation from our **CEO** and **Group Chief Strategy and Sustainability Officer.**

https://www.youtube.com/watch?v=Mqejh3-6LTg&t=11625

Fighting gender-based violence

We are committed to playing our part in fighting the scourge of sexual and gender-based violence internally and externally and ensuring gender equality and the promotion of a just society. We therefore collaborated with Primestars, a youth development not-for-profit organisation, helping boys redefine masculinity to stop the scourge of sexual and gender-based violence in South Africa.

Over **100 schools** across **nine provinces** in South Africa were reached, and over **15 000 boys** participated. **100 mentors** supported them.

Accelerating women's economic inclusion

Absa partnered with the United Nations Women to fast-track the implementation of the presidential pronouncement to increase access to public procurement for women-owned businesses and women from designated groups to a minimum of 40%.

Women-owned enterprises involved realised a **166%** increase in revenue, from R2.1 million to R5.5 million. This also led to growth in jobs created, from 58 to 121.

Social impact bond

Adolescent girls and young women (AGYW) in South Africa face a myriad of social, economic, and health challenges. Absa partnered with the South African Medical Research Council to enable the delivery of a pilot on how to roll out social outcome-based funding models in South Africa and eventually across the African continent.

First learning **social impact bond** in South Africa.

State capacity building

Absa collaborated with the South African Local Government Association and the Wits University Foundation to address the governance challenges and enable the development of solid institutional capability in local government as articulated in the National Capacity-Building Framework.

24 officials from five municipalities upskilled.

35 officials completed a monitoring and evaluation course.

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

Risk culture

The Board takes the lead in establishing the 'tone at the top' by promoting risk awareness in a sound risk culture. Executive leadership ensures a sound risk culture supports the Group's ability to operate consistently within its risk appetite, identify any desirable changes to the risk culture and ensure it takes steps to address those changes.

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of the Group's strategy.

Principles of effective risk management culture:

- Integrated – risk management is an integral part of all the Group's activities
- Structured and comprehensive – a structured and comprehensive approach to risk management contributes to consistent and comparable results
- Customised – the risk management framework and process are customised and proportionate to the Group's external and internal context related to its objectives
- Inclusive – appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management
- Dynamic – risks can emerge, change or disappear as the Group's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events appropriately and timeously
- Best available information – the inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly considers any limitations and uncertainties associated with such information and expectations. Information should be timeous, clear, and available to relevant stakeholders
- Human and cultural factors – human behaviour and culture significantly influence all aspects of risk management at each level and stage. The Group strives for ethical behaviour underpinned by the Absa Values
- Continuous improvement – risk management is improved through ongoing learning and experience
- Reward – Evidence that good risk management influences reward and incentives.

The role of risk management

The role of risk management is to evaluate, respond to and monitor risks in the execution of the Group's strategy. The Group's strategy is supported by an effective ERMF.

The ERMF:

- Outlines the approach to the management of risk and provides the basis for setting frameworks and policies and establishing appropriate risk practices throughout the Group
- Defines the risk management process and sets out the activities, tools, techniques and the operating model to ensure material risks can be identified and managed
- Ensures appropriate responses are in place to protect the Group and its stakeholders
- Sets out principal risks and assigns clear ownership and accountability for these risks.

The principal risks as defined in the ERMF are credit, market, capital and liquidity, insurance, strategic and sustainability, model, operational and resilience and compliance. Risks are defined in recognition of their significance to the Group's strategic ambitions.

The Group identifies and assesses risks and opportunities arising from internal and external environments, and proactively identifies emerging risks. To ensure effective risk management, our consolidated response is as follows:

- Recognise the importance of a strong risk culture, which is integral to the Group's overarching culture
- Uphold the risk governance structure at Group, country, business and Group functions, with clear Board escalation and oversight
- Support the Group's strategy with a coherent risk management operating model and appropriate risk practices, tools and techniques
- Follow comprehensive and structured processes for evaluating, responding to and monitoring risks
- Consider key (principal) risks, clear ownership and accountability, and Group-wide risk coverage
- Oversee and manage Group-wide assurance through a combined assurance model with clear accountability across the three lines of defence.

The Board annually reviews and approves the ERMF on recommendation by the GRCMC. The Group Chief Executive Officer grants authority and responsibility to the GCRO.

The GCRO is accountable for ensuring frameworks, policies and associated standards are developed and implemented for each of the principal risks and that they are subject to limits, monitored, reported on and escalated as required. The Chief Compliance Officer is accountable for compliance and reputational risks.

For our lending activities our environmental and social risks are assessed and screened Group-wide in accordance with Absa's Environmental and Social Management System (ESMS). The system identifies, assesses, manages, and monitors the environmental and social risks and impacts of loans on an ongoing basis to avoid, eliminate, off-set, or reduce risk to acceptable levels. The ESMS covers the following:

- Environmental aspects include impacts on: Water consumption and management, waste and pollution management, energy performance, biodiversity management, greenhouse gas (GHG) emissions.
- Social aspects include impacts on: Human rights including child labour, forced labour, employee health and safety, labour and working conditions, communities, indigenous people and cultural heritage.

Sustainability risk management

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

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

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

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

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

  The materiality of both transition and physical climate-related risks is considered when reviewing credit applications.

- **Operational and resilience risk**
  Premises risk management assesses risks and opportunities associated with extreme weather events. In contrast, business continuity management includes the assessment of natural hazards related to climate change, the potential impact of these on location selection, and relevant contingency plans. Location risk assessments include climate change risks, where relevant. A sub-risk, legal risk, is defined as loss or penalties, damages or fines from the failure of the Group to meet its legal obligations, including regulatory or contractual requirements, and would encompass climate-related matters when applicable. Reliance is placed on the policies and standards set by the Group to identify and manage potential environmental and social risks in lending.

- **Insurance risk**
  This risk is governed by the Insurance Principal Risk Control Framework, which aligns with the risk-based Solvency Assessment and Management Regime requirements, as required by the Prudential Authority. Factors for consideration include the impact of extreme weather/climate-related catastrophe events on insurance businesses by means of stress and scenario testing, adequate risk appetite setting and focused risk management activities.

Climate risk

Climate-related risk includes both transition and physical risks. Physical risks include the potential negative impacts of climate change on lives, livelihoods, health, economic, social and cultural assets, services, and infrastructure.

Our risk assessment approach to physical climate change risk for a sector, client, or operational activity proportionally takes into consideration their exposure, sensitivity and adaptive capacity or resilience.

Transition risks are those that arise from global and national responses to the climate challenge and include Policy and legal, technology, market and reputation risks. Reputational risk is directly linked to of Absa's business decisions. Policy and legal, technology and market risks on the other hand manifest for Absa mainly through our clients' operational activities, value chains and market conditions and have implications for the client company's financials. This in turn impacts on Absa primarily as credit risk but may also impact Absa's market and liquidity.

Natural capital risk

Our approach to understanding our biodiversity footprint and natural capital risk for our lending portfolios involves exploring various approaches to integrating specific biodiversity spatial layers into the existing map feature of our current physical risks dashboard that will allow us to identify biodiversity dependencies, risks and opportunities linked to our clients' activities.

Strategy and risk appetite

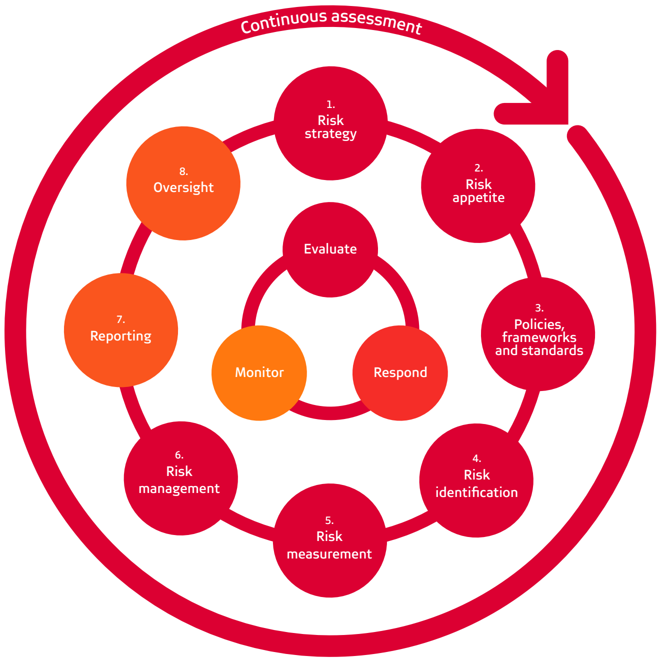
We create, grow and protect wealth through our banking, insurance and asset management businesses by implementing the Group's business strategy. The strategy focuses on opportunities for growth and considers the matters believed to be material to long-term sustainability. It is the key driver of risk and return and should be achieved within the bounds of the risk appetite.

The risk strategy is developed alongside our business strategy and forms an integral part of the integrated planning process. Within the risk strategy, risk appetite defines the types and amount of risk that the Group, its business units and legal entities are willing to take to meet its strategic objectives. This forms part of the strategic planning process to ensure the business strategy is achievable within risk appetite, and that the organisation's decision-making and strategic planning is supported by risk information. Our risk appetite:

- Specifies the level of risk the Group is willing to take in pursuit of its strategy
- Considers all principal and material risks individually and, where appropriate, in aggregate
- Guides the measures, monitors, and communicates the level of risk for different risk types, in both qualitative and quantitative terms
- Describes agreed parameters for the Group's performance and resilience under varying levels of financial stress and volatility to earnings, capital adequacy, leverage, and liquidity
- Is considered in key decision-making processes, including business planning, mergers and acquisitions, new product approvals and business change initiatives.

Our risk appetite is stated qualitatively in terms of the risk principles and risk preferences and refers to the types of risk we actively seek as well as those we accept and avoid. In addition, the maximum amount of risk we are prepared to accept to achieve our business objectives is defined using a range of quantitative metrics relating to capital adequacy, earnings volatility, liquidity, and leverage.

These are cascaded to the level of principal risk, legal entity, and business unit.



Our qualitative risk appetite statement for sustainability

Our qualitative risk appetite statement provides a high-level perspective on what the Group considers the most important risk themes impacting its aggregate risk profile. It provides guiding principles on the risk that we actively seek, risks that arise from being in business and risks that should be avoided. In terms of sustainability we:

- Continuously assess the suitability of our products and customer value propositions against ever-changing environmental and social factors, while continuing to fulfil our role of growing the economy in a sustainable and responsible manner
- Actively enhance our understanding on climate change risk and opportunity management, and integrate this understanding into our overall risk management framework
- Identify, assess, and manage sustainability risks to minimise and mitigate negative impacts on employees, communities, society and the natural environment.

Stress testing and scenario planning

Stress testing and scenario planning provide a forward-looking view of financial and non-financial risks under a range of scenarios and sensitivities, and are used to help us to understand the potential impacts of these risks on our business, including our subsidiaries, business lines and portfolios. Stress testing is an integral part of our risk management and quantification approach and is used to alert management of unexpected outcomes from both the decisions they make and from a wide range of external downside/upside factors.

Stress testing forms a pillar of the ERMF in that it contributes to risk identification, risk management and risk mitigation on an enterprise-wide basis. The Group's Board is responsible for approving the Stress Testing Framework and, through the Group Risk and Capital Management Committee, maintains ultimate responsibility for the Group's stress testing Programme.

The Enterprise Stress Testing Framework defines the objectives of stress testing and supports the following key business processes:

- Identification of risks
- Mitigation of risks through the review and challenge of limits, restraining of exposures and/or hedging of underlying risks
- Risk and portfolio management
- Risk appetite setting and measurement
- Strategy setting
- Integrated financial planning
- Integration of regulatory stress test requirements
- The Internal Capital Adequacy Assessment Process (ICAAP), including capital planning and the setting of capital buffers
- The Internal Liquidity Adequacy Assessment Process (ILAAP), including liquidity planning and setting of liquidity buffers
- Development and review of recovery and resolution plans
- Communication with internal and external stakeholders (including Rating Agencies and Regulators) on the sensitivity of Absa Group to external events and macro-economic downturns.

We perform comprehensive stress testing to ensure that we remain well capitalised relative to our business activities, the board's strategic plans, risk appetite, risk profile and the external environment in which we operate.

We perform the following types of stress tests:

- Enterprise-wide (annually)
- Supervisory (as directed by the Regulator)
- Reverse (annually)
- Sensitivity (ad hoc)
- Climate stress test (annually).

During 2022 we performed an exploratory climate risk scenario analysis. This included a historical extreme event assessment where the effects of the recent KwaZulu-Natal floods and droughts in the North-West province were assessed to quantify the impact on the portfolio. A transition risk sensitivity analysis allowed us to conceptualise the deterioration of credit quality due to taxes and restrictions on access to capital. The testing of a physical risk forecasting model showed the results of our internal climate risk stress testing model for the first time.

Details of our risk process and the three lines of defence are outlined in the 2022 Pillar III Report and the 2022 Integrated Report.

Risk reporting

The objective of risk reporting is to provide timeous, accurate, comprehensive and useful information to the Board and senior management to facilitate informed decision-making. Board and senior management risk committees determine their requirements in terms of content and frequency of reporting under both normal and stressed conditions. Risk reporting processes flow from the business unit and relevant risk committees to the ERC and thereafter to Board committees. The content and level of aggregation are adjusted to suit the needs of each committee. Risk reports typically contain the following key information:

- Monitoring and management of the risk profile and key risk metrics per risk type against risk appetite and forecasts, including trend analysis.
- Monitoring of emerging risks and changes in the environment with an assessment of the potential impact on the Group.
- Results of stress testing exercises to assess the adequacy of financial resources and the Group's sensitivity to stresses
- An assessment of the risk governance profile, including an assessment of the degree to which risk frameworks and policies are implemented throughout the Bank and assurance activities.

In 2013, the Basel Committee on Banking Supervision (BCBS) published regulations (BCBS 239) pertaining to the principles for Risk Data Aggregation and Risk Reporting (RDARR). The Group's risk data aggregation capabilities and risk reporting practices are aligned with the principles of BCBS 239.

Operating environment

Global and geopolitical uncertainty remain heightened and are expected to continue impacting global markets and the outlook of the markets where we operate. Risks faced by financial market participants in global and domestic economies remain elevated. The Group's focus remains on proactive risk and capital management to positively position for changes in the operating environment. Risks are actively identified and prioritised, and our consolidated response is monitored to ensure effective implementation achieves the targeted result. Scenario analyses detect potential areas of weakness early and are used to assess response effectiveness. Environmental and social risks impact the Group, its customers and the operating environment. The developing nature of these risks and their monitoring yields high uncertainty.

The following emerging risks impact the environment we operate in:

- Adverse impact of climate and social change:
  - Will negatively impact communities and sharply heighten the Group's credit and insurance risks
  - May cause increased migration and thus tension.
- Complexities in managing social trends and the evolving societies and political environments in which the Group operates. Forthcoming elections may cause social unrest and heighten complexities
- Increasing expectations from stakeholders to integrate sustainability risk management practices with business activities:
  - Change risk will remain heighted as processes, metrics and monitoring is embedded
  - Stakeholders need clarity on the cost and required participation in the Just Transition
  - The Group needs to meet green targets on owned assets.

Our response to these risks is to:

- Reduce the Group's direct environmental footprint in line with its 2030 environmental action plan
- Embed processes to encourage customers to adopt business strategies and practices that align with the Group's Sustainability Policy
- Embed existing financing standards
- Continuously enhance credit and insurance risk data, models and scenario analyses to assess the impact of climate change risk
- Continue to engage with civil societies, shareholder activists and development finance institutions.

Direct and indirect impact on the environment and societies

The failure to implement responsible operational and lending practices to effectively manage and report the impact of the Group's direct and indirect impact on the environment, society and geographies we operate in, is not an acceptable outcome. During the year we have developed and completed the following:

- Developed financing standards for the following climate-sensitive sectors: manufacturing, agriculture, real estate and transport
- Collated quality data to understand and manage exposure to climate-sensitive sectors and associated climate change impacts
- Completed physical and transition climate risk assessments for Mining, Oil and Gas, and Transport and Logistics, and country-level analysis for Absa Regional Operations
- Incorporated climate risk aspects in the Environmental and Social Risk Assessment (ESRA) tool in support of credit Environmental and Social Due Diligence
- Completed the first phase of digitising sustainability risk tools, automating the ESRA tool, and developing an interactive webpage for physical climate risk and an emission dashboard for transition risks
- Performed exploratory climate risk stress test as part of the 2022 annual cyclical stress test, which focused on acute physical risk events on a static balance sheet of select portfolios.

Going forward we endeavour to accomplish the following:

- Continued alignment with the Group's sustainability strategy and target setting
- Define an approach to address biodiversity impact and natural capital risks and opportunities in line with the Taskforce on Nature-related Financial Disclosures
- Embed sustainability risk controls in various business processes across the Group
- Undertake a physical and transition climate risk assessment for the manufacturing and construction sectors
- Continue investing in the development of stress testing capabilities to improve on the foundation laid in 2022
- Foster an understanding of the regulatory environment to implement sustainability risk management effectively
- Conduct a baselining exercise of the Group's financed emissions.

Climate-related opportunities

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

We have made significant progress against our target of financing or arranging R100 billion in sustainable finance by 2025. To date, we have financed or arranged R48.5 (2022: R30.5 billion and 2021: R18 billion) billion, spanning a broad range of themes and sectors. This includes financing green buildings, affordable housing and renewable energy, with sustainability-linked transactions across the healthcare, retail, mining, property and manufacturing sectors. We are also prepared to embrace future opportunities, such as green hydrogen, electric vehicle production and financing, and biofuels, when these become viable in the economies in which we operate.

Diving deeper

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2022 Pillar 3 Risk Management Report

2022 Financial Results Booklet

2022 Integrated Report

2022 TCFD Report

2022 Principles for Responsible Banking Report

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

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

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

The Absa Pension Fund

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

From 2021, the investment strategy of the Trustee Portfolio moved to a fully matching strategy to match the investment strategy for these assets to the nature, term and cashflows of the current pensions in payment, together with the future targeted pension increases (as a percentage of inflation).

The aforementioned strategy is known as a liability-driven investment strategy. The portion of the assets in the Trustee Portfolio not invested in the liability matching strategy or reserve accounts are invested in growth assets to create some potential upside for funding increases above the policy increase. The assets in the liability matching strategy will mainly be invested in South African nominal and inflation-linked government bonds. This strategy aims to fully match the reasonable benefit expectations of the pensioners to receive annual pension increases in line with the inflation target chosen by a pensioner at retirement.

The change in investment strategy implemented in the prior year results in the fund's assets fully matching the nature, term and cashflows of the pensions in payment. As a result, the trustees approved a change to the fund's rules in September 2022 to again allow all members an option, effective 1 January 2023, to purchase a living annuity from the fund, regardless of their date of employment. This change to the rules does not impact the net defined benefit recognised as at 31 December 2022 but will increase the values disclosed for the defined-contribution portion from 1 January 2023.

The pension benefits depend on the long-term investment returns earned on the assets of the Fund. The Fund believes that investing assets in a sustainable manner by integrating ESG factors into investment decisions and active ownership practices protects and improves the long-term investment outcome for the benefit of members and pensioners. The Fund outsources the management of its assets to professional asset managers. These managers are expected to manage the Fund's assets in a sustainable manner, in line with the Fund's Responsible Investing and Proxy Voting Policy. This policy is reviewed on a regular basis to ensure that it remains updated with progress and international best practice on responsible investing.

In 2022, the Fund increased its allocation to the Old Mutual ESG Leaders Tracker Fund and allocated assets to the Old Mutual ESG Leaders Emerging Markets Tracker Fund. The MSCI ESG Leaders Indices target companies that have the highest ESG rated performance in each sector that makes up the index.

The Fund works closely with Old Mutual Stewardship Services to promote good ESG practice on local listed equities and to consolidate all proxy voting on local listed equities in line with the Fund's Responsible Investing and Proxy Voting policy. The Fund reviewed the Old Mutual's activities in 2022 and was satisfied that Old Mutual focused on relevant and pressing environmental, social and governance matters. Both through proxy voting, and through active management engagements, Old Mutual has made progress in changing the views of the leadership of large-listed companies within the Fund's portfolios. During 2022, the Fund reviewed the overall ESG score of its local and global listed equities and was noted that this overall score was more favourable than the Capped SWIX (for local equities) and MSCI (for global equities).

Old Mutual's focus for 2023 will be on the just transition of the economy to reducing its carbon footprint, water scarcity and inequalities in pay and employment opportunities.

The Fund understands that responsible investing is a journey and acknowledges that the evidence of the focus that the Fund has on sound and sustainable investment practices may only become evident over the long term. The Fund is, however, pleased with the active role that they are playing in this space and the short-term positive impact that they have seen.

Other subsidiaries' plans

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

Defined-benefit structure

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

The employer generally determines contributions in consultation with the actuary following the fund valuation to ensure sustainability and financial soundness. Surpluses and deficits are managed per the funds' rules and applicable legislation.

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

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

Defined-contribution structure

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

Diving deeper: 2022 Annual Consolidated and Separate Financial Statements Note 43 Retirement benefit obligations

201-4 Financial assistance from government

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

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

202 Market presence

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

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

In our South African business, we apply a minimum cost-to-company level of R200 000 (2021: R185 080) for full-time employees, male and female, which is higher than the national minimum of R48 243. We disclose the minimum wage in the African Regional Operations in local currencies to avoid exchange rate distortions.

		Legislative financial sector minimum wage annual	Minimum wage per CBA[1] annual	Minimum Absa salary[2] annual
Botswana[3]	BWP	14 315	51 000	n/a
Ghana[4]	GHS	3 518	39 000	n/a
Kenya[5]	KES	n/a	830 064	n/a
Mauritius	MUR	n/a	273 572	n/a
Mozambique[6]	MZN	160 922	161 983	n/a
Seychelles	SCR	74 627	n/a	120 000
Tanzania ABT[7]	TZS	7 104 000	n/a	n/a
Tanzania NBC[7]	TZS	7 104 000	12 000 000	n/a
Uganda	UGX	n/a	n/a	15 790 962
Zambia	ZWM	49 197	107 793	n/a

[1] Collective Bargaining Agreement.
[2] Internal minimum – Market benchmarked ranges.
[3] Botswana – Minimum wage per CBA remained unchanged from 2020. Legislative minimum wage converted from hourly rate to annual rate.
[4] Ghana – Legislative minimum wage converted from hourly rate to annual rate.
[5] Kenya – Does not have a minimum wage specifically for the financial sector; CBA provides for entry level, which can be considered minimum wage.
[6] Mozambique – There were discrepancies in the numbers with the Mozambican Banking Association.
[7] Absa Bank Tanzania and NBC.

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

The South African businesses remain the most significant contributors to our operations. In South Africa, we report against the Amended Financial Sector Code, which focuses on the proportion of historically disadvantaged South African employees. Black[1] representation at top management increased to 46.1% (2021: 44.44%).

Black[1] senior management representation increased to 56.2% in 2022, from 52.4% in 2021 and black female senior management representation increased to 24.4% from 22.2% in 2021.

Diving deeper: 2022 B-BBEE report

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

203 Indirect economic impacts

203-1 Infrastructure investment and services supported

No infrastructure deals reached financial close in 2022.

203-2 Significant indirect economic impacts

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

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

We need to address several challenges to achieve long-term sustainable economic growth. We do this by, among other things, improving employment rates and access to housing and supporting families in planning for their futures. All these goals rely on access to appropriate and responsible finance. In addition, access to appropriate financing is needed to help innovate, develop, commercialise and scale deployment for new solutions that help tackle social and environmental challenges.

We also play a crucial role in enabling the flow of capital towards environmentally or socially beneficial activity. A range of business lines throughout the Group are actively involved in delivering solutions across product groups, geographies and industry sectors. We contribute to public finances through direct taxes and taxes paid by suppliers and customers. Employees, shareholders, customers, and suppliers depend on our profitability. By consistently improving this aspect of our operations, we can continue making a positive economic and social contribution to the development of communities.

204 Procurement practices

Our procurement value chain sets out the principles for governing and managing suppliers through the supplier lifecycle, from appropriate selection to sound performance management and the termination of services. It identifies the various market risks that cover business continuity and concentration risk. Our Group Procurement Policy, revised annually, promotes responsible sourcing and is supported by our Supplier Diversity Standard, External Supplier Management Standard, and Supplier Code of Conduct.

Our Supplier Code of Conduct and contracting provisions adhere to the International Labour Organization principles. Absa Group Procurement continues to embed the Absa Way Code of Ethics and to this end developed the Supplier Code of Ethics implement the environmental, social and corporate governance imperatives and manage risks the bank is exposed to through association with suppliers. The Supplier Code of Ethics determines the ethical values, standards, principles, and guidelines that bind our suppliers in all their dealings with the Group. It intends to offer a harmonised approach to responsible sourcing while managing risks and opportunities effectively.

We welcome engagements with our suppliers as opportunities to improve and evolve our practices. As part of these engagements with suppliers, and through contractually binding obligations we insist on behaviours and practices that are in line with our standards and policies; with specific consideration for health and safety, freely chosen employment, avoidance of child labour, working hours, fair wages and benefits, freedom of association and diversity and inclusion.

This is enabled by rigorous due diligence before entering into relationships with key suppliers, and continuous monitoring to avoid adverse impacts in our supply chain. To this end we have:

- Implemented Coupa Risk Assess in collaboration with our compliance partners to ensure that the Supplier Code of Ethics considerations are factored into the procurement onboarding value chain to proactively identify and manage the potential adverse impact on Absa's brand and reputation
- Developed an enhanced due diligence process to identify ethics risks before entering supplier relationships, providing Absa with an opportunity to either decline to do business or manage the risk where there is an appetite to do business with a particular supplier
- Hosted a supplier ethics day in October 2022 to raise ethics awareness with our current and potential suppliers.

Furthermore, we have been assessed by independent agencies and achieved the following recognitions as a result of the focused approach to this vital topic:

- ISO 370001 certification
- Chartered Institute of Procurement and Supply Ethics Kite Award.

In adhering to our Supplier Code of Ethics Policy, we align with risk management and sustainability frameworks. In managing the aforementioned risks and frameworks, we enable responsible sourcing and supplier engagement. Our suppliers must establish and demonstrate a baseline for ESG practices and management from which future performance improvements and impact can be tracked, measured and communicated.

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

Our enterprise and supplier development approach supports entrepreneurs in growing their businesses and therefore contributes to job creation. Depending on the strategic relationship, the contracts are long term, to a maximum of five years. These contracts have a specialised service orientation that is not labour intensive.

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

Within procurement, ESG is driven by various regulations, including the guidelines in the GRI. We are committed to respecting and upholding human rights in all our operations. Absa seeks to operate in accordance with the Universal Declaration of Human Rights and the associated International Bill of Human Rights and takes account of other internationally accepted human rights standards, including the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the Convention on the Elimination of all Forms of Discrimination Against Women and the International Labour Organisation Core Conventions and Treaties.

Procurement through third-party service providers, in the public and private sector is subject to public scrutiny and criticism. As a publicly traded company in the banking sector, we are subject to additional regulations and requirements for responsible lending:

- We are a regulated financial services provider and corporate citizen
- The procurement of products and services is subject to our Enterprise Risk Management Framework and governance requirements as stipulated in the Absa Group Procurement Policy
- We seek mutually beneficial relationships with suppliers and third-party service providers based on merit
- We promote responsible and inclusive procurement practices, applying appropriate standards of integrity and good practice in building thriving, inclusive and healthy supplier relationships
- We believe creating opportunities for SMMEs to access corporate supply and delivery chains is one of the most efficient and consistent ways established corporates can contribute to sustainable entrepreneurial development.

There were no significant and/or material adverse impacts on our supply chain. The following disclosures will be implemented through a phased approach. This phased approach will enable adequate third-party monitoring and performance reporting:

- **Phase 1** – With the publication of various frameworks, policies and standards in December 2022 the requirements, descriptions and assessment criteria will be implemented in 2023
- **Phase 2** – Refine the assessment criteria and incorporate these into our value chain monitoring process covering child, forced or compulsory labour and negative social impacts. This operationalisation will follow the above frameworks
- **Phase 3** – Align the reporting capability that is material in nature and periodically include and monitor in the ESG report going forward. Engagement with the suppliers on the requirements for environmental, social and sustainability aspects will occur concurrently.

In terms of the assurance standard and methodology, an assurance team provides periodic onsite reviews on a sample basis. Any gaps identified are updated by the supplier and/or third party and validated by the business. The focus is on specialised risk types, such as cyber and data privacy.

204-1 Proportion of spending on local suppliers

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

In South Africa, our total procurement spend was R19.5 billion, of which R15.2 billion (77.9%) was with locally registered suppliers (2021: R18.9 million; R16.0 billion; 84.7%). The weighted spend (calculated in accordance with the Department of Trade, Industry and Competition's Financial Sector Code) is allocated as follows:

- R2.6 billion with 1 099 exempted micro enterprises and 345 qualifying small enterprises (2021: R4.4 billion; 698 small to medium enterprises and 413 qualifying small enterprises)
- R7.0 billion with 641 suppliers who are 30% or more black women-owned (2021: R6.5 billion; 462 suppliers)
- R8.8 billion with 1 089 suppliers who are 51% or more black-owned (2021: R8.5 billion; 773 suppliers)
- R1 billion with 340 designated suppliers, including unemployed and disabled individuals, youth, black military veterans, and employees from rural and underdeveloped areas (2021: R642.1 million; 43 designated suppliers).

We also contributed R232.7 million (2021: R140.0 million) to supplier development initiatives, which included R164 million (2021: R68.5 million) in funding at preferential interest rates and R68.7 million in business development support services and capacity-building grants for SMEs supplying goods and services to Absa.

Beyond the borders of South Africa, in our regional operations and international offices, we spent R2.8 billion (2021: R2.1 billion). We focus on electing and contracting with local entities wherever possible. We also collaborate with multinational corporations to identify and develop local companies to promote the growth of the respective countries' economies by, for example, subcontracting with SMEs.

Diving deeper: 2022 B-BBEE report

Inaugural National Presidential SMME and Cooperatives Awards – Absa won the Inaugural National Presidential SMME and Cooperatives Award for Supporting Small Business Development for over 20 years. The awards recognise and celebrate outstanding SMMEs, SMME financiers, entrepreneur support organisations and success stories from enterprise supplier development programmes. Additionally, the recognition goes to businesses that have shown resilience and managed to sustain operations during and after the COVID-19 pandemic

In 2022, we continued the partnership with external stakeholders to develop the capacity and expertise of SMEs.

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

- Provided access to markets for SMEs by procuring personal protective equipment from SMEs for distribution to Absa stakeholders nationally
- Supported the Annual Smart Procurement Indaba, the first in-person and online exhibition since the pandemic, to over 1 000 corporates and chief procurement officers for SMEs, including a year's membership to the online platform
- Featured certain SMEs on the eTV Gamechangers show, discussing their business offerings with the audience.

205 Anti-corruption

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

Our Group-wide Risk Management and Compliance programme covers financial crime holistically and consequently, underpinned by the Group Anti-money Laundering Policy, Group Sanctions Policy and Group Anti-bribery and Anti-corruption Policy and associated standards. Furthermore, training interventions are rolled out periodically to ensure that employees are aware of their responsibilities regarding the Financial Intelligence Centre Act and Group policies.

International Organisation of Standardisation (ISO) Certification – Absa was accredited with the ISO37001 Standard, an international anti-bribery management systems standard aimed at combating bribery risk throughout the organisation

Uniting for wildlife

Domestically, South Africa is considered a source country for wildlife crime, with illegal wildlife trade encompassing the illegal harvesting/poaching of high-value species such as rhinos, lions, and elephants from the Kruger National Park and Greater Kruger reserves, and the illegal trade of animal parts (for example, rhino horn) to external markets.

Absa is an active member of the expert working group on illegal wildlife trade formed by the South African Anti-Money Laundering Integrated Task Force. The expert working group aims to address the risks posed by illegal wildlife trade to increase the knowledge about the financial flows linked with illegal wildlife trade supply chains among financial institutions, law enforcement and prosecuting authorities.

We continue to work in partnership with United for Wildlife to bolster the awareness of illegal wildlife trade and strengthen our efforts and effectiveness in fighting this criminal activity. Absa participated in an event hosted by United for Wildlife in Kasane, Botswana, to raise awareness of illegal wildlife trafficking in the region. We were joined by the South African Financial Intelligence Centre together with another South African Bank. Absa also participated in an event hosted by United for Wildlife and Eastern and Southern Africa Anti-Money Laundering Group, where the purpose was to establish a United for Wildlife regional chapter in Southern and Eastern Africa and to heighten the benefit of public-private partnerships for fighting wildlife crime and financial crime broadly.

Absa has leveraged its membership in United for Wildlife to gain an additional membership to the established East Africa Chapter, which also extends membership to the respective country's Money Laundering Reporting Officers. This aims to gain further insights and expand regional collaboration on illegal wildlife trade and related offences.

205-1 Operations assessed for risks related to corruption

Absa performs regular bribery and corruption risk assessments for the Group, identifying the level of bribery and corruption risk that the Group might reasonably anticipate. These risks tend to relate to the countries where we conduct business, how we engage certain parts of our diverse customer base, and how we manage third-party relationships.

We analyse, assess and prioritise the identified bribery risks and evaluate the suitability and effectiveness of the existing controls to mitigate these risks for the Group. The assessment is informed by quantitative and qualitative measures and is performed monthly with oversight by the relevant governance structures. The financial crime function monitors the completion of action plans to mitigate identified key risks.

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

We also provide support to Corruption Watch and Business Against Crime South Africa. The Group is now formally certified and accredited for ISO 37001. The certification demonstrates our dedication to implementing and maintaining a compliant and effective anti-bribery management system to support overarching principled business practices.

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

Our Anti-bribery and Anti-corruption Policy and related standards, processes and controls are in place to mitigate bribery and corruption. The policy is benchmarked against international practices and standards to comply with legislation in all jurisdictions in which Absa operates. It considers the recommendations of various financial crime international standards-setting bodies, such as the OECD and Development Anti-Bribery Convention, the United Nations Global Compact or UK Bribery Act, and ISO 37001.

The policy is formally reviewed, and we benchmark the control requirements to independent ratings or best practices. The policy and related standards, published on the Group intranet, are communicated to and apply to all employees. Suppliers and third parties (including introducers, who win or retain business on behalf of Absa) sign specific contractual clauses that outline Absa's expectations regarding anti-bribery and ethical behaviour, specify anti-bribery requirements and processes for monitoring, reappointment, remediation, termination and exit. We also take a zero-tolerance approach to facilitating tax evasion in any country and have procedures to prevent it. We expect the same from our agents and third parties providing services to the Group or on our behalf. Our anti-bribery and anti-corruption statements are shared with our correspondent banks.

Training and awareness

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

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

Further awareness training is conducted in addition to our electronic training and other awareness campaigns throughout the year. 99.4% of our employees received anti-bribery and anti-corruption awareness training and 98.5% fighting financial crime in 2022.

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

Initiatives and stakeholder engagement to improve the broader operating environment and culture to combat corruption are conducted with the South African Anti-Money-Laundering Integrated Task Force, the Banking Association of South Africa and collaboration with the Royal United Service Institute.

205-3 Confirmed incidents of corruption and actions taken

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

Any breaches can be reported via the whistleblowing process. Non-adherence to any requirement in the Anti-bribery and Anti-corruption Policy may result in disciplinary action, which could lead to dismissal. Any improper payment/settlement could cause substantial reputational harm to Absa and expose the Group to prosecution, regulatory censure or other sanctions for engaging in unlawful activity.

The number of disciplinary cases as a percentage of employees remains stable. Most matters dealt with in 2022 related to less serious offences. Of the 1 690 disciplinary cases concluded in the year (2021: 1 557), 422 were due to ethical breaches (2021: 414). In addition, no third parties were under review for possible corruption-related violations.

There were nine confirmed incidents where employees were dismissed or disciplined for corruption regarding gratification paid to staff by suppliers or clients. Appropriate actions such as dismissal, suspension, disciplinary processes and reporting to the relevant authorities were taken.

There were no confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption and no public legal cases regarding corruption were brought against the bank or its employees during the year.

206 Anti-competitive behaviour

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

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

Competition laws prohibit anti-competitive behaviour, such as unlawful collaboration with competitors, which would disadvantage clients and customers.

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

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

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

Data Protection Certification – Absa Mauritius was the first bank in Mauritius to receive Data Protection Certification from the Mauritius Data Protection Commissioner. The certification recognises Absa's strides to embed a data privacy culture and comprehensive compliance with the Mauritius Data Protection Act

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

Normalised

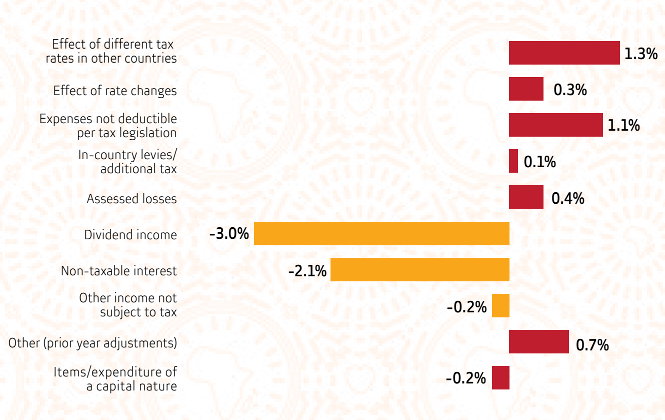
Profit before tax	Total net tax charge	Effective tax rate
R31.7bn	R8.4bn	26.4%
Cash tax rate	**Adjusted profit before tax**	**Corporate tax paid**
29.5%	R31.9bn	R8.4bn

International Financial Reporting Standards (IFRS)

Profit before tax	Total tax charge	Effective tax rate
R30.7bn	R8.1bn	26.4%
Cash tax rate	**Adjusted profit before tax**	**Corporate tax paid**
30.5%	R30.8bn	R8.4bn

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

Our effective tax rate is 1.6% lower than the South African rate (with the rand as our reporting currency). Moreover, our corporate tax rate is 28%.



Profit before tax provides the starting point for each country's corporate income tax calculations to determine their taxable income. The effective tax rate, as disclosed in the Annual Consolidated and Separate Financial Statements Note 39, is based on the total tax charge as a percentage of the profit before tax and not only the corporate income tax charge. In each country, the corporate tax rate multiplied by the profit before tax may not necessarily reflect the total tax charge, which gives rise to the effective tax rate reconciliation. For more information, see page 71.

Our tax contributions include tax on profits, withholding taxes on dividends and certain other income received, and VAT on goods and services from suppliers. Unlike most other businesses, banks can only claim back a proportion of the VAT incurred in daily operations, making this a significant final cost. We also collect taxes on behalf of governments and others. Taxes paid and taxes collected make up our total tax contribution.

Although the Isle of Man is considered a low-tax jurisdiction (tax haven), it remains cooperative on tax matters in terms of transparency and effective exchange of information and is a member of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS). Notwithstanding the zero tax in Isle of Man, Absa Manx's net income is included in Absa Group Limited's income and taxed accordingly at the South African corporate income tax rate of 28% in line with the South African Controlled Foreign Company rules.

Responsible approach to tax

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

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

Tax is a complex area, and we understand the importance of having strong governance concerning our tax affairs. All employees adhere to a set of documented standards and procedures. These standards are under continuous review and are revised to align with material changes to our business operations. Our tax strategy is reviewed and approved every three years at the Absa Tax Committee and annually reviewed internally by Group Tax during the annual strategy pillar session. The Absa Tax Committee is a senior committee reporting to the Group Audit and Compliance Committee (GACC). It is chaired by the Financial Director, with membership including the finance executive committee and Absa Legal.

We have appropriate controls and procedures in place to ensure compliance with relevant tax legislation in all jurisdictions in which we operate. This includes compliance with transfer pricing legislation and documentation, as required by the OECD. We are also subject to South African Controlled Foreign Companies legislation aimed at taxing passive income realised by foreign subsidiaries.

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

As part of our alignment with the Enterprise Risk Management Framework, Group Tax owns and drives the Tax Risk Policy, Tax Risk and Control Framework and Tax Standard, with supporting Tax Standards.

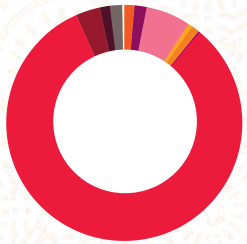
Our Client Tax Standard sets out the requirements from a tax perspective on client conduct and our approach to protecting our reputation to ensure clear roles and responsibilities between business and Group Tax. It also sets out clear guidance on tax advice and the client's responsibility regarding their tax matters, which

Taxes collected on behalf of governments
(2021 comparatives)

Per tax type (%)

- **73.6** (72.8) PAYE
- **0.7** (0.7) Unemployment Insurance fund/Social security
- **2.1** (1.4) Security transfer tax
- **23.6** (25.1) VAT recovered

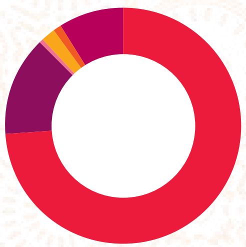
Per country (%)



- **1.6** (1.8) Botswana
- **1.5** (1.7) Ghana
- **6.1** (6.1) Kenya
- **0.8** (0.6) Mauritius
- **1.1** (1.5) Mozambique
- **0.2** (0.8) Seychelles
- **82.4** (81.0) South Africa
- **3.2** (2.5) Tanzania
- **1.5** (2.2) Uganda
- **1.7** (1.7) Zambia
- **0.0** (0.1) Namibia and UK

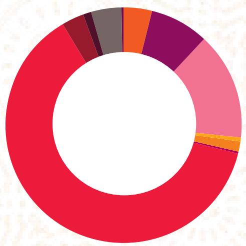
Taxes paid
(2021 comparatives)

Per tax type (%)



- **74.2** (65.5) Corporate tax
- **13.7** (18.6) Irrecoverable VAT
- **0.6** (2.0) Payroll taxes
- **1.9** (2.5) Regional Service Council Levy
- **1.2** (1.9) Property taxes
- **8.7** (9.5) Withholding taxes

Per country (%)



- **4.1** (1.4) Botswana
- **8.0** (11.3) Ghana
- **14.6** (6.5) Kenya
- **0.7** (1.2) Mauritius
- **1.4** (2.4) Mozambique
- **0.3** (0.1) Seychelles
- **62.5** (70.5) South Africa
- **3.1** (2.5) Tanzania
- **1.1** (1.6) Uganda
- **4.0** (2.4) Zambia
- **0.2** (0.1) Namibia and UK

remains the client's responsibility. Our tax principles must always be adhered to, which is also a risk management measure when it comes to client engagements.

Our tax risk appetite includes quantitative and qualitative measures, contributing to managing tax risk measurably and substantively.

The key risk indicators included in our tax risk governance documents are quantitative measures used to evaluate tax compliance. We measure these quarterly across the Group and consider them essential in assessing our tax risk appetite. The timeous submission of tax returns, the timeous payment of taxes and the transfer pricing end-to-end process are three critical processes, which are also measured and monitored through the key risk indicator process.

We report on the number of late tax returns filed outside the statutory deadlines, the number of tax payments that were late and not submitted within the required timelines, and the number and value of tax penalties imposed by tax authorities due to the late payment of taxes and the value of transfer pricing adjustments from operational errors.

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

Mechanisms to report unethical behaviour

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

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

Our philosophy

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

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

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

We consider the needs of all stakeholders, including shareholders, customers, tax authorities, regulators, and society. We only undertake tax structuring if it is aligned with our tax structuring principles. We align our tax and businesses' strategies to ensure that we legally optimise commercial outcomes.

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

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

We use appropriate automated systems and processes to manage tax compliance efficiently and effectively, including the retention of necessary tax documentation.

Our tax code of conduct

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

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

We consult with reputable external advisers to manage our tax position and ensure that we make appropriate and well-informed decisions.

Our tax structuring principles

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

- Support genuine commercial activity
- Comply with generally accepted custom and practice, in addition to the law
- Not be of a type on which the tax authorities have previously formally raised concerns
- In the case where Absa structures transactions and products involving third parties, customers/clients and third parties must be advised to assess their tax risks
- Be consistent with, and be seen to be consistent with, Absa's Purpose and Values.

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

Our tax practices

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

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

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

Our customers and our tax practices

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

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

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

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

Tax reporting

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

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

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

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

Where the final tax outcome of these matters differs from the amounts initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the reporting period during which the determination is made. We manage these risks in accordance with the Group's Tax Risk Policy.

Absa operational footprint

Corporate tax rate per country (%)

Country	Rate	Country	Rate
Botswana	22	Nigeria[4]	30
Czech Republic	19	Seychelles[5]	33
Ghana	25	South Africa[6]	28
Isle of Man[1]	0	Tanzania	30
Kenya[2]	30	Uganda	30
Mauritius[3]	15	United Kingdom[7]	19
Mozambique	32	United States[8]	21
Namibia	32	Zambia[9]	30

1 Corporate specific
2 Resident corporate
3 3% for companies exporting goods
4 Large companies
5 25% on the first SR 1,000,000 of taxable income and 33% on the remainder
6 27% from 2023 for Absa Group companies
7 Main rate to increase to 25% from 1 April 2023
8 Federal CIT: 21%
9 35% in prior year

Our joint tax audit partners sign-off on the group financial tax disclosure notes in the Consolidated Annual Financial Statements.

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

Stakeholder engagement

We participate in local tax reform and the development of effective tax systems through tax workgroups of the Banking Association South Africa (BASA), the Association for Savings and Investment South Africa (ASISA), the South African Institute of Taxation (SAIT) and the National Treasury. Absa will continue to actively engage in tax developments relating to the financial services industry and will be involved in the relevant discussions regarding tax policy and tax legislation as they arise.

Nature of operations

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

Country	Number of employees	Tangible assets other than cash Rm	Revenue less other income Rm	External revenue %	Profit before tax Rm	Total tax expenditure Rm	Total tax payments Rm	Corporate taxes Rm	Payroll taxes Rm	Irrevocable VAT[2] Rm	WHT and other taxes Rm
Botswana	1 073	279	2 551	104.2	1 212	304	459	317	0	25	117
Ghana	1 187	273	3 536	94.1	(834)	655	902	782	0	19	101
Kenya	2 304	561	6 587	98.5	2 968	930	1 656	1 323	0	52	281
Mauritius	754	249	2 086	99.6	813	117	78	76	0	0	2
Mozambique	767	741	1 903	99.3	509	139	162	29	0	62	71
Seychelles	270	171	639	90.7	152	30	32	26	0	0	6
South Africa	25 719	11 940	72 689	99.7	22 280	5 665	7 079	5 150	67	1 354	508
Tanzania	1 478	583	2 614	97.9	799	237	347	245	1	0	101
Uganda	922	179	1 816	98.2	797	151	119	0	(1)	35	85
Zambia	786	691	2 857	103.1	1 904	606	454	404	0	0	50
Other[1]	1 073	55	153	0.0	199	17	23	20	0	0	3
Total	35 451	15 722	97 431		30 799	8 851	11 311	8 372	67	1 547	1 325

[1] Representative offices in Namibia, Nigeria, Isle of Man, United Kingdom and United States.
[2] At this stage, the irrecoverable VAT in certain African jurisdictions is not reflected separate from the original expense.

Explaining the numbers

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

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

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

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

Corporate taxes: Payments made in 2022, but these rarely relate directly to the profits earned in the year as tax on profits is paid across multiple years, and taxable profits are calculated as prescribed by tax law. This usually results in differences between accounting and taxable profits. Relatively high corporate tax may be paid when accounting profits are low and vice versa. The amount of corporate tax paid is not separately disclosed in the financial statements. In some African jurisdictions, additional taxes are levied through stabilisation levies, financial sector recovery levies, turnover taxes and other percentage-based levies. The normalised effective tax rate for the Group is 26.4% (2021: 27.4%). Non-taxable dividend income and non-deductible expenditure, which is not disbursed in the production of income, are the main drivers of the effective tax rate, as disclosed in the notes to the annual financial statements.

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

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

Withholding tax (WHT) and other: Withholding taxes comprise the tax charged on dividends or other income received, typically paid at the point of a distribution from one country to another. We have kept these amounts separate from the corporate taxes paid. Other taxes are the material property taxes that were paid in 2022 and include, for example, taxes on the properties used in our business, including our network of branches. Other taxes include regional services levies, which are applicable in some jurisdictions.

This reconciliation will refer to several factors, such as additional foreign tax expenses or withholding taxes included in the total charge; non-taxable or non-deductible items included in the profit before tax adjusted for taxable income purposes or even different country corporate tax rates being consolidated into a single reporting group (reconciled to a 28% South African corporate tax rate). In many tax jurisdictions, capital items are treated differently and will also contribute to reconciling items.

In any particular year, some adjustments might be made concerning a prior year to align the tax charge previously reflected with the tax returns submitted in relation to such a prior period. The difference between the effective tax charge and the corporate income tax charge primarily relates to the items of income or expenses that are taxable or deductible in different years. The difference between the effective tax charge and the corporate income tax charge primarily relates to the items of income or expenses that are taxable or deductible in different years. The difference in the effective tax/total tax charge disclosed, compared to the total corporate taxes paid in actual cash terms, will primarily relate to:

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

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

Environmental[1]

[1] Numbering in line with GRI disclosure

300 Environmental

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

To help us reduce and mitigate the adverse direct environmental impacts of our operations and enhance our environmental performance we apply our Environmental Management Standard that is aligned to the ISO 14001: 2015 environmental management system framework. We are in the process of finalising an appointment of an accredited body to assist us in certifying our Pretoria Campus and Towers West campuses for ISO 50001 in 2023. We collect and report environmental data related to energy, waste, water, paper and business travel in cases where we have operational control and are financially responsible, as recommended by the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). The travel data we analyse relates to business travel only and excludes commuter travel. The reported figures do not include environmental data from joint ventures, investments or sub-leased properties owned or leased by Absa.

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

We calculated our base-year after we separated from Barclays PLC. Our energy and carbon footprint baselines, which include all energy types, were externally verified and assured according to ISAE 3410 in the Assurance Engagements on Greenhouse Gas Statement. To respond to the wide-ranging impacts, the overall environmental performance status remains in line with expectations. The direct environmental performance for January to December resulted in five of the nine metrics performing above, and three below, the set targets. Going forward, as pandemic restrictions ease, we will focus on project-based targets, specifically renewable energy, carbon offsets and certified spaces, with no significant investments incurred in these areas. To date, we have made pleasing progress against these targets. We continue to drive the environmental agenda with successful environmental campaigns and initiatives to meet our targets, such as solar photovoltaic (PV), efficient lighting, green-certified spaces, and water-saving projects. We had no significant environmental, social or governance related incidents or breaches during the reporting period.

Targets	Year-on-year change	Change from 2018 baseline	2030 target (2018 baseline)
Energy	4.3%	33.2%	30% reduction
Carbon	5.5%	21.3%	51% reduction
Water saving	96.4m[1]	110.7m	100m litres saved
Waste diversion	4.2%[2]	11.8%	80% waste recycled
Paper[2]	23%	83%	50% reduction
Renewable energy	0.1%	0.2%.	10% increase
Travel	-205.4%	38.7%	20% reduction
Green-certified spaces	10.1%	19.7%	33% increase
Carbon offsets	15.4%	15.4%	100% increase

1 14.75ML and 81.35ML saved from grey water systems and leak detection, respectively.

2 69% of waste diverted from landfills for recycling and composting in 2022 (South Africa only) (2021: 65%; 2020: 63%)).

3 % of total gross letting area (GLA).

301 Materials

301-1 Materials used by weight or volume

301.2 Recycled input materials used

301.3 Reclaimed products and their packaging materials

We are targeting a 50% reduction in paper usage by 2030 against our 2018 baseline, with an in-year targeted decrease of 4%. We purchased 438 tonnes (2021: 847 tonnes) of responsibly harvested Forest Stewardship Council-certified paper in South Africa. Our paper consumption reduced by 8.5%, resulting in an overall reduction of 74.2% against the baseline. This reduction can largely be attributed to the shift to remote working, resulting in reduced access to printers and continued digitisation of processes. All our waste paper is recycled. While we do not use recycled input materials or reclaimed products and packaging, certain Absa-branded gifts, such as notebooks, are made from recycled materials.

302 Energy

302-1 Energy consumption within the organisation

302-2 Energy consumption outside of the organisation

302-3 Energy intensity

302-4 Reduction of energy consumption

302-5 Reduction in energy requirements of products and services

We measured energy consumption where we had operational control. Direct and indirect energy use at automated teller machines (ATMs), parking lots, undeveloped land, residential properties, signage, certain warehouses, and sports and recreation facilities were estimated by Absa and shown to be significantly below our materiality threshold of 1% of total Scope 1, 2 and 3 emissions. Emissions from these sources will be disclosed in the future if determined to be material. The total energy was calculated in kWh from renewable energy, fuel for back-up power generation (diesel and gas) and electricity from the national grid (excluding steam). We do not measure energy consumption outside the organisation, or the energy requirements of the products and services provided to our customers. 47% of our electricity data derives from smart meters installed across our portfolio, while 53.7% of the data, including from our African Regional Operations, is derived from an estimation methodology and is measured in kWh. Our diesel data is calculated from litres of diesel refuelled and converted to kWh, while natural gas consumption is measured from invoiced gigajoules (GJ) consumed, which is also converted to kWh.

Energy type	2018 (base year)	2019	2020	2021	2022
Renewable	1 995 524	1 958 756	1 857 332	1 687 208[LA]	**1 833 851[LA]**
Solar PV (kWh)	1 995 524	1 958 756	1 791 801	1 494 069	**1 638 504**
GigaJoule (GJ)	(7 184)	(7 052)	(6 450)	(5 379)	**(5 899)**
Wind (PPA)	–	–	65 531	193 139	**195 347**
GigaJoule (GJ)	–	–	(236)	(695)	**(703)**
Non-renewable	321 137 577	277 878 952	222 735 993	223 972 412[LA]	**214 129 164[LA]**
Gas (kWh)	79 722 023	74 553 565	34 369 589	35 405 866	**34 423 152**
GigaJoule (GJ)	(286 999)	(268 393)	(123 731)	(127 461)	**(123 923)**
Diesel (kWh)	3 496 319	5 437 686	6 669 681	8 529 873	**22 175 521**
GigaJoule (GJ)	(12 587)	(19 576)	(24 011)	(30 708)	**(79 832)**
Grid electricity (kWh)	237 919 235	197 887 701	181 696 723	180 036 673	**157 530 491**
GigaJoule (GJ)	(856 509)	(712 396)	(654 108)	(648 132)	**(567 110)**
Total (kWh)	323 133 101	279 837 708	224 593 325	225 659 620[LA]	**215 963 015[LA]**
GigaJoule (GJ)	(1 163 279)	(1 007 416)	(808 536)	(812 375)	**(777 467)**
Energy intensity ratio (kWh/m²)	273	242	201	215	**219**

Note: All the energy consumption figures have been restated to align with the financial year period.

[1] Total energy includes: renewable energy (solar and wind) and non-renewable energy (grid electricity, natural gas and diesel).

[LA] Limited assurance: PwC conducted limited assurance on the total energy use and carbon emission indicators, designated with an 'LA' marking. Refer to the Limited Assurance Report for more information.

[2] Gigajoule conversions are based on IPCC Default Calorific Values.

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

We are targeting a 30% reduction in energy consumption by 2030 against the 2018 baseline, with an in-year targeted decrease of 3%. In 2022, we achieved a 4.3% reduction (33.2% reduction against the baseline). This is primarily attributable to continuous reduced occupancy in our buildings because of remote working, implementation of efficient space reduction through property consolidation and dedicated energy projects, such as energy-efficient lighting. While we realised a significant decrease in our energy consumption, our diesel consumption has doubled compared to the previous year's usage. This is due to continuous power supply constraints that caused the bank to rely heavily on diesel back-up generators for business continuity. This has impacted our energy and carbon reduction targets, the overall utilities cost (high fuel increases), maintenance cost and carbon tax liability. We are looking at possibilities to increase our renewable energy through green power purchases, wheeling power and investing in solar plants for our buildings.

Energy reduction initiatives

Electricity smart metering

Our approach to energy management is to measure and understand our footprint. We do so by investing in reliable measuring and monitoring tools that enable us to reduce and manage our energy consumption. In 2022, we increased our electricity smart metering and building management system (BMS) coverage to 89% (643,439m²) for our South African operations at a cost of R0.793 million on electricity only.

Efficient lighting rollout

Energy efficiency is at the heart of our building operations; therefore, we continue to invest efforts in all our direct operations as one of the areas to accelerate progress towards attaining our energy and carbon reduction targets. We have embarked on a medium- to long-term journey to phase out all inefficient lighting in our premises. The approach has been to replace old light fittings earmarked for end-of-life cycle along with new fittings for refurbishments and new construction. This year we invested R19.3 million to replace LED lighting in 26 retail sites and five corporate sites with a projected saving of 447 576kWh/a, and 483tCO_2e per annum. To date, 80% of our operations are retrofitted with energy efficient LED lighting. We aim to install energy-efficient lighting at an additional 125 sites in 2023.

Sustainable energy

Renewable energy

In line with our decarbonisation strategy, we are committed to being carbon neutral and increasing our renewable energy usage by 10% by 2030. This is our first step to diversifying our energy mix, increasing energy security, growing our use of cleaner energy and proactively contributing to the global ambitions of combating climate change. Furthermore, we have committed to our targets and voluntarily participated in sustainable finance initiatives since the official launch of the Green Finance Taxonomy with the National Treasury.

Significant power cuts in South Africa during the year negatively impacted our business. However, Absa's resilience profile remains fit for purpose – using both natural gas and back-up diesel generation to continue business operations. This resulted in increased carbon tax liability and utility costs. We strive to maintain operations by transitioning to a low-carbon business and reducing our reliance on fossil fuels.

We have five solar plant installations (4 corporate and 1 retail site) and an additional two retail branches that collectively use clean wind energy that is 'wheeled' through a municipal grid network as part of a power purchase agreement we hold with a local energy trader, contributing 1% (7.3 GWh) to our total energy consumption. The installation of additional solar photovoltaics panels on two corporate sites will be completed in the first quarter of 2023. At the same time the bank is rolling out solar pv installations at the retail branch networks as part of a resilience strategy and decarbonisation of our electricity supply. We expect our renewable energy consumption to increase in the year 2023 above our target of 5% during this period.

We piloted a solar photovoltaic installation with battery storage at our Wilkoppies branch in Klerksdorp, and over three months, it produced 5 571.78 kWh.

To build on our efforts to increase our renewable energy usage:

- We have concluded the power purchase registration of the Moffet Park site to use clean energy to be reported in 2023
- We committed to converting 128 retail branches to solar power over the next three years. In 2023, 81 sites will be converted.

Energy performance certificates

We have identified sites within the thresholds of the South African Energy Performance Certification regulation. The regulation applies to non-residential buildings that have not undergone major renovations within the last two years of operation and any existing building with a net floor area exceeding 2 000m^2. These buildings must display energy/m2 and obtain certificates for energy performance within two years. During the eligibility assessment, 51 buildings were identified as falling within the certification threshold in line with the regulation, which decreased to 39 buildings (21 freehold and 18 leasehold) due to portfolio movement and downsizing of retail branches. We have obtained certificates for 11 freehold sites, with six already in the advanced stages of certification and four more to be submitted. Of the 18 leaseholds, we will only certify three retail locations, with the remaining 16 falling within the landlord's responsibility. In November 2022, the Department of Mineral Resources and Energy announced a three-year extension of the energy performance certificates deadline, from 7 December 2022 to 7 December 2025. While the extension allows building owners more time to prepare for the certificate submission for the required buildings we will continue tracking and monitoring the certification of all relevant buildings we occupy.

303 Water and effluents

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

We access water from municipal water supplies and, in select circumstances, from boreholes and rainwater harvesting. Our water uses include drinking, cooking, cleaning, irrigation, air-conditioning, showers, and toilets. We release non-hazardous discharged water from toilets and kitchens into the municipal drainage system and local wastewater treatment plants. In addition, three of our corporate offices in South Africa and Botswana have greywater recycling plants, including rainwater harvesting, which is used for flushing toilets.

We measure water consumption within our operational boundary. We are targeting a 100 million litre reduction in water usage by 2030, with an in-year target of 7 million litres. In the reporting year, 14.8 million litres were saved from grey water systems and 81.3 million litres from leak detection initiatives in 2022.

Water reduction initiatives

Water scarcity is the second most significant threat to our business since our premises fall within areas where water stress remains a risk. Africa is largely a water-stressed continent, and we have experienced drought and water shortages in selected circumstances. This, however, has presented an opportunity to reassess how we run our facilities, working closely with the municipalities to keep abreast of the local restrictions and adaptation strategies for business continuity. Internal measures, such as back-up water systems, have been introduced to ensure that our buildings have access to water. In 2022, we supplied 16 kilolitres (Kl) of potable drinking water and 61 kilolitres (Kl) of greywater tanks for flushing toilets to selected sites in the Eastern and Western Cape provinces.

As an extension of our internal water crisis management campaign, we continue to educate and raise awareness among our employees and communities regarding responsible water usage within our water-scarce context.

In our South African property portfolio, water is quality tested according to SANS 241 every quarter. We also adhere to the Department of Environmental Affairs regulations regarding the ecology and biodiversity of our campuses. This includes controlling invasive species to protect our indigenous fauna and flora, which consume less water than identified alien species.

Water smart metering

We have improved our smart metering installation coverage to 51% (2021: 43%), enabling the Group to start measuring and reporting a three-year comparison of our water usage. Through accurate measurement and reporting, we identified optimisation opportunities such as leak detection. Most of our water consumption is still estimated. However, we have committed to a long-term plan to increase our smart meter installations.

Water consumption (litres)	2021	2022
Withdrawal (municipal)	190 080	**194 622**
Recycled water (greywater)	4 843	**14 788**
Leak detection	11 180	**81 352**
Total water consumption	206 103	**290 762**
Water intensity ratio (Kl/m^2)	0.18	**0.20**
Water intensity ratio (Kl/FTE)	5.4	**5.9**

[1] All the water consumption figures have been restated to align with the financial period.

Water-efficient toilets

We are committed to reducing our water consumption by 100 million litres by 2030. In line with this ambition, we successfully piloted low-flow toilet technology at our Auckland Park call centre. The facility consumes approximately 1 500kL of water monthly, with toilet flushing consumption accounting for 60% of freshwater. We saw an opportunity to reduce the water demand in the building by investing R2.79 million to replace 90 conventional toilets with PropelAir efficient toilets. These toilets utilise 75% less water than conventional toilets. This technology is anticipated to reduce site municipality water consumption by 30%, 5 660kL per annum and R516 000 per annum based on forecasted occupancy levels for 2023. Indirect environmental impacts are projected at a saving of 148kg of CO_2 per annum. In addition, the project will increase site water resilience/autonomy from one to four days. The old toilets will be reused in other facilities where they need replacement.

During the installation, we ran a video demonstration for employees. A PropelAir representative was also available to explain the water-saving and hygiene benefits of the system. We seek to roll out this initiative to potential sites that stand to benefit from this technology.

304 Biodiversity

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

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

Promoting sustainable buildings through green building certifications

Our real estate portfolio is the leading contributor to our direct footprint. Therefore, to improve our operational efficiencies, we pursue occupying certified green buildings as they have numerous benefits such as reducing our greenhouse gas emissions, energy and waste, conserving water, prioritising safer materials, and lowering our exposure to toxins.

In line with our environmental action plan, we are targeting a 33% Group-wide increase in our certified spaces by 2030, with a minimum four-star rating certification. By the end of 2022 37.4% of buildings we occupy had green certification. We increased the size of our green certified Gross leasable area (GLA by 10.2% in 2022) from 27.2% in 2021. We are members of the Green Building Council of South Africa – the "GBCSA" (since 2012) and the Kenyan Green Building Council (since 2020). We have increased our occupied corporate buildings to 17 with green certification. Ten buildings in South Africa are either four or five-star certified with the GBCSA and 7 buildings in Kenya were certified under the IFC Excellence in Design for Greater Efficiencies (EDGE rating).

This year we successfully:

- Concluded two green lease addendums for our Mall of Africa branch and Alice Lane corporate site
- Registered 17 (24 373.56 m2) of our retail locations for Existing Building Performance and Interior Fit-out certification with the GBCSA
- Submitted Auckland Park (24 144m2) for round 1 assessment and are awaiting feedback from the GBCSA
- Seven buildings in Kenya received EDGE certification.

To further these efforts, we are:

- Expanding green certification within our South African retail spaces from selected sites that are eligible for Interior Fit-out certification and Existing Building Performance certification in 2023
- Exploring possibilities for the accreditation of our Zambian, Botswana, and additional Kenyan facilities.

305 Emissions

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

We use the latest International Energy Agency and Department for Environment, Food and Rural Affairs guidelines and Eskom emission factors and apply the Greenhouse Gas Protocol to calculate our carbon footprint. We use the GHG protocol to determine our assumptions and inform our calculations, including those used for the operational control consolidation approach. The total carbon emissions in tonnes of carbon dioxide equivalent (CO_2e) were calculated from the three emission scopes (Scope 1, Scope 2 and Scope 3):

- Scope 1 emissions include emissions from the use of diesel fuelled generators, company cars and natural gas in our South African operations.
- Scope 2 emissions are all building-related emissions (excluding ATMs, land and parking), including those related to energy consumption from the national electricity grid. For real estate-related CO_2 emissions, 100% of the reported emissions derive from data provided by onsite representatives, invoices, meter readings and, where no actual data is available, from system-generated estimates. We use the location–based method for all Scope 2 emissions calculations according to the GHG Protocol's Scope 2 Guidance.
- Scope 3 emissions include business air travel and vehicles used in South Africa only, including private and hired cars. Travel-related emissions cover 100% of travel and have an accuracy rate of 100%. We also account for Scope 3 transmission and distribution loss-related emissions for all buildings across the portfolio.

We do not have biogenic CO_2 emissions in Scope 1 or 3. We do not measure emissions of ozone-depleting substances and nitrogen oxides, sulphur oxides and other significant air emissions on our environmental measurement system as they are not significant.

We are targeting a 51% reduction in carbon emissions by 2030 measured against our baseline year of 2018, with an in-year targeted decrease of 5%. In 2022, carbon emissions decreased by 5.2% compared to 2021. Increased emissions were experienced from power generation from the diesel generators because of rolling electricity blackouts in South Africa, increased grid electricity consumption in our property portfolio as more workers returned to the offices and from business travel (air travel and private cars). The latter indicator is in line with the lifting of travel restrictions post the Covid pandemic. Overall, we have achieved a 21.3% reduction against the 2018 baseline. Our intensity ratio (total operational carbon emissions – Scope 1 and 2) is 4.37tCO_2e/a (2021: 4.85 tCO_2e/a) and carbon emission per square metre improved to 0.156 tCO_2e/m^2/a (2021: 0.163 tCO_2e/m^2/a).

Our operational footprint is impacted by building occupancy and business travel. Our reliance on back-up generator fuel in 2022 was mainly due to load shedding. We will be assessing alternative means of powering our buildings, along with methods of enhancing their energy efficiency, such as power factor correction, reducing our demand loads and technology change.

GHG emissions (tonnes CO_2)	2018 (Base year)	2019	2020	2021	2022
Scope 1	22 003	20 835	12 258	12 276[LA]	**15 885[LA]**
Gas	16 101	15 100	6 961	7 171	**6 973**
Company cars	4 969	4 276	3 507	2 816	**2 962**
Diesel[1]	933	1 459	1 790	2 289	**5 950**
Scope 2	169 581	105 747[2]	160 682	159 708[LA]	**138 157[LA]**
Real estate (national grid electricity)	169 581	105 747	160 682	159 708	**138 157**
Scope 3	34 329	27 775	17 481	16 205[LA]	**23 447[LA]**
Flights	10 534	8 610	1 583	487	**8 365**
Transmission and distribution	18 124	14 827	14 391	14 769	**13 756**
Private cars	5 526	4 226	1 424	923	**1 259**
Car hire	145	112	83	25	**67**
Total	225 913	154 357	190 421	188 189[LA]	**177 489[LA]**

1 Diesel has a lower greenhouse emission emissions per kWh of power than Eskom electricity.

2 The reduction in emissions from 2018 to 2019 was a result of the inability to model emissions data for some of the sites.

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

Carbon tax

The National Treasury launched the Carbon Tax Act in South Africa in July 2019 at R120/tonne. Our tax liability is determined by the amount of gas and diesel fuel consumed in our property portfolio for back-up power generation.

Our estimated carbon tax liability for 2022 was below R500 000. In 2021, the carbon tax rate increased to R144/tonne. This year we accounted for 2 862.88tCO_2e at a value of R383 626 (2021: R444 000).

We aim to reduce our tax liability by implementing carbon offsets. We use internal carbon pricing as a mechanism to drive internal behavioural change and efficiencies while exploring low-carbon opportunities. This cost is included in our medium-term plans.

Carbon offsetting

We are committed to being carbon neutral by 2030. This ambition aligns with our environmental action plan targets and our contribution to the global and national aspirations to mitigate GHG emissions. We budgeted R950 000 in 2022 to offset 15.4% of our Scope 1 and 2 emissions. We voluntarily purchased 2 200tCO_2e carbon credits to offset our emissions and purchased 20 000MWh of Renewable Energy Certificates (RECs) equivalent to 21 600tCO_2e of our Scope 2 emissions from our purchased grid electricity (using the South African grid emission factor – 1.08tCO_2e/MWh)).

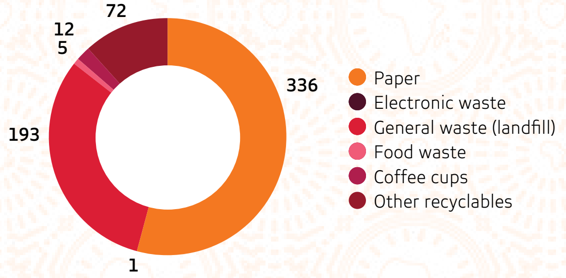
306 Waste

306-1 Water generation and significant waste-related impacts;
306-2 Management of significant waste-related impacts;
306-3 Waste generated and significant spills;
306-4 Waste diverted from disposal
306-5 Waste directed to disposal

We have partnered with accredited waste partners to manage waste in all our facilities. We measure and manage waste within our operational boundary. We prioritise waste services based on volumes of waste generated, the number of employees, and the buildings' size. In instances where a significant amount of waste was generated, our service provider deployed an onsite sorter to minimise the amount of waste to landfill. Conversely, cleaning staff undertook basic waste separation for sites where waste volumes were too small to warrant a permanent waste sorter. Waste collection was performed per the collection schedule or on request. All equipment to facilitate the process of correct recycling and separation of waste was supplied. This includes wheelie bins, sorting frames and signage, office segregation bins and compactors. We measure waste in these categories:

- **Recyclables (dry)** – Plastics, glass, metal, paper and cardboard are collected in offices and canteens and sorted into bulk bags to be sent for recycling
- **Recyclable (wet)** – Food waste and biodegradable waste. These are sorted at the source of generation and placed inside a 20-litre food bucket for composting
- **Hazardous waste (fluorescent tubes and batteries)** – These materials are collected upon request. All required legislative processes are followed to recycle and safely dispose of hazardous waste. Certificates are issued by the service provider and are available for audit purposes
- **General landfill waste** – This includes all non-recyclable waste, such as low-grade plastics and paper towels, that are taken to a registered landfill facility
- **Electronic waste (IT equipment)** – We manage e-waste environmentally through a credible service provider, which issues Absa with certificates of destruction for all assets disposed of. If assets are still in good condition, they are either sold, re-purposed or donated. All of our IT equipment is manufactured by Global Original Equipment Manufacturers, with the majority of items currently being procured having an Energy Star rating of eight. Our monitors are Electronic Product Environmental Assessment Tool Gold rated.

Waste per type (South Africa only)
(tonnes)



Single-use plastic

In line with our efforts to reduce single-use plastics in our operations, in 2018, we launched our #BeatPlasticPollution campaign by piloting the replacement of single-use plastic with biodegradable materials in four large offices in South Africa for three months. Following the pilot's success, offices with canteens replaced single-use plastic with biodegradable material. These include cutlery, coffee cups, food packaging and straws. Even though the products are deemed biodegradable, we were able to recycle the coffee cups and the food packaging containers, which form part of our waste reporting.

By 2030, our target is to recycle 80% of our waste, with an in-year target of 75%. Although we did not achieve our in-year target, we have made significant progress in diverting our waste from landfills and will apply these learnings in the coming year.

Waste management (tonnes)

	2018	2019	2020	2021	2022
Recycled	1 649	1 470	811	455	**424**
Waste to landfill	1 245	1 337	478	250	**193**
Total waste	2 894	2 807	1 289	705	**617**
Recycled (%)	57	52	63	65	**69**
Target (%)		65	70	70	**75**

Waste reduction initiatives

Waste compactors, shredders and composting

We piloted waste compactors and waste shredders in 10 corporate sites. The primary purpose of this initiative was to encourage our employees to actively participate in our efforts to minimise waste to landfill. This initiative was also aimed at reducing the number of bins allocated in our pause areas, internal handling, management costs and transportation costs.

Due to low occupancy levels, we could not quantify the volumes generated. However, the compost produced onsite from food, and biodegradable waste was distributed to the landscaping teams at our Pretoria campus, while excess compost yields will be donated to the City of Johannesburg farming initiatives.

Social[1]

[1] Numbering in line with GRI disclosure

400 Social

401 Employment

Our employee strategy

At Absa, we acknowledge that people are our strength, the value-adding source of our competitive advantage and the reason we can empower Africa's tomorrow, together in the markets we serve.

We recognise that a fundamental shift in the working landscape has accentuated the need for a pivoted response to our people and culture strategies. Traditional working models have given way to emerging hybrid and autonomous approaches. Our ability to align, integrate and realise our purpose and culture intentions plays a critical role in attracting, motivating, and retaining top talent beyond skills and capabilities and extends to:

- Continuously strengthening our capabilities and nurturing a workforce with a deeply shared sense of belonging
- Fostering an inclusive workplace that is resilient, future-focused, and decision-fit
- Enhancing the lived experiences of our employees.

The People and Culture Function has enabled strategic performance across the Group's strategic themes, with particular emphasis on 'a winning, talented and diverse team' by aligning the lived experiences of our employees to our intent, building a shared sense of belonging through our culture and enabling empowered decision-making, where colleagues are engaged and future-fit.

Our employee risk appetite statement

We seek to:

- Recruit, train, develop and retain an appropriate level of skilled and capable human capital in line with an effective operating model design for resourcing, supporting systems, diversity and performance
- Align remuneration to support the delivery of strategic objectives and the efficient use of financial resources in accordance with approved risk appetite
- Ensure that the Group has no tolerance for any form of discrimination or prejudicial treatment based on age, culture, race, gender and disability, including harassment of any kind
- Set an example for a high-performing and values-based culture through our leadership
- Ensure that the Group has no tolerance for employee fraud and consider such behaviour unacceptable.

A winning, talented and diverse team

Home of Africa's leading talent

At Absa, it is our ambition to be the home of Africa's leading talent, where every colleague feels that they truly belong. We enable our talent to thrive through a culture of inclusion, strengthened succession, talent and reward practices driven by our enhanced leadership capabilities:

- Gains have been made on the racial, ethnicity and gender diversity gap closure across all levels in 2022
- We continue to drive our gender ambitions through our Group's Women's Manifesto. Absa was named one of the World's Top Female-Friendly Companies for 2022 by Top Employer Institute and certified as a Top Employer in Africa
- Strong and diverse talent, nurtured from within and bolstered with external talent to ensure an improved leadership pipeline, including enhanced succession bench strength.

Distributed leadership organised around clients

We adjusted our operating model to ensure that the value we deliver as a Group is led by customer-focused business units, enabled by products that meet each segment's needs and are provided through preferred channels in specific markets. To support this model:

- We focused on distributed leadership, where leaders are given the autonomy to make critical decisions in their areas of responsibility
- Our levels of accountability informed the alignment of the structures, and decision rights which were cascaded to ensure leadership was distributed across the Group into the right jobs and corporate functions across countries.

Supported and enabled employees

We focus on establishing a strategically transformed and resilient workforce of the future, in which our colleagues are cared for, attracted, motivated and enabled to deliver differentiated performance through a:

- Compelling and consistent employee experience
- Investing in the critical and scarce skills base of our people with R500 million invested in the development of our employees
- Reskilling, technology, infrastructure, and tools are in place to enable a work environment that is change-fit, resilient, and able to operate more flexibly
- Embedding wellbeing across the full colleague life cycle.

Flexible working arrangements and encourage managers to access flexible and alternative working methods. Flexitime is permitted, subject to operational requirements and country-specific rules. We have implemented flexitime with our employees; however, these arrangements have no general entitlement. Branch network employees may be employed on flexible working arrangements, the details of which are recorded in their employment contracts. The Conditions of Service Standard for South Africa detail the limitations on overtime and the rates paid. Similarly, for working half or two-thirds of a day. Each country has overtime rules either as part of its central bargaining agreement or as per local law.

Competitive advantage through culture

Guided by our re-anchored strategy, we remain committed to transforming our culture in line with the changing landscape. Accordingly, we have invested significant time and resources in embedding a shared understanding of our refreshed operating model and aligning Absa leadership behind our strategy.

We firmly believe that a thriving culture is reflected by the strength and commitment of our leaders. As such our leaders have committed to continue:

- Doing what's best for Absa, our people, and our stakeholders
- Leading with integrity and taking accountability for our actions
- Embracing diversity and inclusion
- Pursuing impactful excellence, and
- Listening and learning.

Colleague experience measure

Central to our efforts is ensuring that we continuously listen to our people. As a listening organisation, we use both informal check-ins, one-on-one conversations and our bespoke Employee Experience Survey to understand our employees' needs and concerns. In 2022, we achieved an 83% participation level, up from 80% in 2021. Our results have improved from 64.7 in 2021 to 68 in 2022, showing a notable improvement from our baseline of 64.1 in 2020.

Our three critical outcomes measured as part of the employee experience survey include:

- Employee sentiment: 22% (2021: 18.3%) of employees indicated they were delighted with their experience at Absa, 47% (2021: 45.1%) were satisfied, and 31% (2021: 36.6%) indicated they were not happy with their experience
- Job satisfaction mean score (out of 10): We saw a slight improvement from 7.11 out of 10 in 2021 to 7.42, indicating employees felt satisfied working at Absa
- Employer advocacy (refers to how likely our employees are to recommend Absa as a bank of choice): Our employee net promoter score almost doubled from +12.8% in 2021 to +24.8%, comprising 44.4% promoters (2021: 38.8%), 35.2% neutral (2021: 35.2%), 20.4% detractors (2021: 26%).

We began communicating and showcasing the progress made on our culture transformation journey by providing meaningful feedback to the organisation on how we are tracking regarding key 2021 priority indicators and culture risks identified by our employees at a Group level.

Our culture programmes

As employees, we are co-owners of culture. Our culture programmes include team values, team culture, identity workshops, and training on conversational technology for leaders. We also have a senior leadership culture programme. This programme has now been extended into the wider organisation. It provides practical tools while building a common language around developing our desired culture.

By tracking and monitoring results and action plans, we are enabling an organisation-wide shift toward the desired mindsets and behaviours that bring our purpose to life and nurture a culture of ownership, belonging, participation and inclusion.

Diving deeper: 2022 Integrated Report

401-1 New employee hires and employee turnover

We filled 9 374 vacancies in 2022, including new hires, promotions and transfers (2021: 7 081), of which 3 636 (38.8%) were new hires, and 5 738 (61.2%) were internal candidates (2021: 70.4%). Of these, 3 196 (55.7%) were promotions. In total, 1 891 52.0% (2021: 45.6%) of our new hires were women and 1 970 (61.6%) (2021: 46.2%) of internal promotions were awarded to women.

Employee profile

	2022	2021
Total number of employees at the beginning of the year	35 267	36 737
New hires (permanent employees)	2 829	1 472
Terminations (permanent employees)	3 153	3 072
Resignation	2 195	1 795
Retirement	364	416
Voluntary retrenchments	139	117
Involuntary retrenchments	169	356
Death in service	44	143
Dismissal	242	245
Net contracted temporary employees	398	130
Total number of employees at the end of the year	35 451	35 267

Employee movements (permanent employees)

	2022	2021
New hires – women	51.4%	45.3%
High performers retained (senior management)	94.8%	95.4%
High performers retained (all employees)	94.0%	94.3%
Employee turnover	9.2%	8.7%
Male	11.0%	10.1%
Female	8.0%	8.0%
Voluntary attrition	7.4%	6.4%

Tenure (%)

	2022	2021
0–2 years	**16.3**	14.1
3–5 years	**17.0**	18.7
6–10 years	**22.6**	22.5
11–20 years	**31.3**	31.9
21–30 years	**8.2**	8.3
31–40 years	**4.4**	4.3
>40 years	**0.2**	0.2

Our population, new hires and leavers per age group (%)

Age group	Group population	New hires (8.0%)	Leavers (8.7%)
<20	0.0	0.0	0.0
20–29	10.4	32.3	10.1
30–39	41.8	49.7	44.3
40–49	32.7	15.6	24.5
50–59	13.8	2.4	11.7
>60 years	1.8	0.0	9.2

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

We offer permanent full-time and part-time employees a range of employee benefits, including the core benefits of retirement savings, medical schemes and death and disability cover. Temporary employees make their own arrangements for these benefits. The Group's pension schemes include defined-contribution and defined-benefit schemes and, in some instances, post-retirement medical assistance plans, which are accounted for using the same methodology as defined-benefit pension schemes. Other benefits are aligned with local regulatory requirements and local practice.

Leave is offered for various circumstances, such as holiday leave, sick leave, study leave and compassionate leave, among others. Leave in each country aligns or exceeds the local regulatory requirements. We do not have a formal sabbatical leave policy but handle requests on a case-by-case basis.

Diving deeper: 2022 Annual Consolidated and Separate Financial Statements, Accounting Policies

401-3 Parental leave

Parental (maternal and paternal) leave is considered within the context of overall leave benefits afforded to our employees, informed by local regulations and market practice. Based on the above requirements, maternity and paternity leave are regarded as paid leave. We do not discriminate based on gender when considering parental leave. All parents, including mothers, fathers, adoptive parents and surrogates, may be entitled to benefits under this section.

For cases involving a surrogacy arrangement, the length and type of leave depend on which side of the surrogacy the individual lies. A new parent via surrogacy would fall under maternity/parental leave. An employee who carried a surrogate baby would likely use sick leave and annual leave but could discuss the matter with their manager to determine the best course of action. Each case is considered on its own merits.

1 300 (2021: 1 931) employees used the parental leave benefit during 2022 of which 1 033 were female. 1 795 employees who took parental leave in 2021 are still in our service.

South Africa (permanent employees)	
Maternity/adoption leave	87 days
Parental leave	10 days within the first month after birth
Adoption of a child less than two months	Additional two months as annual or unpaid leave
Adoption of children three to seven years	One month
Adoption of children seven years and older	10 days
Adoption if both parents work for the Group (including same-sex parents)	One parent is entitled to adoption leave. The other parent is entitled to paid parental leave of 10 days, granted on the birth or adoption of a child, if the employee is not otherwise entitled to maternity or adoption leave
South Africa (non-permanent employees)	
Non-permanent employees	Do not receive paid maternity/parental leave but are entitled to four months of unpaid leave or 10 days parental leave, as appropriate, during which time they can claim from the Unemployment Insurance Fund
Absa Regional Operations	
Permanent employees	Informed by local market practice, maternity leave is between 60 and 90 days, while paternity leave varies between one and 14 days.

402 Labour/management relations

402-1 Minimum notice periods regarding operational changes

Digitisation, process re-engineering and specialisation seek to improve business performance and efficiency. These endeavours can, however, lead to a constantly evolving workplace that impacts our employees. With this in mind, we seek to mitigate the negative impacts on our people during periods of change.

Organised labour plays a prominent role during any significant business restructuring process. For example, in South Africa, employees in the corporate grades of Assistant Vice President and below are represented by Sasbo – the finance union.

Moreover, in South Africa, operational changes follow a consultation process, followed by a notice of termination. In the case of a facilitated large-scale retrenchment process, a minimum of 60 days must elapse from issuing the notice before notice of termination may be issued. We follow a two-pronged approach based on corporate grade or union affiliation:

- Employees covered by a collective agreement: Written notice (section 189(3) notice) is provided to the recognised union to commence consultations as soon as reasonably possible. Consultations take place bimonthly, after which union consultation notices are issued to employees, informing them of the impact and the process to follow. If the affected employees are not placed in jobs within the new structure, they can elect to exit or commence a reassignment period of three months. After a final consultation with the union, a notice of termination and a contractual notice period follows, for which payment may be made *in lieu*. While the process is substantively similar in Absa Regional Operations, the process must be finalised within three months.
- Employees not covered by a collective agreement: Consultation commences with the individual. Consultation is completed on the business case before covering the relevant elements of the Labour Relations Act. Consultation meetings are hosted within five days of each other until all aspects have been addressed.

We support all our employees in making informed and positive choices regarding their working lives, either concerning future opportunities within the Group or, in some instances, in relation to opportunities outside the Group. This service is available to our employees across job grades, race and gender.

We undertook reassignments/retrenchments in 2022. Reassignment is a process whereby the bank and the affected employee attempt to find alternative employment in the bank. It is the affected employee's responsibility to consider vacancies and apply for them to secure alternative employment.

Once consultation on the need for restructuring has been exhausted, and the new structure has been implemented, the unplaced employee will be considered for reassignment.

The Colleague Support programme is initiated as soon as the affected employee opts to participate in the programme. If the employee opts out of the programme, Absa will be responsible for taking reasonable measures to assist the employee in finding an alternative role in the first month of reassignment. The employee will be responsible for finding an alternative role in the remaining two months of reassignment if an alternative position is not secured in the first month.

Should the reassignment period end between 30 November and 31 December, then the reassignment period will be extended by 30 consecutive days.

The bank will use its discretion to determine whether or not the employee should continue reporting to work during the reassignment period or attend training. In both cases, the employee must be available to consult with the bank and participate actively in employee support activities.

Affected employees who apply for a retrenchment without a reassignment package (which is approved) will be excluded from reassignment.

The Colleague Support programme has four focus areas, delivered physically and virtually through support centres, namely:

- Support to find an alternative role in Absa through a dedicated redeployment consultant
- Outplacement support for three months from the time of initiation to help employees develop their career proposition (including developing a CV and enhancing their interview skills) and access to opportunities outside Absa
- Opportunities for the affected employee to develop new skills
- Support for the affected employee to explore entrepreneurial opportunities.

Throughout the three-month period, the redeployment consultant will continue to assist the employee in finding roles at Absa and access a wide range of support mechanisms. This period can extend to six months after the employee has left Absa.

403 Occupational health and safety

Education and awareness

In 2022, we sought to increase awareness regarding mental health and wellbeing to help educate and empower employees to proactively manage their mental health and wellbeing and empower line managers and people partners with the skills and tools to support employees in distress. We piloted the Mental Wellbeing Partners programme, which is aimed at developing the knowledge, skills and resource capabilities within individuals, line managers, people partners as well as executive leaders to ensure that the organisation can develop the resilience required to meet the changes in the work environment and ensure that employees thrive in a hybrid work environment.

Management of chronic diseases

2 468 employees underwent personal health assessments (2021: 2 769), and 2 339 completed HIV counselling and testing (2021: 4 014). Non-communicable diseases remain the highest cause of morbidity among our employees. Our strategy is aimed at education and awareness, prevention, early detection and early access to treatment. This is achieved through partnering with our medical insurance provider through onsite wellness days, where employees can undergo personal health assessments. Regrettably, due to COVID-19, no onsite wellness days were held until the latter part of 2022; however, employees were encouraged to use offsite facilities such as their local pharmacies, at-home screening services and the services of their primary healthcare providers.

Employees (South Africa) with underlying chronic diseases of lifestyle

COVID-19 protocols

In line with protocols from global health regulatory bodies and keeping with our risk-based approach, all COVID-19-related protocols were lifted in June 2022, signalling the endemic phase of COVID-19. However, we have implemented a mandatory COVID-19 vaccination declaration policy that remains in place. A total of 11 026 employees contracted COVID-19 since the start of the pandemic, and 77 employees passed away due to COVID-19-related complications.

Medical research suggests that around one in 10 people suffer persistent or new symptoms for longer than six weeks after a COVID-19 diagnosis. As many as 3% of these have severe symptoms that affect their ability to continue working. This phenomenon is named Long COVID. We have launched a Long COVID-19 Care programme to support employees who continue to experience long-term complications associated with COVID-19.

Mental health and wellbeing

32.6% utilisation of our Employee Assistance programme

The pandemic and the post-pandemic environment have heightened mental health stressors in the workplace and personal settings of all employees. Despite the increase in mental health issues, Absa's mental health cases remain lower than the industry average according to the Independent Counselling and Advisory Services (ICAS), our external wellbeing partner. Within Absa, problem types ranged from general stress, anxiety, depression, the burden of support, burnout, loneliness and social isolation, and child/adolescent and, to a lesser degree, compassion fatigue, mental disorders, mental illness and personality disorder or traits to bipolar disorder. Stress, anxiety, depression and burnout were the top employee mental health challenges in 2022. These matters correspond with the top three reasons for employees accessing the Employee Assistance programme, namely COVID-19, mental health and relationship issues.

Our comprehensive mental health programme encompasses mindfulness, exercise and daily health tips. We continued to drive mental health awareness in 2022, hosting weekly mindfulness sessions and monthly mindfulness masterclasses. Further, the mindful revolution team launched a mental health app, enabling employees to proactively access resources and tools to manage their mental health journey.

Financial wellbeing

In 2021, we launched a financial wellness masterclass focusing on employees who signed up for the debt consolidation programme and those interested in gaining financial literacy skills. We continued to host these sessions in 2022.

We increased financial wellness support and education to incorporate basic budgeting skills, financial planning and information on relief measures available to qualifying employees due to changes in personal circumstances. Of the 686 enquiries, 189 employees qualified for debt relief support (2021:882; 324).

We identify employees in distress through high-risk overdraft reviews and by running staff debt consolidation. We consolidate unsecured debt, provided that the assessment reflects affordability. The consolidation loan is at a staff rate. From a staff debt consolidation perspective, we assist over-indebted employees by consolidating all their unsecured debts into one consolidation loan, which is offered at a prime rate. The consolidation loan is subject to an affordability assessment. Employees who do not qualify for consolidation are referred to ICAS for financial coaching and debt counselling. In 2022, 189 employees were assisted with a consolidation loan. Employees who do not qualify for consolidation are referred to ICAS for financial coaching and debt counselling.

Macroeconomic challenges will likely persist, and we aim to support employees to achieve sustainable financial wellbeing within this challenging context. We continued to support employees with the relevant skills, tools and information to proactively manage their financial wellbeing instead of seeking out debt consolidation as a last resort to managing financial distress. We have compiled a financial wellness strategy that will be launched in 2023.

403-1 Occupational health and safety management system

The Group has zero tolerance towards harm to employees or non-compliance with relevant legislation. While not a legislative requirement in any jurisdiction of our operations, we manage occupational health and safety (OHS) for the Group through our Enterprise Risk Management Framework. Our OHS Framework encompasses the OHS Policy, various OHS procedures, a control library and key indicators. The framework sets out the statement of commitment and minimum mandatory controls and actions that business areas and functions must implement and adhere to in addition to relevant national and local legislation. Key South African regulations include the Compensation for Occupational Injuries and Diseases Act 130 of 1993, the Occupational Health and Safety Act, 85 of 1993, and the Basic Conditions of Employment Act, 75 of 1997. In our Absa Regional Operations presence countries, we adhere to local legislation and, in the absence thereof, apply Absa South Africa policy and procedures.

Our Board Social, Sustainability and Ethics Committee receives regular, comprehensive updates on the Group's OHS performance. Highlights include:

- As businesses and teams gradually returned to the office in 2022, we focused on maintaining the COVID-19 protocols implemented at the beginning of the pandemic.
- Group OHS continued with the OHS365 campaign, focusing on specific safety topics for remote employees and safety at the office. The information is shared and communicated via various platforms within the organisation.
- The OHS/Netcare 911 emergency number is also displayed on all our first aid kits for quick access in medical emergencies. We have extended our contract with Netcare 911 for immediate medical support and ambulance services for an additional three-year period.
- In November 2022, we launched our compulsory OHS general awareness training. Included in the South African employee training is the ergonomics questionnaire in response to newly published South African Ergonomic Regulations promulgated in December 2019. Ergonomic requirements are not yet regulated in Absa Regional Operations. Still, our ergonomist is actively involved in designing new office space and procuring ergonomically approved furniture and information support. More than 30 000 employees completed the survey, which enabled the bank to form a baseline for our employees' ergonomic-health status and needs and ensure that our employees receive the correct equipment and furniture to stay healthy and productive.

Internal and external annual testing and assurance reviews are performed to assess the effectiveness of our controls. During 2022, we completed the following compliance tests on our buildings:

- Premises conformance tests were completed for 110 retail branches and 33 corporate sites, and hygiene assessments were completed for 129 retail branches and 32 corporate locations. Our third-party facilities management partner conducted these tests. No critical non-conformances were identified during any of these assessments.
- Remediation projects were completed at all sites where asbestos was identified/located with a 'medium-risk rating'. 62 sites remain within the South African portfolio with a 'low- to very low-risk rating'. These sites will be attended to during 2023/2024.
- Ribonucleic acid (RNA) virus determination (COVID-19 surface swab testing) was carried out at 18 corporate sites and 50 retail branches during 2022 to determine the effectiveness of our cleaning protocols and to provide management and employees with the assurance that our cleaning protocols are effective and that our buildings are safe.
- Compliance testing was conducted by Group Compliance on our overall compliance with the OHS Act 85 of 1993 and selected OHS Policy controls (the test included the African Regional Operations region). A Satisfactory rating was awarded, with no major findings identified.

Absa is designing and building an in-house OHS system to enable us to manage our OHS compliance with legislation. The system will include an ergonomic module to store information and provide real-time statistical and trend reports to manage risks proactively. The OHS system can be customised, and we can amend requirements as and when legislation changes. Future development will include a contractor management module that will manage contractor management in accordance with construction regulations. The system will go live in the third quarter of 2023 and be used across the Group.

Absa has a standalone OHS Policy that consists of the following sections: policy context, policy provisions/control requirements, and policy governance. The policy is supported by the following 10 supporting documents to manage OHS at all our sites:

- Contractor management
- Non-conformity, corrective and preventative action
- OHS emergency preparedness and response
- OHS communication, consultation and participation
- OHS ergonomics
- OHS incident report, investigation and management
- OHS legal and other requirements
- OHS roles, responsibilities and authority
- OHS training awareness and competence
- OHS hazard identification, risk assessment and risk control.

403-2 Hazard identification, risk assessment, and incident investigation

Our OHS department carries out hazard identification and risk assessment, as well as monitoring and reporting accidents and incidents. Identified issues are tracked until resolution, with major risks escalated to senior management. Investigations of work-related incidents form part of the management system approach, including identifying hazards and assessing related risks, determining root causes and corrective actions using a control hierarchy, and identifying possible system improvements. If necessary, new or revised controls are implemented. Employees and the OHS department have the authority to stop potentially hazardous work. They can report any work-related hazards, injuries or accidents to the building facilities management employees, OHS representative and/or Group OHS. South African employees can use an OHS emergency line to request medical assistance at home or in the office. Employees are encouraged to report all potential hazards on the Corporate Real Estate Solutions or OHS workplace pages on the Group's intranet for immediate action.

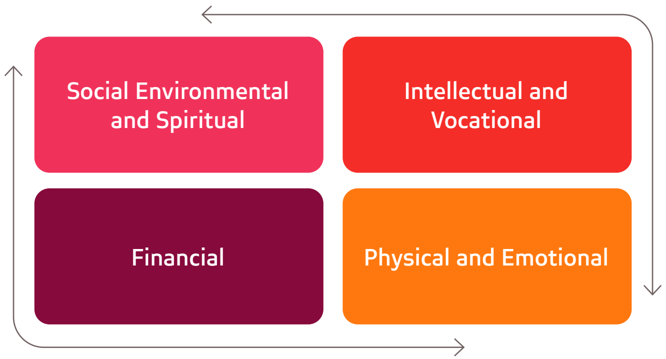
Our facility managers conducted monthly inspections at all operational premises. Every second year, Group Compliance reviews the management system, risk culture and management of risks.

403-3 Occupational health services

The International Labour Organization Occupational Health Services Convention No. 161 defines occupational health services as services that fulfil a preventative function. Their function is to advise employers, employees, and their representatives on the requirements to establish and maintain a safe and healthy working environment. The working environment should support optimal physical and mental health and allow for adaptation to workers' capabilities based on their physical and mental health.

Our wellness strategy aims to empower employees to proactively manage their wellbeing to achieve a holistic state of physical and mental health and wellbeing – not merely an absence of disease. Wellness is rooted in prevention, awareness and education, health promotion, prompt identification of early warning signs and timely access to care and support. Our approach uses a multi-disciplinary and multi-stakeholder model, encompassing all eight dimensions of wellbeing.

Occupational health services are rendered by an external service provider. The service provider keeps health and medical records to maintain medical confidentiality. We report anonymised and de-identified data. ICAS in South Africa and Botswana and AON in Kenya are our service providers that support programme delivery. The reports provided to Absa outline usage trends, underlying factors and possible corrective measures, not individual employee information, ensuring confidentiality. South African employees can access the ICAS offering On-The-Go wellness and Wellmind apps. The Wellmind app is a mental health app that enables employees to access mindfulness practices and tools to assist with their mental wellbeing journeys.



Our absentee rate was 1.4% (2021: 1.7%), and 1.4% (2021: 1.7%) when including special sick leave, such as quarantine leave.

Gender-based violence and femicide (GBVF)

South Africa has one of the highest incidences of GBVF in the world. An alarming upsurge of violence against women was noted following the COVID-19 lockdown measures. Regrettably, this trend has persisted. We likewise saw an increase in the number of GBVF cases reported by employees (interpersonal relationships outside the office) (158, down from 159 in 2021). In response, we sought to raise awareness while increasing the support and resources available to victims and survivors of gender-based violence, including access to professional counselling, workplace support groups, legal advice and safe homes.

Promoting gender equality and dignity

Absa is committed to advancing gender equality in policy and practice. We have a zero-tolerance approach towards GBVF. Moreover, we recognise the need for society to come together to create an environment in which women and girl children can be safe – in their homes, in our communities and at work.

To address this critical need, we renewed our commitment to the GBVF Response Fund with a further financial commitment of R4.5 million to support the fund's operational activities and enable it to fulfil its mandate to accelerate the fight against GBVF directed at women, children and LGBTQIA+ persons.

403-4 Worker participation, consultation, and communication on OHS

Worker participation and consultation are part of OHS within our Enterprise Risk Management Framework. OHS information is published on the Group's intranet site, in our policies and procedures, and on a dedicated OHS intranet page and OHS Workplace page.

In South Africa, a formal management-worker health and safety committee is a legal requirement. We hold quarterly committee meetings for all corporate buildings where OHS representatives are appointed. These meetings are a platform to discuss OHS matters, including any work-related injuries that may have occurred within the past quarter and upcoming projects and events that might impact employees. Recognised trade unions can provide input into the Group's OHS approach annually. This may, for example, relate to the appointment of representatives.

403-5 Worker training on OHS

Mandatory OHS general awareness training encourages personal ownership of safety while being mindful of the safety of fellow employees. Training delineates the roles and responsibilities in terms of OHS. It provides essential information about emergency evacuation procedures, the identification of hazards, the importance of ergonomics within the workplace, as well as other topics, including evacuation procedures, how to handle workplace injuries and injuries at home, and how to set up an ergonomic workstation in the office or when working remotely. We are training all our employees, contractors and visitors on our building evacuation and medical procedures using updated safety videos for all our corporate sites in South Africa.

403-6 Promotion of worker health

During the first half of 2022, the COVID-19 health protocols remained in place. This was informed by prevailing regulations in the markets we operate in and our risk-based approach aimed at enhancing our employees' safety, health and wellbeing. The COVID-19 health-related protocols that were implemented included compulsory face masks, social distancing, thermal screening, COVID-19 symptom screening, contact tracing, self-quarantine leave, remote working (where applicable), reasonable accommodation of high-risk employees (employees aged 60 and above, and employees with co-morbidities) and isolation leave for employees diagnosed with COVID-19. Additionally, we implemented a mandatory COVID-19 vaccine declaration policy whereby all employees were required to disclose their vaccination status. These protocols fell away on 30 June 2022, but the mandatory vaccination disclosure policy remains in place.

Our health and wellbeing policy focuses on all dimensions of wellbeing, specifically physical, mental and occupational wellbeing. We have updated our employee toolkits to educate employees on our new ways of working in our offices and remote working. The thriving remotely toolkit was aimed at empowering and upskilling employees on safer work practices while working remotely. These included setting up an ergonomically safe workstation, lighting, taking frequent breaks, stretching and exercises that support the neck and back while minimising the risk of musculoskeletal injuries associated with prolonged sitting.

Employees were informed of the necessary procedures to log identified hazards or risks within the workplace or while working remotely through the facilities call centre. Through dedicated channels, such as line managers, the facilities help desk, their OHS representative, Group OHS or local OHS committees.

Furthermore, several mechanisms were used to support worker health, including:

- Providing education to increase awareness of the early detection of communicable and non-communicable diseases and offering early referral mechanisms. In 2022, in South Africa, we resumed the onsite health screenings campaign. Additionally, we partnered with Bankmed (a medical scheme provider) to provide at-home health screenings. A total of 1 915 employees took part in these campaigns. We also rolled out the Executive Medical Assessment, allowing our executives to undergo a comprehensive health screening to identify health-related risks, thus managing the risk for both the executive and the organisation. In 2022, 149 executives underwent these assessments.
- Aligning with the World Health Organization's calendar, we use these opportunities to address specific organisational factors that significantly impact employee health and wellbeing, such as stress and mental illness. In October 2022, we rolled out a mental health campaign to empower employees with information on common mental illnesses, stress and burnout. We also provided a psychologically safe environment for employees to share their stories to address the stigma associated with mental illnesses. The sessions also covered the support available to all employees and partners through our Employee Assistance programme. A total of 4 997 employees participated in these webinars across the 10-day mental health series.
- Subsidising medical aid coverage for employees ensures they can access private healthcare services at a reasonable cost.
- Providing primary healthcare through four onsite clinics currently operational in our regional offices in South Africa. These allow employees to access onsite primary health and curative care.
- Supporting employees and their dependents living with disabilities through educational grants for dependents and the procurement of devices they may need to help them meet their needs. In 2022, 68 dependants and six employees were assisted, amounting to R3.3 million.

403-7 Prevention and mitigation of OHS impacts directly linked by business relationships

All our premises and equipment are managed and maintained on strict planned preventative maintenance schedules by industry specialists in accordance with regulation and law. Monthly site inspections identify, record and track hazards and risks for remediation. We maintain records of all services and conditions.

403-8 Workers covered by an OHS management system

In South Africa, all employees (approximately 30 000) are registered with the Compensation Fund, while contracted workers and consultants are registered by their respective employers. We ensure that our OHS management system supports the provision of safe and clean premises for all our employees, customers and contractors. We are regularly audited by the Department of Labour in South Africa and similar government departments in other countries to assess compliance. Within our Absa Regional Operations, the mechanisms vary, with some reporting to the local Department of Health while others are required to report it to their in-country insurance companies.

403-9 Work-related injuries and 403-10 Work-related ill health

99% of our employees are administrative, and office workers and their functions are considered low risk for work-related diseases and injuries. Should a claim arise, we follow the directives of the South African Compensation for Occupational Injuries and Diseases Act. Our injury rate excludes contractors and subcontractors as their information would be recorded to the authorities and funded by their respective employers.

	2022	2021
Work-related injuries South Africa	**43**	25
Days lost due to injuries	**298**	185
Fatalities	**0**	0
Work-injury rate (South Africa)	**0.066**	0.063
Work-injury rate (Absa Regional Operations)	**0.056**	0.032
Employees completing training on OHS Policy and procedures	**41.5**	40.4
Total number of person-days lost due to industrial action	**0**	0
Percentage of total person-days lost due to industrial action	**0%**	0%
Fatal-injury frequency rate (number of fatalities per 200 000 person-hours worked)	**0**	0
Lost-time injury frequency rate (number of lost-time injuries per 200 000 person-hours worked) (South Africa)	**0.364**	0.063
Lost-time injury frequency rate (number of lost-time injuries per 200 000 person-hours worked) (Absa Regional Operations)	**0.281**	0.032
Number of lost-time injuries (injuries on duty leading to at least one lost day)	**17**	14
Number of first aid cases (injuries on duty leading to minor treatments, such as a plaster or a pain tablet)	**2**	10
Number of medical treatment cases (injuries on duty leading to medical treatment, but no lost days)	**10**	15

404 Training and education

Within the Group, all business units identify strategic needs as part of the business review process and the workplace-skills planning process. Learning is assigned to individuals according to the workplace skills plan, while other learning is based on the individual's development plans. Employees also have access to learning platforms, programmes and masterclasses that they can choose to attend.

Absa was ranked as a **Top Employer in Africa in 2022** in an independent audit by the global Top Employer Institute. Absa's career development and learning practices ranked above international best-practice standards by 7.21% and 2.64%, respectively.

Our total skills development spend was R638 million, benefiting employees and unemployed learners, while R500 million was directly invested in the training and development of our employees (2021: R559 million; R449 million).

Our 2022 **Colleague Experience Survey** highlighted **'growth and development' as a key strength** of Absa's culture. 83% of employees reported having access to learning and development opportunities (2021: 87.4%).

59% of skills development in 2022 was **focused on product and systems training.**

Increasing the critical and scarce skills development and investment ratio will be crucial for 2023. In 2022, 41% of all training delivered by Absa was **aligned with critical skills development,** made up of:

35.7%	3.7%	1.6%
specialised technical skills	leadership and management skills	functional business skills

Absa completed an **extensive critical and scarce skills assessment** across the organisation to develop a baseline that informed the 2022 (and beyond) skills development strategies/plans, critical talent succession, retention, and reward planning decisions.

404-1 Average hours of training per year per employee

The data presented below focuses on internal training and currently excludes tertiary education, external training programmes, seminars and continuing education programmes. Our total average training hours per person was 48.47 (2021: 55.33).

Average training hours per person, by gender and race, excluding compliance training

		African	Coloured	Indian	White	Not disclosed	Total
2022	Total	**51.87**	**52.57**	**54.00**	**47.09**	**12.86**	**40.13**
	Female	**55.23**	**52.76**	**54.43**	**52.63**	**14.34**	**44.62**
	Male	**45.60**	**53.61**	**46.66**	**38.51**	**11.31**	**33.32**
	Not known	**–**	**–**	**–**	**–**	**6.40**	**6.40**
2021	Total	54.71	55.51	53.10	51.12	17.31	43.77
	Female	56.84	57.36	63.17	54.44	16.95	47.66
	Male	50.64	51.03	39.86	45.91	17.73	37.80
	Not known	–	–	–	–	14.14	14.14

Average training hours per person, by gender and race, including compliance training

		African	Coloured	Indian	White	Not disclosed	Total
2022	Total	**61.07**	**62.19**	**65.33**	**56.22**	**18.24**	**48.47**
	Female	**65.45**	**62.70**	**64.23**	**62.86**	**19.75**	**52.85**
	Male	**55.77**	**64.40**	**56.16**	**48.47**	**17.03**	**41.26**
	Not known	**–**	**–**	**–**	**–**	**16.78**	**16.78**
2021	Total	69.08	69.02	62.97	62.67	24.59	55.33
	Female	72.10	71.41	73.66	67.14	24.23	60.20
	Male	63.32	63.24	48.91	55,66	24.97	47.84
	Not known	–	–	–	–	24.39	24.39

Average training hours by grade and geography

	2022	2021
South Africa	**59.78**	66.69
Principal to Managing Principal	**100.48**	27.39
Assistant Vice President to Vice President	**49.43**	51.61
BA1 to BA4	**64.09**	80.61
Non-corporate title	**58.72**	21.94
Absa Regional Operations	**17.91**	24.05
Principal to Managing Principal	**65.50**	27.62
Assistant Vice President to Vice President	**19.68**	24.40
BA1 to BA4	**15.56**	23.99
Non-corporate title	**12.97**	16.99
Other countries (UK, USA and Czech Rep)	**14.52**	19.89
Principal to Managing Principal	**14.72**	13.86
Assistant Vice President to Vice President	**19.68**	28.89
BA1 to BA4	**14.58**	69.96
Non-corporate title	**12.85**	13.86

Average training hours per employment status

	2022	2021
Unemployed total[1]	**16.78**	14.22
African, Indian and Coloured	**20.19**	13.56
White	**15.92**	19.63
Other (undefined)	**12.14**	12.24
Citizens of countries outside Africa	**11.70**	18.91
Employed total[2]	**54.81**	55.33
African, Indian and Coloured	**68.78**	68.32
White	**59.48**	62.69
Citizens of countries outside Africa	**35.51**	19.90
Employed (undefined)	**24.20**	24.68

[1] Unemployed – Non-permanent staff, i.e., agency staff, unemployed learners, managed services.
[2] Employed – Permanent employees, fixed-term contractors.

404-2 Programmes for upgrading employee skills and transition assistance programmes

Absa seeks to develop a self-directed learning culture by providing all employees (permanent and non-permanent) with access to diverse learning opportunities through various delivery modes. The Group develops an annual workplace skills plan, defining the critical and scarce skills we wish to target. The Group Learning curriculum continues to evolve with the Group's demand for ever-evolving scarce, critical, and future skills. These skills include banking and insurance, critical thinking, strategic thinking, sales and service, customer experience, digital and innovation, data science, Agile, cloud computing, cybersecurity, human-computer interaction (which includes design thinking), network engineering, robotic process automation, management and leadership, change management, process engineering and communication.

Absa Learning Week

18 500 employees actively engaged. Content included digital and innovation, self-leadership, wellness, and the future of work.

Absa Leadership Academy

29 972 employees engaged in academy programmes (2021: 58 258), maintaining an overall programme rating of 4.5/5 and improving the average net promotor score from 73 in 2021 to 74 in 2022.

Accelerated Development programmes delivered by IMD Business School and Duke Corporate Education increased to 406 in 2022 (2021: 217).

Trained 1 335 employees through the refurbished, strategy-aligned, and accredited leadership and management programmes.

Graduate programme

107 graduates (2021: 32) from across Africa participated in our 2022 GenA Graduate programme for high-potential young leaders, joining the 1 345 young professionals who have built their careers with us since 2008. The increase in the number of graduates hired in 2022 results from the increased focus on pipelining for scarce and critical skills through graduate talent.

Culture programmes

Our culture curriculum provides a range of new skills, tools, resources and insights at individual and team levels. We currently offer five culture programmes for individuals and three culture programmes for teams. Since 2020, **1 363** employees have attended these culture offerings.

Employee bursaries

R38.2 million in **bursaries** disbursed to 1 056 employees (2021: 1 148), of which 88.0% are black, and 66.4% are women (2021: R41.4 million).

Learnerships

1 278 learnerships awarded to unemployed learners (2021: 984) and 253 of these learnerships were awarded to individuals **living with disabilities** (2021: 148).

Internships

742 learners enrolled in internships across several institutions of higher learning (2021: 669).

Human Computer Interaction (HCI) Academy

80 learners were enrolled in the HCI Academy in 2022, another Africa first by Absa. While HCI skills have emerged as a critical competitive fourth industrial revolution skills group, no African schools offer a tertiary qualification in this field. The HCI Academy will support Absa's ambition to become the primary, digitally empowered partner to our clients and customers by rehumanising our products and services through best-in-class human-centred design.

Mobile-enabled learning with a catalogue of 14 169 learning programmes (2021: 11 334)

582 682 hours of virtual, self-directed training, over 4 517 interventions (2021: 961 864 hours over 3 961 interventions), including platforms such as Udemy, Cornerstone OnDemand Learning System, and Absa Digital Campus. Likewise, we refreshed and developed our specialist academies.

Learning programmes per learning category

	2021 Training hours	2021 Number of programmes utilised	2022 Training hours	2022 Number of programmes utilised
FAIS	14 621.34	84	**12 403.83**	**122**
Behavioural	717 616.60	1 909	**670 788.00**	**2 055**
Compliance	391 666.40	463	**277 660.40**	**426**
Leadership and management	145 923.80	829	**277 393.12**	**566**
Technical	674 561.30	3 911	**659 424.22**	**3 866**

* This table includes Absa's internally developed/delivered learning programmes and learning programmes provided by external learning suppliers contracted to deliver learning on Absa's behalf.

Learning programmes per delivery type

	2021 Training hours	2021 Number of programmes utilised	2022 Training hours	2022 Number of programmes utilised
Face-to-face (workshops)	–	–	**–**	**–**
Virtual (online)	961 864.80	3 961	**834 208.22**	**5 131**
Virtual (classroom)	856 976.50	903	**816 658.69**	**973**
Material (self-study)	63 479.80	1 987	**21 540.35**	**361**
Tests/assessments	26 267.30	59	**7 388.66**	**70**
Video (online)	35 800.60	384	**21 867.77**	**500**
Total	**1 944 389.00**	**7 294**	**1 701 663.69**	**7 035**

* This table includes Absa's internally developed/delivered learning programmes and learning programmes provided by external learning suppliers contracted to deliver learning on Absa's behalf.

Financial assistance for formal qualifications: National Qualifications Framework (NQF) levels 5–10 (South Africa) by corporate grade

	Male	Women	Total Rm	Of which disabled: Male	Of which disabled: Women
Senior management	1.6	1.8	3.4	–	–
Middle management	9.7	14.6	24.3	0.1	0.1
Junior management	2.6	7.5	10.1	–	0.1
Non-management and non-permanent	0.1	0.3	0.4	–	–
Total	**14.0**	**24.2**	**38.2**	**0.1**	**0.2**

Financial assistance for formal qualifications: NQF levels 5–10 (South Africa) by gender, race and disability

	Male (Number of delegates)	Women (Number of delegates)	Total	Of which disabled: Male	Of which disabled: Women	AIC[1] %
Senior management	20	14	34	1	–	79.4
Middle management	236	384	620	2	4	85.6
Junior management	94	292	386	–	2	92.0
Non-management and non-permanent	5	11	16	–	–	100
Unemployed	–	–	–	–	–	–
Total	**355**	**701**	**1 056**	**3**	**6**	**88.0**

Financial assistance for informal (non-accredited) training: (South Africa) by gender and disability

	Male	Women	Total Rm	Of which disabled: Male	Of which disabled: Women
Senior management	7.3	5.7	13.0	0.25	0.02
Middle management	12.1	13.4	25.5	0.12	0.10
Junior management	1.2	2.2	3.4	0.02	0.03
Non-management and non-permanent	1.6	1.8	3.4	–	–
Total	**22.2**	**23.1**	**45.3**	**0.39**	**0.15**

Financial assistance for informal training: No NQF (South Africa), by gender and disability

	Male (Number of delegates)	Women (Number of delegates)	Total	Of which disabled: Male	Of which disabled: Women	AIC[1] %
Senior management	427	337	764	24	1	63.1
Middle management	1 109	1 279	2 388	12	12	71.7
Junior management	202	355	557	3	4	83.7
Non–management and non–permanent	46	45	91	–	–	85.7
Total	**1 784**	**2 016**	**3 800**	**39**	**17**	**72.1**

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

Equity, equality, career development and progression

Our equity programmes seek to close the gender pay gap and create career development and advancement opportunities for women within the Group.

To achieve this, we:

- Undertook a **rigorous assessment** to **identify barriers to transformation, diversity and inclusion** across the employee lifecycle. This included the obstacles to gender diversity and inclusion potentially caused by biases and specific business practices.
- Implemented an **integrated transformation, diversity and inclusion programme** to address identified barriers, with strategies for each element of the employee lifecycle, including remuneration, recruitment and promotion, learning and development, performance review and management.

Progress in action:

- Women's development catalogue offers **13 bespoke programmes** across the Group. **372** women employees enrolled in 2022.
- Delivered several development initiatives as part of the overall Leadership and Management Development programme, with over **16 000 women** across the Group benefiting from these initiatives. One such example is the IgniteHer programme, which aims to prepare women for senior positions in the Group. **207 women** completed the programme.
- ExcelHer was launched targeting Absa's female succession talent. Additional programmes include Advance Her (Relationship Banking), Masedi (CIB Africa), Female Future programme (Absa Bank Kenya), Women in Leadership (Absa Bank Mauritius) and Embolden Her (Absa Bank Kenya).
- Absa **won gold in the Best Advancement in Leadership Development for Women** category in the 2022 Brandon Hall Group Human Capital Management Excellence Awards for our IgniteHer Women's Development programme

Coaching

Our Absa coaching framework facilitates organisational outcomes while supporting employees' personal transformation and career development. A panel of internal and external coaches fulfils coaching requests. The internal coaching panel predominately engages in performance and career coaching, while the external panel focuses on executive, leadership and team coaching, and coaching assignments range from six months to one year.

	No. of employees	
	Coaching in progress	Coaching completed
Executive and leadership coaching – Focused on helping existing senior leaders and leaders transitioning into more senior levels to understand their disproportionate impact on culture and the shift required in mindsets, language, and behaviour to lead employees towards a unified Absa.	46	20
Career coaching – Conducted in partnership with Manpower Group South Africa, focusing on taking individual ownership and striving for continued career growth and professional development.	12	13
Performance coaching – Focused on supporting employees to enhance their performance and personal effectiveness within their role.	5	4
Systemic team coaching – Aims to increase the capacity of teams to work collectively and collaboratively in pursuit of a common objective.	1	1
Business process coaching – Focused on internal processes that impact team performance.	0	0
Total	**64**	**38**

Knowledge management

A virtual knowledge base provides employees with access to over 482 articles relating to all aspects of human resources. In line with the self-service and digital strategies, we encourage employees to search for the information they require directly from the knowledge base. With an average of 31 300 views per month in 2022, the platform has proved a valuable resource for Absa employees.

404-3 Percentage of employees receiving regular performance and career development reviews

Our performance management approach, ***MyContribution,*** comprises three essential focus areas:

- Enabling high-quality objective-setting aligned with the business, function and/or team strategy and priorities
- Improving the quality and value of ongoing performance conversations
- Improving the quality of rating decisions using data and insights.

This approach enables our business strategy by providing each employee clarity regarding their contribution to the business while delivering feedback that allows growth, development, and enhanced contribution. In 2022, we continued to emphasise the need for high-quality outcome-focused objectives and ongoing performance conversations to create further alignment between business priorities, employee development and employee contribution. We leveraged our digital technology to improve the employee experience while mining our performance-related data to draw insights that inform the process, training and assets provided to employees and managers.

Feedback and check-ins

96 603	25 636	28 886
feedback forms were completed	recognition badges were awarded on Workday	ongoing performance check-ins were completed on Workday

All employees are urged to request feedback throughout the year, and we encourage leaders to recognise employees' positive contributions continually. In addition, we encourage managers and employees to engage in regular performance conversations and document these using the available technology. Over and above the value derived from the actual performance conversation, the documentation enables managers to check their thinking, reflect on unconscious bias and subsequently make better quality rating decisions. To assist managers and employees in improving the value derived from performance conversations and giving and receiving feedback, several training sessions, assets and tools are made available using digital technologies.

Consistency check process

99.7%

of employees had formal performance ratings (of which 61% were women)

As part of the year-end performance process, we completed a rigorous exercise to drive a consistent application of standards in allocating ratings through multiple consistency check-in meetings. These meetings allow business leaders to analyse and challenge rating decisions and drive a fair process. The insights gathered throughout the year were used to inform an improved consistency check-in process during 2022. The performance review cycle concludes each February. Reasons for employees not receiving a performance review included being a new joiner, resigning or retiring (voluntarily or due to reorganisation).

405 Diversity and equal opportunity

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

405-1 Diversity of governance bodies and employees

Our transformation, diversity and inclusion strategy covers five key focus areas contributing to a diverse workforce and inclusive environment. These include gender diversity; racial and ethnic diversity; people with disabilities; generational diversity; and the LGBTQIA (lesbian, gay, bisexual and transgender) community in countries where the agenda is legal. Various governance structures oversee and drive these strategic focus areas in the Group.

Our Women Manifesto continues to yield positive results towards our gender diversity and inclusion agenda, with Absa named one of the World's Top Female-Friendly Companies for 2022 by Forbes, ranking thirty-sixth among 400 global companies excelling in championing women at work. These positive results and independent external recognition are due to significant progress on the following agendas of the manifesto:

- **Leadership and culture:** The leadership agenda focused on leaders' commitment towards driving and improving gender diversity and inclusion, while the culture agenda focused on creating an open and inclusive culture that fosters conscious decision-making at all levels and a sense of belonging. Progress was made in the following areas:
  - Launched a transformation, diversity and inclusion leadership development programme to enable leaders and employees to drive and lead transformation, diversity and inclusion across the business, as well as create an enabling and inclusive culture
  - Published a transformation, diversity and inclusion playbook to support and guide the community and leaders and enable the effective embedment of gender diversity and inclusion throughout the employee life cycle.
- **Equity towards equality:** The equality agenda focuses on Absa's commitment towards creating equality in our workplace, supply chain and overall value chain for our customers by working towards addressing any gender inequality issues through relevant equity programmes, with the following progress made:
  - Committed to using the available recruitment and promotion opportunities to improve gender representation at all management levels
  - Ensured our gender representation closely mirrors the economically active population in the countries where we operate, with our operations in Botswana, Mauritius, Seychelles, South Africa and Uganda exceeding the female economically active population.
- **Career development and progression:** This agenda focused on promoting women's education, training and professional development to close gender gaps through acceleration programmes and promotions. The He4She and She4She agenda focuses on our male and female employees supporting women to progress in their careers. The following progress has been made on those agendas:
  - Skills development opportunities were utilised to create a diverse talent pipeline through the application of the 50/50 principle, which requires businesses to direct over 50% of training spend to females of all races

- We rolled out women-specific programmes, such as ExcelHer, focusing on building a talent pipeline of senior executives, and IgniteHer, aimed at developing a talent pipeline of enabled middle managers and others
- Mentorship and sponsorship programmes – We continue to support women to thrive and progress through our mentorship and sponsorship programmes, with leaders playing a critical role within our He4She and She4She initiatives.

Our gender agenda is also on the scorecards of each country leader, with all countries represented on the Group Women's Forum, which advances women's development programmes across the Group.

Equity towards equality, fair treatment, inclusive business processes and work environment

The fair treatment agenda of our Women's Manifesto focuses on embracing diversity, inclusion and treating all employees fairly, regardless of gender, while the business processes agenda focuses on ensuring that our policies, business processes and tools are inclusive, free of discrimination, and address any gender bias and gaps. The inclusive work environment focuses on ensuring the health, safety, and wellbeing of all our employees and providing a safe, conducive, and inclusive environment that meets the unique needs of our female employees. The following interventions have been put in place to ensure continuous improvement:

- **Remuneration:** We have heightened our focus on fair and responsible remuneration to address any gaps around gender pay parity, with budget directed towards addressing any gaps
  - MyContribution/performance rating – We focused on capability building to address bias in an objective setting. We conducted ongoing in-business socialisation sessions to equip managers with guidelines around deliberate efforts to avoid unconscious bias in performance conversations and improve awareness of unconscious bias in performance management.
  - Inclusive business processes – We developed a system that supports transformation, diversity and inclusion management, monitoring, and reporting across all levels to assist managers in modelling and managing this and employee movements.
  - Wellness – We delivered a wellness programme that supports female employees' mental health, and employees affected by violence and abuse.
- **Accountability and transparency:** The accountability agenda of the Women's Manifesto focuses on employees' commitment to being accountable for their actions and the organisation, holding leaders accountable for transformation, diversity and inclusion. The transparency agenda aims to address issues of gender diversity transparently and openly report on our progress internally and externally, where required, as well as commit to continuous improvement through ongoing monitoring and evaluation.
- **Inclusion of people living with disabilities:** We continue to seek voluntary declaration of any disability. However, due to cultural sensitivities and the fear of stigmatisation, we are aware that significant under-reporting often occurs. Addressing this matter is a clear priority in our transformation agenda, and we strive to deliver a conducive and supportive work environment. We also provide reasonable accommodation for self-declared employees living with disabilities, constituting 0.9% of our workforce.
- **LGBTQIA+ community inclusion:** Creating a conducive working environment for our LGBTQIA+ community continues to be an area of focus in countries where the agenda is legally supported. We continue to engage colleagues from the LGBTQIA+ community through sessions where colleagues shared their challenges and offered suggestions to enable Absa to become an employer of choice for this community. Among some of the interventions made to create an inclusive environment for the community, a decision was made for the bathrooms for people with disabilities to be multi-purposed as unisex as well.

Our racial diversity and inclusion agenda continues to be one of the key priorities on each leader's performance scorecard to ensure continuous improvement in racial representation across all management levels. Racial and gender diversity is driven in South Africa and our Absa Regional Operations with three of our Absa Regional Operations entities led by female managing directors, namely, Zambia, Ghana and Botswana.

The transformation, diversity and inclusion agenda has been strategically elevated to create an Absa where all employees belong. The following webinars were launched to enable an inclusive work and business environment:

- Sensitisation – setting of contexts
- Diversity of thought and personality
- Racial and ethnic diversity and inclusion
- Gender diversity and inclusion; gender identity and power
- Generational diversity and inclusion
- Harassment and bullying
- Healing and forgiveness
- LGBTQIA awareness and inclusion.

Diving deeper: ESG 401-1
2022 B-BBEE report.

#SheUntamed

A little more than two years ago, we announced our commitment to growing the #SheUntamed initiative, a programme designed to improve women's access to the sport of mountain biking through women's increased participation in the Team Absa line-up.

This is one of several initiatives created to drive transformation, diversity and inclusion, and, in turn, is part of Absa's ambition to be an active force for good in everything that we do. Unfortunately, due to the pandemic, Absa was denied the opportunity in 2020, did a light touch in 2021 and reignited #SheUntamed at the 2022 event through a focused event.

Pioneers

405-2 Ratio of basic salary and remuneration of women to men

Fair and responsible remuneration 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 both fixed remuneration adjustments in 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.

The ratios have remained stable year-on-year.

	2021		2022	
Fixed pay	Female	Male	Female	Male
South Africa[1]				
Managing Principal to Principal	1.0	1.2	**1.0**	**1.1**
Assistant Vice President to Vice President	1.0	1.2	**1.0**	**1.1**
BA1 to BA4	1.0	1.1	**1.0**	**1.0**
Africa Regional Operations[2]				
Managing Principal to Principal	1.0	1.1	**1.0**	**1.1**
Assistant Vice President to Vice President	1.0	1.0	**1.0**	**1.0**
BA1 to BA4	1.0	1.1	**1.0**	**1.0**
Total remuneration[3]				
South Africa[1]				
Managing Principal to Principal	1.0	1.2	**1.0**	**1.2**
Assistant Vice President to Vice President	1.0	1.2	**1.0**	**1.2**
BA1 to BA4	1.0	1.1	**1.0**	**1.1**
Africa Regional Operations[2]				
Managing Principal to Principal	1.0	1.1	**1.0**	**1.1**
Assistant Vice President to Vice President	1.0	1.0	**1.0**	**1.0**
BA1 to BA4	1.0	1.1	**1.0**	**1.0**

[1] Cost-to-company.
[2] Basic salary.
[3] Remuneration is the sum of fixed pay plus discretionary incentive bonus/formulaic incentive for the performance year plus any long-term incentives awarded in the year.

406 Non-discrimination

Taking a stand against discrimination: Sexual harassment

Absa is committed to creating and maintaining a working environment in which employees feel safe and accepted. Every employee is responsible for creating this culture – one that encourages diversity and inclusivity – and for fostering a workplace that is free of discriminatory practices. Sexual harassment in the workplace is a form of unfair discrimination and is prohibited on the grounds of sex and/or gender and/or sexual orientation. It includes unwanted conduct, whether physical, verbal or non-verbal, that is of a sexual nature. Notably, even a single incident of unwelcome sexual conduct may constitute sexual harassment. The sexual harassment standard is supported by the following policy statement: Absa Group Limited does not tolerate any forms of harassment including sexual harassment. To this end the organisation will proactively drive initiatives that will create an environment that is inclusive and free of any discriminatory practices.

Given the serious nature of this violation and its repercussions on individuals and teams, we launched sexual harassment training to our South African employees to help develop an understanding of what constitutes sexual harassment and how a complainant can respond to unwanted conduct using a confidential process, which is outlined in the Absa Sexual Harassment Standard. We developed customised content for the Absa Regional Operations to accommodate each country's laws and unique context. Absa is in the process of replacing the Sexual Harassment Standard with an all-encompassing Prevention and Elimination of Harassment in the Workplace Standard that will cover inter alia, sexual harassment; racial, ethnic or social harassment; bullying and Gender based violence. This is in line with the International Labour Organisation's Convention 190.

Physical conduct:
All unwelcome physical contact, touching, a strip search by or in the presence of the opposite sex, sexual assault etc.

Non-verbal conduct:
Unwelcome gestures, indecent exposure and display of or sending sexually explicit pictures or objects.

Verbal conduct:
Unwelcome innuendos, suggestions, hints, sexual advances, comments with sexual overtones, sex-related jokes or insults, graphic comments about a person's body made in their presence or to them, inappropriate enquiries about a person's sex life and whistling of a sexual nature.

Employees who have been subjected to any form of harassment can seek assistance from ICAS through self or manager referral.

406-1 Incidents of discrimination and corrective actions taken

Our Employment Relations Policy relating to disciplinary procedures and grievances is informed by the provisions and the spirit of the International Labour Organization conventions and all relevant employment legislation applicable in South Africa and respective Absa Regional Operations presence countries. We strive to create an environment that is diverse and inclusive, and free from discriminatory practices. In the event of an incident, our policies and procedures make provisions for speedy resolution.

12 incidents of discrimination were reported during the year, with 10 resolution procedures completed and two pending finalisation.

410 Security practices

410-1 Security personnel trained in human rights policies and procedures

We outsource security to reputable companies whose employees receive basic human rights training. The International Bill of Rights is incorporated into the induction process for new security personnel, and new learners enrolled in accredited training programmes. In Absa Regional Operations, we adhere to local laws and regulations. Human rights training is included in security personnel training in all our presence countries. Security personnel receive electronic updates and a human rights booklet/brochure, which is also distributed to security employees and discussed during the opening of all courses as a Toolbox Talk. Our security providers provide attestations annually to validate conformance to human rights requirements.

415 Public policies

415-1 Political contribution

We are a politically neutral organisation and do not participate in party political activities or make political contributions.

This means:

- We do not pay fees to political speakers, which include former politicians and government officials, elected officials, heads of state, and members of parliament and provincial legislatures
- All employees are prohibited from offering, promising, providing, requesting or receiving donations for political parties
- We do, however, participate in government initiatives that are in line with our strategy and values.

416 Customer health and safety

416-1 Assessment of the health and safety impacts of product and service categories

416-2 Incidents of non-compliance concerning the health and safety/impacts of products and services

Our OHS Policy encompasses employees, contractors, visitors, consultants and customers. In South Africa, the Department of Labour regularly inspects all our premises for compliance with the South African OHS Act, including those serving customers. We have public liability cover for litigation arising from accidental bodily injury sustained by persons while at our premises and for accidental damage to their property. This standard applies across our Absa Regional Operations as not all countries have the same legislation in place.

There were no reports of non-compliance to any health and safety regulations or codes in 2022.

418 Customer privacy

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

There were 140 substantiated customer privacy complaints (2021: 28), of which 59 related to customer requests for access to information. Customer engagements comprised deceased estate matters falling within the ambit of the Promotion of Access to Information Act, 2 of 2000 or incorrect account deposits.

Financial services disclosures[1]

[1] Numbering in line with GRI disclosure

Financial Services Sector Disclosure

Responsible banking

In the financial services industry, providers of products and services are usually better informed than their customers. This imbalance results in the potential for unfair treatment of customers. Possible consequences include:

- Inappropriate products being sold
- Unsuitable financial advice being given
- Financial products and services underperforming or even failing
- Ambiguous communication about products.

Treating Customers Fairly is an outcomes-based regulatory and supervisory approach aimed at protecting consumer rights and ensuring that consumers are delivered specific fairness outcomes when dealing with regulated financial firms. In line with this, our customers can expect the following from us:

- Fair treatment
- Retail products and services that are designed to meet the needs of our consumer groups
- Clear information before, during, and after the point of sale
- Suitable advice that takes account of the customer's circumstances
- Products that perform to expectation and associated services of an acceptable standard
- No unreasonable post-sale barriers to changing products, switching providers, submitting a claim or making a complaint.

We are mindful of our responsibility to ensure that our employees have the necessary competencies, qualifications, experience, and personal honesty and integrity to fulfil their duties.

In addition to meeting the relevant regulatory requirements in our presence markets, various policies and standards, such as the Conflicts of Interest and Employee Relations policies, guide our daily customer interactions. Our tax affairs are managed in accordance with legislative requirements in each of the countries in which we operate.

Western Regional Business Awards 2022 – Absa Ghana received the Bank of the Year and Customer service award

FS1 Policies with specific environmental and social components applied to business lines

Our Wholesale Credit Standard, and the supporting Sustainability Risk Standard, guide our relationships with customers and our mitigation efforts regarding environmental and social risks. The Sustainability Risk Standard details the minimum requirements and controls for identifying transactions with potential environmental and social risks, outlines when the Equator Principles and guarantee provider requirements must be applied and gives details of the circumstances under which referral to the environmental credit risk management (ECRM) team is required. We updated and finalised the Oil and Gas, Coal, Mining and Metals, the Agriculture, Transport, Manufacturing and Commercial Property Finance Standards during 2022. These standards stipulate specific required obligor assessment parameters and mitigating actions for clients that engage in activities related to these sectors.

Sector-specific guidance notes outline key sector and reputational risks, headline issues and considerations to inform decision-making.

These include:

- Agriculture and fisheries
- Chemicals and pharmaceuticals
- Conflict blood diamonds
- Forestry and logging
- General manufacturing
- Infrastructure
- Mining and metals
- Nuclear industry
- Oil and gas
- Power generation and distribution
- Service industry
- Utilities and waste management.

Further lending and investment banking environmental and social risk guidance is available to support the management of environmental and social risks in projects in accordance with Equator Principles requirements, covering additional relevant client-related environmental risk and impact management aspects such as environmental and social impact assessments, independent advice and monitoring and the need for adequate grievance mechanisms.

FS2 Procedures for assessing and screening environmental and social risks in business lines

Our environmental and social risks are assessed and screened Group-wide in accordance with Absa's ESMS. The mechanism outlined below is aligned with the Equator Principles.

Mechanisms for assessing and screening these risks include:

- Customer-facing employees and credit analysts review the transaction for environmental and social risks as part of the credit review and approval process, guided by our specialist ECRM teams and designated environmental and social officers in the Absa Regional Operations
- Credit analysts consider environmental and social risks when providing credit facilities, as environmental credit risk is embedded in the credit risk process. They document applicable material risks and mitigating actions in the credit paper
- Transactions are referred to the appropriate committees for approval, as determined by our Credit Policy and business procedures, for initial support and final credit approval
- Financing requests for sensitive sectors are assessed on a case-by-case basis, and the process includes various considerations as guided by our standards.

We appoint independent environmental consultants to assess and mitigate the identified risks, where appropriate. A transaction will be rejected based on a holistic decision considering numerous factors, including environmental and social risks. Finance will only be provided if all requirements are met.

Moreover, identified gaps regarding environmental and social risks are included in action plans and covenanted in facility agreements, where appropriate.

Exclusion lists, which prohibit or limit funding to identified high-risk environmentally and socially sensitive sector activities are being progressively introduced and implemented in our lending operations. Coal, oil and gas climate caps have also been set and will be reviewed, at a minimum, on a three-year cycle from the date of adoption.

An Environmental and Social Risk Assessment (ESRA) tool has been developed to improve efficiencies during the screening and assessment of environmental and social risks. The tool was also updated to capture and identify potential positive impact activities underlying risk identifications and management, as well as starting to understand climate risk vulnerability beyond just GHG emission management. The tool is being automated and integrated into credit systems using a phased approach, with full integration expected during 2023.

The ESRA tool requires consideration of environmental and social risks using the IFC Performance Standards, which include consideration of the client ESMS and related ecosystems, grievance mechanisms, labour practices, biodiversity aspects, climate-related risks (GHG emissions and reduction targets), social risks and legal compliance.

Over 1 137 employees across CIB in South Africa and Absa Regional Operations have received ESRA tool training during 2022.

Project finance transactions[1]	Project-related bridge loan	Project-related corporate loans[2] reaching financial close
4	**0**	**1**
2021: 2	2021: 0	2021: 0
General transactions	**Project finance advisory service**	**Project-related finance**
227	**0**	**1**
2021: 90	2021: 0	2021: 0

[1] Over USD10 million.
[2] Over USD 100 million that meet specified criteria.

Global Finance Awards 2022 – CIB was awarded the Best Investment Bank in Power/Energy (Global Sector Award) and Best Equity Bank (African Region Award). Awards acknowledge excellence in advisory, capital raising and financing solutions

Equator Principles

Since 2009, we have undertaken environmental risk assessments for all transactions within the thresholds defined in the Equator Principles, including project finance, project-related corporate loans and project-related refinance. All Equator Principles transactions are reviewed by the ECRM team, working closely with the business and legal teams.

Equator Principles projects are categorised in terms of the IFC's environmental and social categorisation process as category A, B or C based on the expected magnitude of their environmental and social impacts:

A – Potentially significant adverse social or environmental impacts that are diverse, irreversible or unprecedented

B – Potentially limited adverse social or environmental impacts that are few, generally site-specific, largely reversible and readily addressed through mitigation measures

C – Minimal or no social or environmental impacts.

Our policies and standards reflect the requirements of the Equator Principles IV (effective 2020). Six project finance, project-related corporate loans and project-related refinance transactions were carried out during 2022.

	Project finance						Project-related corporate loans						Project-related refinance					
	2021			2022			2021			2022			2021			2022		
Equator Principles transactions	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
Sector																		
Mining and metals	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure	–	1	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Oil and gas	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	–	–
Power generation	–	–	–	–	4	–	–	–	–	–	–	–	–	–	–	1	–	–
Other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Region	–	–	–															
Americas	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Europe, the Middle East and Africa	–	1	1	–	4	–	–	–	–	–	1	–	–	–	–	1	–	–
Asia Pacific	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Country designation	–	–	–				–	–	–	–	–	–	–	–	–	–	–	–
Designated country	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Non-designated country	–	1	1	–	4	–	–	–	–		1	–	–	–	–	1	–	–
Independent review	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Yes	–	1	1	–	4	–	–	–	–	–	1	–	–	–	–	1	–	–
No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	1	1	–	4	–	–	–	–	–	1	–	–	–	–	1	–	–

General transactions	2022 A	2021 A
Sector		
Mining and metals	33	24
Infrastructure	35	14
Oil and gas	31	21
Power generation	10	3
Power generation (renewable energy)	14	7
Agriculture and fisheries	10	5
Chemicals and pharmaceuticals	6	–
Manufacturing	45	7
Services	38	8
Utilities and waste management	4	4
Transportation	1	–
Region	–	–
Americas	–	–
Europe, the Middle East and Africa	227	93
Asia Pacific	–	–
Total	227	93

Driving sustainability in the South African debt capital market

Absa's inaugural green bond

Absa published its Sustainable Finance Issuance Framework, a critical tool that sets guidelines and provides a platform for originating and raising more green, social and sustainable assets. Based on this framework, we issued our inaugural green bond, raising R2.6 billion across three, five and seven-year maturities. The use of proceeds will be earmarked for solar and wind renewable energy projects.

https://www.absa.africa/content/dam/africa/absaafrica/pdf/dmtn/2022/ABSA-Sustainable-Finance-Issuance-Framework-May-2022.pdf

Growthpoint green bond

We acted as sustainability coordinator for Growthpoint Properties in refreshing their externally verified Green Bond Framework to comply with the new JSE listing requirements and arranging their green bond issuance valued at R1 billion. The deal was a seven-year and 10-year green use of proceeds bond, to be allocated towards the financing of green buildings. Growthpoint is the largest South African primary real estate investment trust listed on the JSE.

We have significantly grown our sustainable financing platform in 2022. Key highlights include:

Powering South Africa by financing renewable energy

Leading South Africa's first captive power deal

We acted as joint mandated lead arranger and lender for South Africa's first utility-scale renewable energy captive power project comprising 200MW solar power.

The plant will be built in the North-West province at an estimated cost of R4.1 billion and supply power to Tronox Holdings Plc's South African operations. The project will reduce Tronox's reliance on fossil fuel power and is expected to reduce its global carbon emissions by approximately 13%. Tronox SA is one of South Africa's largest heavy mineral sand producers.

Funding the first renewable energy projects to reach financial close in bid window five of the South African Renewable Energy Independent Power Producer (REIPP) programme.

We acted as the joint mandated lead arranger and lender for two renewable energy projects, which reached financial close on 10 November 2022. The projects comprise two 140MW wind farms, which will be located in the Northern Cape and developed at a total estimated capital cost of R7.7 billion.

Enabling Teraco's renewable energy journey

We acted as arranger, bookrunner, sustainability coordinator, senior solar capex facility lender, and facility agent in Teraco's R1.5 billion green loan. The proceeds from the green loan will be allocated towards Teraco's renewable energy projects. Teraco provide highly resilient, vendor-neutral data environments in sub-Saharan Africa.

Arranging market-leading transactions

Arranging the largest sustainable finance transaction in the South African market to date

We arranged a R10.4 billion multi-currency sustainable debt package for the Harmony Gold Mining Company Limited (Harmony) in South Africa, which included a green term loan and sustainability-linked revolving credit facility and term loan. We acted as joint global coordinator, bookrunner, sustainability coordinator, mandated lead arranger and facility agent for this landmark, market-leading transaction. The transaction will contractually and commercially incentivise Harmony to reduce its overall carbon footprint and water consumption and support its renewable energy investment.

Advisory for the first sustainability-linked transaction in the paper and pulp industry in Africa

We acted as the sole sustainability coordinator for Sappi's R2 billion five-year sustainability-linked revolving credit facility. The facility enabled Sappi to link its local revolving credit facility to globally and locally relevant sustainability targets. These include sustainability key performance indicators focused on reducing specific GHG (Scope 1 and 2) emissions, ensuring certified fibre is being supplied to Sappi mills, reducing solid waste to landfill for Sappi's operations globally, and reducing process water in South Africa.

Enabling social inclusion through sustainable finance in the Barlow Park development

Absa is funding the Barlow Park (R881 million) development in Sandton, offering high-density affordable green residential units, along with convenience, retail, educational, commercial, and healthcare facilities and multiple outdoor spaces.

Phases 1 and 2 will deliver over 1 600 Excellence in Design for Greater Efficiencies (EDGE) certified residential units, a school, and 5 500m^2 of convenience retail space.

Sustainable Finance structures for growing places

We enabled the refinancing of Pareto's current borrowings with ESG-linked financing (over R9 billion in demand for the transaction). We acted as sole coordinator, sole bookrunner sustainability co-ordinator and initial mandated lead arranger for this transaction. Using our understanding of the local real estate financing market and the Pareto group, we raised over R9 billion in demand for the transaction.

Pareto is a leading corporate citizen dedicated to sustainability; thus, two-thirds of the transaction was committed to being structured as sustainability-linked. Accordingly, when specific annual sustainability targets are met, Pareto will enjoy a pricing benefit the proceeds of which will be used to finance water-saving initiatives across its property portfolio.

Sustainable finance

The Absa Sustainable Finance Issuance Framework (SFIF), together with the second party opinion, incorporating the validation of conformance to the International Capital Market Association's sustainable bond principles and the Loan Market Association's sustainable loan principles, were published in May 2022. This was followed by several green issuances and loans during the year. The framework clearly defines the bank's ESG strategy, risk management policies and systems, instruments to be listed and issued under the framework, together with a rigorous three step asset selection process, management and reporting obligations supported by external limited assurance requirements for each issuance under the use of proceeds activities.

We issued our first green senior unsecured bonds for approximately R2.57 billion and followed with our inaugural green Tier 2 bond for approximately R1.92 billion. Both bonds were issued under the SFIF, and the proceeds were allocated to renewable energy projects (wind and Concentrated Solar Power (CSP). This aligns closely with the Bank's drive to contribute to the net zero climate change agenda. The growth in ESG assets of the bank (which are approximately R22 billion for renewable energy) continues to be a key focus area for the Bank.

We secured a social loan facility for R2 billion with the IFC. These proceeds were earmarked to fund affordable housing flow business. Absa continues to command a substantial market share in this segment of the home loan market and has a focused strategy to continue supporting the affordable housing market in South Africa.

We also concluded our first ever syndicated sustainability-linked loan of USD400 million with two renewable energy key performance indicators. One being to expand our renewable energy book by funding at least two gigawatts of renewable energy capacity over the next two years and the second to reduce the Bank's reliance on carbon-based energy through our own renewable energy installations by at least 5% over two years. This trade was oversubscribed and is a clear indication of the investor confidence in Absa as well as the appetite for sustainability-linked investment opportunities.

Table 1 – Allocation Report below displays the bond issuances under our SFIF and the allocation to green assets. 100% of the issuance proceeds were allocated to renewable assets, including Solar CSP and wind. All assets were refinanced in line with our SFIF. PwC has provided limited assurance in line with the SFIF.

Sustainable liabilities Instrument	Bond code	ISIN	Issuance date	Maturity date	Amount	Asset category	Number of projects	Amount/ exposure (R)
						Renewable energy		
Senior unsecured	ABGN01	ZAG000187436	27 June 2022	27 June 2025	439 000 000	Solar CSP	2	1 985 914 921
Senior unsecured	ABGN02	ZAG000187428	27 June 2022	27 June 2027	1 098 000 000	Wind	6	2 595 398 001
Senior unsecured	ABGN03	ZAG000187410	27 June 2022	27 June 2029	1 032 000 000			
Tier II	AGLG01	ZAG000189580	15 September 2022	16 September 2032	1 916 000 000			
Total sustainable liabilities					4 485 000 000	Allocated to sustainability assets		4 581 312 922
Total proceeds allocated to eligible assets (Rm)								4 485 000 000[LA, 1]
Balance of unallocated proceeds								0
Percentage of net proceeds of green funding allocated to eligible assets (%)								100
Percentage of refinancing (%)								100

Table 2 – Impact Report below illustrates the impact of the above investments

Project category	Installed capacity (MW)	Production in GWh[2]	CO_2 avoidance (tCO_2/year)[3]
Renewable energy			
Concentrated Solar Power	200	536	557 556
Wind	810	2 193	2 280 242
Total	1 010	2 729	2 837 798

1 Total proceeds allocated to eligible assets with limited assurance.

2 Production only included for projects that have reached commercial operating date calculated using the CSIR H1 2022 availability factors.

3 Based on the Eskom emissions factor of 1.04 tons per MWh.

LA Limited assurance PWC conducted Independent assurance on Absa Group Limited's post-issuance verification on the application of the ABSA Sustainable Finance Issuance Framework

Further to the R4.5 billion bonds issued, we raised local and offshore ESG loans to the value of R8.8 billion at a competitive price with the general investor market, bilateral loan agreements with Development Finance Institutions (DFIs) and the offshore investors.

Annual Bonds and Loans Africa Awards 2022 – CIB was awarded Local Markets Loan House of the Year and Sub-Sahara Africa Investment Bank of the Year

Absa Group Limited Independent limited assurance report – Sustainable finance

FS3 Processes for monitoring customers' implementation of and compliance with environmental and social requirements included in agreements or transactions

Within the environmental risk assessment process, the customer relationship, legal, transaction support, and environmental credit risk teams engage with the customer during the transaction life cycle to ensure environmental and social risks are appropriately mitigated and those financing opportunities that support the green finance economy are identified, for example, renewable energy opportunities.

The environmental credit risk function reviews the reports to ensure that environmental and social risks are satisfactorily managed. When required, we engage with our customers regarding environmental issues of concern and address cases where unsatisfactory progress has been noted to agree on an appropriate resolution or action plan.

Where appropriate action is not taken, support for the finance application may be cancelled or revoked after following due process.

FS4 Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

Our ECRM learning programme enhances internal credit and bankers' knowledge and awareness of environmental and social risks and how these relate to sustainable finance. The programme was updated to align with Absa's ESMS requirements.

FS5 Interactions with clients/investors/business partners regarding environmental and social risks and opportunities

We engage with relevant stakeholders on various issues, such as critical developments in the environmental risk field, international and regional sustainable finance matters and related regulatory developments, and environmental impacts, to broaden our understanding of both environmental and social risk.

We are:

- A member of the Banking Association of South Africa's Sustainable Finance Committee, Climate Risk Committee and Positive Impact Working Group
- A member of the United Nations Environment Programme Finance Initiative
- A member of the National Business Initiative and a local representative of the CDP
- Working with the Council for Scientific and Industrial Research on physical climate-related risks.

During 2022, we participated in the Equator Principles annual meeting.

We also participate in various information events/webcasts hosted by multiple stakeholders, such as the United Nations Global Compact, the Global Association of Risk Professionals, the GRI and the CDP.

FS6 Percentage of the portfolio for business lines by specific regions, size and by sector

An analysis of the Group's lending portfolio by business lines and geographic regions is disclosed within our financial results analysis.

Diving deeper: 2022 Financial Results Booklet Note 9

FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Affordable housing

We continue to play an active role in the affordable housing market by providing relevant and appropriate financial solutions to investors, developers, and the communities we serve. We provided home loans to 6 843 (2021: 7 932) affordable housing customers to the value of R3.9 billion (2021: R4.3 billion).

In 2022, the South African economy experienced a dramatic rise in inflation, driven by food inflation, increased electricity tariff rates, petrol prices and interest rate increases, thus placing consumers under affordability pressure.

As part of our home loan offering, our borrower's education programme informs customers of all aspects of home buying and ownership. 6 960 (2021: 9 084) customers participated in the programme, delivered virtually to support social distancing. Our total affordable housing home loan book as at 31 December 2022 was R16.8 billion (2021: R14.1 billion).

We also enabled 469 (2021: 127) customers to access the government's Finance-linked Individual Subsidy Programme.

The multi-family finance offering allows Absa to finance a home loan with up to 12 applicants on a bond, assisting with affordability. By law, joint applicants must accept that they are jointly and severally liable for the total monthly home loan repayments, taxes, and other legal and administrative fees associated with purchasing the property.

Individual subsidy programme – the IFC loan for affordable housing

South Africa has a shortfall of 3.7 million homes. The shortage is most acute in the lower end of the market, which faces a lack of access to financing.

Absa received a R2 billion loan from the IFC (part of the World Bank) to support the expansion of Absa's affordable mortgage finance portfolio in South Africa. The IFC's first social-sector loan in South Africa targets lower- to middle-income households. The loan will be certified in compliance with the Loan Market Association's Social Loan Principles and will be the first such transaction in the South African market.

To enable the development of and/or investment in affordable units, we have committed property finance of c. R9.2 billion in the past seven years. Our product offering includes social housing, which involves providing finance to facilitate more affordable rentals.

We will continue working with the Department of Human Settlements and Local Authorities. To date, we have delivered approximately 5 000 homes in Gauteng, Eastern Cape and Mpumalanga (Witbank 'Klarinet', Mogale City, Olivenhoutbos and Thornhill). We are actively working on a pipeline of housing opportunities of approximately 1 000 units.

Partnerships to empower Africa's tomorrow, together one story at a time

Absa sponsored the South African Institute of Black Property Practitioners (SAIBPP) 2022 Annual Convention

SAIBPP's mission is to ensure a demographically representative and inclusive property sector, and to be a driver of inclusive growth and broad-based participation in the property sector and the building environment.

Absa's sponsorship included a masterclass focused on Absa's role in enabling a more inclusive society concerning procurement, enterprise development, new sector development, home loans and Absa's corporate real estate services.

Absa sponsored the Green Building Council of South Africa (GBCSA) 2022 Annual Convention

Absa Commercial Property Finance sponsored the GBCSA 2022 Annual Convention under the theme 'Re-generation Movement'.

Absa also hosted a masterclass where it presented its Climate Risk Management Framework, followed by a panel discussion by a multidisciplinary group of experts on opportunities and solutions offered by Absa to assist its clients' transition to a low-carbon economy.

Enterprise development

We have identified procurement as a significant catalyst to economic transformation and built partnerships with various corporate clients across Africa to provide SMEs with financial and non-financial support to ensure sustainable participation in their supply chains. We provided funding of over R4 billion to SMEs on preferential terms. Over and above access to procurement opportunities, we support SMEs by providing access to financial services and development support in the form of business skills, information, networks and markets. These interventions include training and strategic events; access to corporate customers and their value chains; and partnerships with non-profit organisations, global development organisations and government. Our structured approach to value chain financing blends our commercial funding with more affordable funds and/or guarantees from third parties to provide more affordable financing rates for emerging businesses that would not otherwise qualify for traditional finance.

The following programmes were supported in 2022:
- Absa supported black-owned SMEs to exhibit at the NAAMSA SA Auto Week, including two black female-owned entities; i-g3n, a lithium-ion battery manufacturer, and Basadi Automotive, a logistics company providing car carrier services to motor industry original equipment manufacturers
- EmpowaYouth initiative brings opportunities closer to youth and supports their desire to improve their socioeconomic conditions by driving collaboration and participation from relevant business sectors to ensure a more inclusive economy, specifically in peri-urban and rural areas.

The following programmes supported in 2021 were continued in 2022:
- The Basadi Enterprise Development programme, under Absa Insurance Company, delivered further training through the Roofing Academy in 2022 to three SME suppliers.
- The Smart Procurement Xchange programme reverted to physical events in 2022. We provided sponsorship towards the Smart Procurement Indaba at Gallagher Estate and played a significant role in matching sessions with buyers from larger corporates. 40 SMEs participated in the six-month coaching programme on various topics to enhance the businesses to be supplier ready.
- Our partnership with Fedhasa continued in 2022, providing mentorship in financial and business management, mastering cashflow management, compliance with income taxation, small business tax incentives and South African Revenue Services refunds for small businesses, financial planning and mentorship programmes for SMEs. This included a three-month mentorship programme in entrepreneurial topics, i.e., business strategy, business agility, cashflow management, legal and tax compliance, and marketing your business for success.
- Business development grants of R79.5 million were dispersed in 2022 to black-owned financial intermediaries with an annual fee income of less than R50 million. Some of our notable beneficiaries include:
  - SA Disability Investment Holdings – A financial intermediary run and managed by people living with disabilities
  - Bright On Capital – A wholly black-owned purchase-order financing entity
  - Envi Africa – The first micro-insurance underwriter wholly owned by a black African female in South Africa. Envi was awarded a micro-insurance underwriting licence in October 2022. In addition to financial support, Absa Enterprise Development and Absa Life supported Envi Africa in their application process to the SARB Prudential Authority.
- Lending-based grants were made available to black SMEs that applied for funding but did not qualify for the total loan amount. A specified percentage of their loan amount was offered as a grant to assist with the sustainability and growth of their businesses.
- We collaborated with other institutions to sponsor an online coaching summit for youth-owned SMEs, which included discussions on funding readiness, legal matters, tax accounting and compliance, business advisory and technology.

Due to the impact of the civil unrest in 2021, certain programmes were postponed to 2022. For example, our partnership with Dunlop Business in a Box was launched in the central region of South Africa in 2022, with three SMEs receiving funding, including grant funding.

Agriculture

Business development

Inclusive and sustainable growth is a key focus point in agriculture. Absa enhances the sector's inclusivity by using innovative solutions to address constraints such as limited technical expertise, the shortfall in security and the high cost of borrowing for the developing agri-sector. As a result, our lending to the developing agri-sector has grown exponentially over the past three years.

We are working on partnerships to co-finance the developing sector through blended finance schemes and thus expand our offerings.

Over and above lending solutions, we facilitated exposure to educational opportunities for subsistence farmers, farm workers, youth and developing commercial farmers. With support from Absa Education Delivery, over 2 000 subsistence farmers and farmworkers were trained in financial literacy.

Youth inclusion is critical to inclusive and sustainable growth in agriculture, more so given the high unemployment rate in South Africa. In response, and considering the barriers to quality education, Absa offered agri scholarships to youth from economically disadvantaged backgrounds in 2020. The trained youth will contribute to a pool of knowledgeable, competent, astute future sector leaders. In 2022, we continued to support the remaining 34 agricultural students on the Agri Scholarship programme. This was done through webinars on the agricultural sector, jobs of the future, and stress and time management. We also awarded prizes to the best-performing and most improved scholars.

Further, we partnered with the corporate and social arm of one of our agri clients to support more students, 75% of which come from previously disadvantaged communities.

Additionally, 65 developing livestock farmers participated in training programmes to improve herd management, profitability, and sustainability. As a result of the interventions, some have submitted applications for funding to increase their herd sizes.

Primary agriculture

The agri-sector performed exceptionally well in the previous three seasons. Good crop conditions and high prices underpinned this performance. However, not all parts of the country experienced this boom. Our export industries faced multiple challenges over the past two seasons ranging from climatic-related issues to local port inefficiencies and social unrest, high global shipping costs and unreliability of freight times. Elevated risks associated with high shipping costs only allow for top-class products to be shipped.

We appreciate that investments in agriculture are long term. We therefore take a long-term view with each client, recognising that they will have good and bad seasons resulting from the changes in weather patterns and/or economic conditions. We are increasing our ability to serve our clients, monitor their enterprises and manage risk timeously.

Our specialists supply local and global market insights through various media platforms, such as the Absa blog, television, print and social media, to assist our customers in making better-informed decisions. In addition, we provide a range of information in support of the industry, including:

- Weekly reports containing an analysis of factors that impact global and local markets and a forecast of expected prices within the next three months. These reports cover feed grains, livestock, fibre and hides
- Weekly commodity prices
- Annual commodity outlooks, comprising global and local economic drivers covering grain, oilseed and horticultural crops, livestock, fibre and other topical regulatory or resource issues. The report includes a three to five-year outlook on market developments
- Webinars that provide our clients with relevant information on market-related aspects and the bank products available to meet their needs.

Agri innovation

With the rapid development in the technology space, we are continuously monitoring this environment to identify possible new technologies we can implement or use to improve our client offerings.

We have conceptualised and tested several digital offerings, with possible implementation in the short to medium term. For example, in 2022, Absa obtained the capacity to test remote sensing with our customers through a proof of concept.

In addition, the bank started revisiting our working capital solution offering based on the outcomes obtained through the digital sprint that was concluded at the end of 2021. To facilitate linkage to markets, we have partnered with an online marketplace that links smallholder and large-scale producers to input and output markets as well as technical support services in a transparent manner. The platform is expanding to incorporate financing solutions for its users. The process of implementing these concepts will stretch over more than one year.

Lastly, to expose our client base to the latest technologies, the bank will take several clients to visit some of the global leaders in agri-tech during 2023.

Secondary agri

We continue to be a dominant player in the primary agri market. We are diversifying our book into the broader agri-value chain, focusing on strengthening our presence and involvement in the secondary agricultural market and financing value chains that contribute to environmental sustainability and long-term economic growth.

Secondary agricultural activities enable primary agri activities and drive the procurement of and value addition to primary agri-products. These activities include pre-production and post-harvest activities.

To venture into the secondary agricultural market, as Absa AgriBusiness, we developed a Client Value Chain Mapping Tool, which effectively identifies new-to-bank opportunities within the existing client base. Through this endeavour, we also aim to help clients transition to sustainable business models and supply chains, enabling a more stable food supply while assisting our clients in achieving their ambitions.

Climate risk

Agriculture plays a significant role as a primary sector of the economy. However its sustainability is being threatened by unprecedented environmental and climate risks, such as extreme weather events associated with climate change (such as droughts, floods and heatwaves), that may cause sudden reductions in agricultural productivity, impacting food security and leading to rapid price increases. South Africa is a predominately semi-arid country with inherently low and erratic rainfall. This exacerbates the impact of climate risks, particularly on available water.

Irrigation agriculture utilises up to 60% of our available water. We therefore endeavour to contribute towards enhancing the efficiency with which our clients use this limited resource. We use software that estimates irrigation water requirements of crops, farms and larger areas to plan and manage irrigation water requirements for the operations we finance.

The agricultural sector is one of the most significant contributors to global GHG emissions, but it also presents ample opportunities to support transition and act as a carbon sink in the race to reduce global emissions. Implementation of our Group-wide ESMS also enables us to identify and manage environmental and social risks associated with our clients' activities. This was further supported by developing our Agricultural Financing Standard for a more focused approach to innovative sustainable finance products and solutions for our clients.

From a climate risk perspective, to ensure long-term agricultural sustainability, Absa needed to understand its carbon footprint and exposure to climate risks through financed emissions, as well as the opportunities presented relating to the agriculture lending portfolio. As such, Absa partnered with Zutari Engineering Consultants and the Council for Scientific and Industrial Research (CSIR) to develop a tool to map out the potential climate risks and impacts associated with the bank's agricultural portfolio and clients' activities within specific geographic regions.

From this analysis, a physical risk dashboard tool was developed, which includes current and future physical climate risks and emissions presented spatially. The dashboard and associated maps also allow client identification and coordinates linked to their operations' location. This output provides us with a view of physical risk hazards and transition risks related to financed emission exposure per client and geographical region, which will ultimately enable Absa to identify high-risk exposures and to partner with clients to work towards reducing their carbon footprint, reducing Absa's financed emissions, building climate resilience within the agricultural sector, and transitioning our clients to a greener economy. In addition, this information will also be used to assist clients in understanding their potential climate risk exposure and possible risk mitigation strategies.

Biodiversity

7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

Absa's contribution to biodiversity and natural capital

The financial sector significantly impacts natural capital and biodiversity by lending to high-impact sectors. As such, there is a focus on addressing rising global concerns regarding biodiversity dependencies, risks and opportunities to encourage best practices, protect natural capital and contribute to sustainable development in the financial sector.

Our active force for good in everything we do strategy's environmental pillar promotes environmental sustainability by proactively managing climate change and biodiversity risks and opportunities and providing innovative sustainable finance products and solutions. Absa's strategy and Group Sustainability Risk Policy align with SDG 15: Life on Land, which speaks to defining an approach for biodiversity and natural capital risk management and the value of sustainable finance towards these types of transactions triggered in our lending portfolio and value chain. Through our Environmental and Social Management System, we encourage clients to identify, assess, manage/mitigate and monitor their environmental and social risks and impacts, including biodiversity risks and opportunities.

To better understand our exposure to biodiversity risks and opportunities in our lending portfolios, we are exploring various screening tools to further our understanding of our biodiversity footprint and natural capital dependencies.

The approach would include integrating specific biodiversity spatial layers into the existing map feature of our current physical risks dashboards to identify biodiversity dependencies, risks and opportunities linked to our clients' operations.

Some potential risk layers would include Critical Biodiversity Areas, Ecological Support Areas, Strategic Water Source Areas, RAMSAR wetlands (and other RSA priority wetlands), national parks, Freshwater Ecosystem Priority Areas, and sensitive birding areas, among others.

Piloting of the biodiversity screening project commenced in the last quarter of 2022. The success of the pilot will pave the way for a more robust system to be developed in 2023 that would allow for the integration into Absa's Environmental and Social Management System to assist us in better understanding potential biodiversity risks and opportunities associated with our clients, as well as our biodiversity exposure, dependencies and overall footprint. The outcomes of the pilot will also highlight opportunities for innovative sustainable finance products and solutions.

Digital solutions

Developing digital solutions to assist our clients in running secure and efficient businesses

In line with this objective, we launched Absa Abby on our banking app. This internally built, award-winning virtual assistant helps customers easily navigate the banking app. Powered by artificial intelligence, Abby learns from customers' interactions on the banking app and can provide guidance based on customer habits to improve their experience over time.

Moreover, our partnership with a fintech company has enabled us to offer an end-to-end digital group life cover to small and medium enterprise employees, Employee Care Plan, within minutes. The plan provides life, disability and family funeral cover for employees at an affordable price, protecting SMEs and their employees from potential financial strain.

Diving deeper: 2022 Integrated Report

FS8 Monetary value of products and services designs to deliver a specific environmental benefit for each business line, broken down by purpose

Renewable energy

Customer education and awareness are essential components of our approach to driving renewable energy. We participated in various online events, including the Sustainability in Manufacturing event, Smart Mobility Week, and other energy-related virtual events. We were also a lead sponsor of the Solar Power Africa Conference.

In 2022, in addition to our online approach to consumer education and awareness-raising engagements, we once again participated in in-person events, including the Green Building Council of South Africa Conference, and sponsored the Manufacturing Indaba and the Solar Power Africa Conference. In addition, we participated in many smaller events driving engagement with businesses across the country to understand and discuss their specific sectors and energy needs. Further, our Virtual Reality Tool, launched at the Solar Power Africa exhibition in February 2023, takes users on a tour of a hybrid solar installation to support understanding.

We continue to drive insight through renewable energy social media campaigns, media interviews, participation in webinars, and publishing thought leadership pieces online. The latest research to support consumer insights on the sector includes Absa's second electric vehicle short report and four reports published as a digital video series (battery energy storage systems, energy efficiency, smart hybrid energy systems and solar PV). Our introductory research available to consumers on the sector now includes twelve renewable energy short reports. We have also introduced a quarterly newsletter, published articles, case studies, testimonials, research studies, podcasts and webinars online and via social media.

We provided training to eight councils on solar PV and energy efficiency in manufacturing. We continue to support training sessions focused on upskilling industry participants and installers training sessions. Moreover, as a South African Photovoltaic Industry Association member, we proactively engage and collaborate on topics seeking to advance the industry. We continued to give input to Green Cape and the CSIR, and we worked with Sustainable Energy Africa to promote the adoption of rules and regulations that support the small-scale embedded generation sector.

Internally, we ran training sessions around renewable energy (and the funding thereof) and enhanced our digital training, making four training modules available to employees. We also continued to drive training sessions around renewable energy (and the funding thereof) through our quarterly sector councils on renewable energy and energy efficiency, where we hosted over 200 employees nationally from our coverage and credit teams, supplemented by frequent training sessions and colleague refreshers. Likewise, our frontline and credit employees continue to attend face-to-face and digital solar sessions.

An active force for good in everything we do and supporting small and medium enterprises

We continue to be members of the South African Photovoltaic Industry Association (SAPVIA). While there have been positive changes in regulation and support of the rooftop solar industry, it remains essential to promote safe, reliable and compliant solar installations. As part of a drive to support this awareness, we have sponsored the SAPVIA PV GreenCard.

Furthermore, we funded the PV GreenCard training and assessments of 50 growth-oriented township SME businesses in partnership with the National Business Initiative under the Installation, Repair and Maintenance initiative. Our objectives include:

- Upskilling township SMEs to access new opportunities and new markets in the Green Economy through PV GreenCard training and assessment
- Increasing the capacity of SMEs to host unemployed young people and provide workplace experience
- Addressing barriers to growth for township SMEs through enterprise development support.

Small businesses are an essential part of our economy, and Absa is fully committed to supporting SMEs along their journey by creating innovative solutions that meet their unique needs. SMEs have been particularly hard hit by load shedding and need flexible solutions that can adapt to their unique circumstances. In response, Relationship Banking donated an uninterrupted power solution to the first 250 existing primary SME clients who signed up for our SME Friday campaign. Of the 196 eligible existing primary SME clients who signed up for our SME Friday campaign, 105 clients redeemed this offer.

The initiative will support SME business continuity and aligns with our SME growth strategy and renewable energy programme. We strongly believe we have a critical role in helping South Africa build sustainable energy sources. Among these are encouraging electricity efficiency, supporting SMEs and homeowners to invest in alternative energy solutions through lending options and supporting the community through our banking value proposition for schools to identify appropriate solar options.

Our teams worked with Qhubeka to deliver mobility to youth. With the bicycles donated, Absa also donated solar lights to each of the learners – enabling them to have a light when load shedding potentially impacts their learning.

Small-scale embedded generation (SSEG)

The changes in the industry, including the increasingly supportive regulatory environment, are evident through the growth in our clients' solar adoption. The energy crisis, which has brought record load shedding intensity and frequency, has spurred further interest and the adoption of solar.

While the adoption of solar-integrated batteries and generators increased last year, we have seen the number rise to a much more significant percentage of all applications. We continued to grow our value and volume of pay-outs for solar projects in 2022, with a 33% increase in value (R606 million) and 159 customers solar portfolio projects or portfolios financed this year.

As noted, while the real impact is increasing with larger installation sizes and shorter registration processes with the regulator and grid operators, the real benefits and upside of these changes will likely only be seen in the coming years.

South Africa's REIPP programme

The REIPP programme is the most significant contributor to South Africa's shift towards a low-carbon economy. It supports the country's commitment to reducing carbon emissions in line with the Paris Accord and the 2019 Energy Integrated Resource Plan goal to diversify energy resources and reduce reliance on coal. The renewable energy technologies supported include wind, solar PV, concentrated solar power and biomass. The projects are designed to significantly contribute to energy generation, environmental sustainability and economic growth and development by benefiting local communities and businesses during the various construction phases and beyond. Up to the fourth bidding round under the programme, Absa arranged financing for 33 projects (approximately 3GWs). These projects are now operational and supplying power to the grid.

Absa is currently closing several projects where it has been mandated for the fifth bidding window under the REIPP programme. The first two projects reached financial close in November 2022, and the third reached financial close in January 2023. The remaining projects in the fifth bidding window are expected to close during 2023. The bank is mandated on 21 projects that have been selected as preferred bidders under the fifth bidding window. Absa also supported several bidders as part of the sixth bidding window under REIPP programme, and Absa was successful with one Sponsor that bid two Solar PV projects in bid window six with a capital value of R6 billion.

In addition to Government's REIPP programme, Absa is actively assisting clients entering the captive energy market (commercial and industrial market), having been involved in the first utility-scale renewable energy project (Solar PV Project), which reached financial close in 2022 (200MW project size). We expect this market to grow significantly during the next three to five years, and the bank is currently mandated on over 1GW in projects, which are expected to reach financial close during 2023.

Our exposure to renewable energy finance in our preference share book is R23.7 billion as at 31 December 2022 (2021: 1.1 billion).

Partnership in action: Green mortgages

The demand for new buildings presents a unique opportunity to leap into a low-carbon and resource-efficient future by developing responsibly and incorporating energy-efficient design and construction strategies. Absa is committed to creating customer-centric products and recognises that sustainability is a priority for the Group and the customers we serve.

In 2020, Absa Eco Home Loan partnered with Balwin Properties, to make buying and owning a green home possible for more South Africans. This finance solution offers competitive rates for EDGE-certified properties. The EDGE standard is set at a minimum of 20% reduction across energy consumption, water and embodied energy.

In this way, Absa supports the development of greener buildings, lowering the costs of running a household and directly impacting property owner cash flows. The Absa Eco Home Loan has demonstrated how collaborating with developers can assist in creating innovative solutions that enable homeownership in South Africa while supporting a more sustainable environment for all. In 2022, Balwin developments increased from four to 19, allowing more customers to benefit from the Absa Eco Home Loan interest rates. The value of sustainable financing was R723 million in 2022, reflecting an increase of 11.6% from 2021.

FS13 Access points by low-populated or economically disadvantaged communities

We offer services to our customers through a multichannel approach with various platforms, from digital solutions, call centres and face-to-face engagements in branches to customer suites with relationship managers. We also have convenient alternatives to branches, such as self-service options (ATMs) and digital options (online banking, mobile banking, mobile apps and USSD-code).

Strengthening and extending our online and mobile service offerings is a priority to respond to our customers' evolving needs, enhancing their experience and reducing their dependency on physical branches.

In addition to our branches and intelligent ATMs, we partner with various retailers and other organisations, such as postal services and telecommunications companies, to extend the reach of our services. We seek to help customers transition to 'smart banking' with cheaper and more convenient banking channels. Our pricing model encourages and rewards customers using electronic or digital channels.

In accordance with the Amended Financial Sector Code, access to financial services is a transformation imperative in South Africa.

Diving deeper: 2022 B-BBEE Report

FS14 Initiatives to improve access to financial services

We focus on developing innovative means of improving access to financial services for the economically disadvantaged. This is achieved through the delivery of relevant, affordable products and services, innovative delivery channels designed to facilitate easier access to financial services, and consumer education that improves financial literacy.

Diving deeper: 2022 B-BBEE Report

The following constitute a selection of the products and services aimed at providing access to a range of financial offerings, from transactions and savings to lending and insurance (availability may vary across our countries of presence):

- Absa Transact (South Africa only) is a simple, low-cost and fully functional bank account
- The Transact and Flexi accounts allow for self-onboarding on the app
- Insurance can be purchased on the banking app
- Absa Value Bundles (South Africa only) are simple, transparent transaction bundles offering value-added services, including funeral, retrenchment and disability cover
- Absa Rewards (South Africa only) provides a cash-back feature and bonuses based on a customer's product portfolio and how they transact, at no cost (free rewards)
- Agency banking allows customers to perform basic transactions such as bill payments, balance enquiries, card and cardless cash deposits, and withdrawals at third-party outlets
- Hello Money (Absa Regional Operations only) provides mobile phone banking with online and ATM bill payment facilities
- MegaU Youth Account (South Africa only) with app capability
- The Absa home loan pre-qualification tool is a simple and quick way to discover what the bank may lend customers before they search for a home. The tool enables single or joint applicants to see what they would qualify for
- The AbsaMyHomeOwner Journey is a free e-learning platform that can help home buyers understand homeownership and answer all the pressing questions before purchasing a home
- The Absa Knowledge Hub Centre provides articles that answer the most frequently asked questions about buying a property
- The Absa Home Loans Digital Sales Platform enables online home loan applications, whether a single or joint application. Digital Sales Platform is accessible from absa.co.za

Global Finance Innovators Awards 2022 – CIB was named the Most Innovative Bank in Africa for the second consecutive year

Consulta South African Customer Satisfaction Index (SA-CSI) – Absa Life was named South Africa's Leading Life Insurance Provider

In line with our commitment to being digital-first in everything we do, we are one of the first South African banks to launch Google Wallet™, a contactless payment technology for Android devices. As part of the first tranche of South African banks to launch, Absa customers can now use their phones to tap and pay at till points or to purchase online using Google Wallet.

Electronic cardless withdrawals

Absa Bank Uganda introduced the country's first innovative cardless withdrawal feature at our ATMs. The innovation allows customers to use a QR code generated from the Absa Banking app on any smartphone to withdraw money from one of our ATMs across the country.

Branch on the Move

This innovation was conceptualised during the civil unrest period in July 2021 and complemented our existing branch network and digital banking channels. The services provided in these units include new personalised self-service account opening in under five minutes, account enquiries, cash withdrawals and lending solutions. Additionally, the units are equipped with Wi-Fi to support digital banking via the Absa Banking app and solar to ensure non-stop banking services. Vitally, Branch on the Move provides a face-to-face banking experience agilely to customers where and when they need it most.

Branch-on-the move

Digital account opening in Ghana

New and existing customers do not need to go to the branch to open an account. On the website, customers can now open an account without any physical intervention, anywhere, anytime and on any device. The platform will also enable SME customers to submit applications online for processing in a seamless manner.

Absa Rewards

To help its customers to keep their heads above water during this challenging economic period, Absa provided significant additional fuel cash back through the Absa Rewards programme for three months, from 16 July to 16 October 2022. Rewards members earned up to 40% cash back when they filled up at Sasol.

Absa offers additional earning benefits, including Absa Small Business Friday, during which customers receive double their cashback for shopping at their local SME on Fridays. There is also a double earn on Thursdays at Sasol.

- A digital fraud warranty on the app now means we carry the loss for customers who are defrauded, within reason. In addition, we launched the world's first beneficiary-switching capability
- CashSend allows for cash remittances from our ATMs without a bank card and is available for customers without an account. The withdrawal function has been reduced to an easy three-step process
- Chatbanking is available on WhatsApp, Twitter and Facebook
- Jumo (in partnership with MTN) is a USSD micro-lending solution for individuals and SMEs in Ghana and Zambia
- Wezesha Biashara in Kenya is a funding programme aimed at boosting growth for small and medium businesses by providing easy access to business loans
- In Kenya, Kiswahili insurance policy contracts are made available as part of a government-led initiative
- Kongola is a mobile lending proposition, and Kasaga is a savings solution, both of which are offered in Zambia
- Digi Account is an online account onboarding in Mauritius
- MauCAS QR code is a national QR code designed by the Bank of Mauritius to facilitate inter-bank transfers to promote a cashless society. The code has been incorporated into Absa Bank of Mauritius systems
- Multi-functional, multi-language ATMs (offering eight languages) include bill payments, cardless withdrawals, and a facility for customers to access statements for up to 12 months, redeem Absa Rewards and bank confirmation letters

- NovoFX app allows customers to buy foreign exchange and make cross-border payments in more than 28 currencies
- Prepaid cards are a cash management solution that enables customers to distribute cards to an individual, who can then spend the funds locally or internationally
- Timiza is delivered in partnership with Safaricom, Kenya's first digital banking platform, and offers loans, bill payments, airtime, insurance, foreign exchange and other transactional capabilities via mobile phone
- Solutions such as Asorbia, a fintech church app; and Atlas, a savings-based digital wallet (both offered in Ghana); and the Prepaid Vivo Energy EasyGo card, which is offered in Tanzania and allows for budgeting, tracking and rewards; extend financial access
- Shari'ah-compliant banking services and products are offered in various markets for individuals and businesses seeking access to financial services in accordance with their beliefs and values
- Western Union enabled branches covering 65% of our branch network
- Spark provides a mobile wallet for financial inclusion in Zambia, Botswana and Ghana
- Contactless capability on ATMs, spark wallet QR capability and point of sale provide market leadership response to management in our Absa Regional Operations markets.

Absa's role in the digital identity landscape

The mobile lending proposition in partnership with Jumo in Zambia (Kongola) and Ghana (Ahomka) continued to grow with 3.2 million loans disbursed (2021: 3.7 million), with a disbursement value of over R3.9 billion (2021: R2.8 billion).

SME value chain

Absa Bank Tanzania Limited has rolled out an SME value chain, enabling business formalisation and access to finance. The new initiative allows SMEs to be trained at a bank's academy on financial literacy, business planning, and the production value chain. Since Tanzania already has a framework for financial inclusion, the initiative seeks to play a complementary role in growing SMEs.

FS15 Policies for the fair design and sale of financial products and services

We develop and review products and services considering our Product Risk Standard, Conduct Risk Framework and Reputation Risk Framework to address potential product risks and associated market conduct. Through the conduct risk assessments, we consider whether marketing material is clear and unambiguous. The product development and review process considers customer and public feedback, new or amended laws and regulations, and feedback from regulators, trade bodies and consumer organisations. Our products are developed and approved through a rigorous process overseen by the Group's Product Approval Committee. We conduct post-launch risk reviews to confirm that the product operates as designed and that the necessary controls to protect the customer and the Group are in place.

This process applies to new and existing products offered to current and potential customers, counterparties or other participants and deals and results in the maintenance, modification or withdrawal of products and services. Withdrawal occurs when a product is no longer offered because of business performance or regulatory reasons, the closure or disposal of a distinct business unit, the end of a strategic alliance, or due to a risk-based assessment after product launch.

FS16 Financial literacy

Consumer financial education is crucial in promoting sustainable and effective financial inclusion.

In South Africa, consumer financial education interventions seek to empower individuals to make informed choices and improve their lives through responsible personal financial management. The programme is a regulatory spend in terms of BBBEE requirements set out in the Financial Sector Charter and seeks to ensure financial literacy among the communities where we operate. It entails providing consumers with basic financial literacy and understanding of concepts and their rights and responsibilities as consumers in the financial services field, where they can find information about financial services and product types and where they can go for assistance and/or recourse. The programme is delivered by accredited partners and targets school learners, the unemployed and individuals earning an income of less than R250 000 per annum.

We invested R33.8 million (2021: R14.0 million) in reaching 79 173 (2021: 20 510) beneficiaries throughout South Africa, with 75% in urban areas and 25% in rural areas.

Annexures

Annexure 1: GRI Index

Absa Group Limited has reported with reference to the GRI Standards for the period 1 January 2022 to 31 December 2022.

GRI 1: Foundation 2021

GRI disclosure title			Disclosure/ Disclosure reference
General disclosure 2021			
The organisation and its reporting practices			
2-1	Organisation details	Core	Page 20
2-2	Entities included in the organisation's sustainability reporting	Core	Page 20
2-3	Reporting period, frequency and contact person	Core	Page 20
2-4	Restatement of information	Core	Page 20
2-5	External assurance	Core	Page 21
Activities and workers			
2-6	Activities, value chain and other business relationships		Page 22
2-7	Employees		Page 26
2-8	Workers who are not employees		Page 26
Governance			
2-9	Governance structure and composition		Page 28
2-10	Nomination and selection of the highest governance body		Page 32
2-11	Chair of the highest governance body		Page 32
2-12	Role of the highest governance body in overseeing the management of impacts		Page 32
2-13	Delegation of responsibility for managing impacts		Page 33
2-14	Role of the highest governance body in sustainable reporting		Page 34
2-15	Conflicts of interest		Page 34
2-16	Communication of critical concerns		Page 34
2-17	Collective knowledge of the highest governance body		Page 35
2-18	Evaluation of the performance of the highest governance body		Page 35
2-19	Remuneration policies		Page 36
2-20	Process to determine remuneration		Page 36
2-21	Annual total compensation ratio		Page 36

GRI disclosure title			Disclosure/ Disclosure reference
Strategy, policies and practices			
2-22	Statement on sustainable development strategy		Page 37
2-23	Policy commitments		Page 38
2-24	Embedding policy commitments		Page 41
2-25	Processes to remediate negative impacts		Page 43
2-26	Mechanisms for seeking advice and raising concerns		Page 43
2-27	Compliance with laws and regulations		Page 45
2-28	Membership associations		Page 45
Stakeholder engagement			
2-29	Approach to stakeholder engagement		Page 46
2-30	Collective bargaining agreements		Page 47
Material topics			
3-1	Process to determine material topics	Core	Page 49
3-2	List of material topics	Core	Page 49
3-3	Management of material topics		Page 49
Economic performance			
201	Management approach disclosures		
201–1	Direct economic value generated and distributed		Page 53
201–2	Financial implications and other risks and opportunities due to climate change		Page 57
201–3	Defined- benefit plan obligations and other retirement plans		Page 61
201–4	Financial assistance received from government		Page 62
Market presence			
202–1	Ratios of standard entry-level wage by gender compared to local minimum wage		Page 62
202–2	Proportion of senior management hired from the local community		Page 62

GRI disclosure title			Disclosure/ Disclosure reference
Indirect economic impacts			
203–1	Infrastructure investments and services supported		Page 62
203–2	Significant indirect economic impacts		Page 62
Procurement practices			
204	Management approach disclosures		Page 64
204–1	Proportion of spending on local suppliers		Page 64
Anti-corruption			
205	Management approach disclosures		Page 64
205–1	Operations assessed for risks related to corruption		Page 65
205–2	Communication and training about anti-corruption policies and procedures		Page 65
205–3	Confirmed incidents of corruption and actions taken		Page 66
206–1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		Page 66
Tax			
207–1	Approach to tax		Page 67
207–2	Tax governance, control, and risk management		Page 67
207–3	Stakeholder engagement and management of concerns related to tax		Page 67
207–4	Country-by-country reporting		Page 67
Environmental			
Materials			
301–1	Materials used by weight or volume		Page 75
301–2	Recycled input materials used		Page 75
301–3	Reclaimed products and their packaging materials		Page 75
Energy			
302–1	Energy consumption within the organisation		Page 75
302–3	Energy intensity		Page 75
302–4	Reduction of energy consumption		Page 75

GRI disclosure title			Disclosure/ Disclosure reference
Water and effluents			
303–1	Interactions with water as a shared resource		Page 77
303–2	Management of water discharge-related impacts		Page 77
303–3	Water withdrawal		Page 77
303–4	Water discharge		Page 77
303–5	Water consumption		Page 77
Biodiversity			
304–1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Page 77
Emissions			
305–1	Direct (Scope 1) GHG emissions		Page 78
305–2	Energy indirect (Scope 2) GHG emissions		Page 78
305–3	Other indirect (Scope 3) GHG emissions		Page 78
305–4	GHG emissions intensity		Page 78
305–5	Reduction of GHG emissions		Page 78
305–6	Emissions of ozone- depleting substances		Page 78
305–7	Nitrogen oxides (NOx), sulphur oxides (Sox), and other significant air emissions		Page 78
Waste			
306–1	Waste generation and significant waste-related impacts		Page 79
306–2	Management of significant waste-related impacts		Page 79
306–3	Waste generated		Page 79
306–4	Waste diverted from disposal		Page 79
306–5	Waste diverted to disposal		Page 79

GRI disclosure title			Disclosure/ Disclosure reference
Social			
Employment			
401	Management approach disclosures		Page 81
401–1	New employee hires and employee turnover		Page 82
401–2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Page 83
401–3	Parental leave		Page 83
Labour/management relations			
402–1	Minimum notice periods regarding organisational change		Page 84
OHS			
403–1	Occupational health and safety management system		Page 86
403–2	Hazard identification, risk assessment, and incident investigation		Page 86
403–3	Occupational health services		Page 87
403–4	Worker participation, consultation, and communication on occupational health and safety		Page 87
403–5	Worker training on occupational health and safety		Page 87
403–6	Promotion of worker health		Page 87
403–7	Prevention and mitigation of OHS impacts directly linked by business relationships		Page 88
403–8	Workers covered by an OHS management system		Page 88
403–9	Work-related injuries		Page 88
403–10	Work-related ill health		Page 88
Training and education			
404–1	Average hours of training per year per employee		Page 90
404–2	Programmes for upgrading employee skills and transition assistance programmes		Page 91
404–3	Training and education		Page 94
Diversity and equal opportunity			

GRI disclosure title			Disclosure/ Disclosure reference
405–1	Diversity of governance bodies and employees		Page 94
405–2	Ratio of basic salary and remuneration of women to men		Page 96
Non-discrimination			
406	Management approach disclosures – Non-discrimination		Page 96
406–1	Incidents of discrimination and corrective actions taken		Page 96
Security practices			
410–1	Security personnel trained in human rights policies or procedures		Page 96
Public policy			
415–1	Political contributions		Page 97
Customer health and safety			
416–1	Assessment of the health and safety impacts of product and service categories		Page 97
416–2	Incidents of non-compliance concerning the health and safety impacts of products and services		Page 97
Customer privacy			
418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Page 97
Financial services sector disclosure			
FS1	Policies with specific environmental and social components applied to business lines		Page 99
FS2	Procedures for assessing and screening environmental and social risks in business lines		Page 99
FS3	Processes for monitoring clients' implementation of, and compliance with, environmental and social requirements included in agreements or transactions		Page 103
FS4	Processes for improving staff competence to implement the environmental and social policies and procedures as applied to business lines		Page 103
FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities		Page 103

GRI disclosure title			Disclosure/ Disclosure reference
FS6	Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/large) and by sector		Page 103
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose		Page 103
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose		Page 107
FS13	Access points in low-populated or economically disadvantaged areas by type		Page 108
FS14	Initiatives to improve access to financial services for disadvantaged people		Page 108
FS15	Policies for the fair design and sale of financial products and services		Page 110
FS16	Financial literacy		Page 110

Annexure 2: SDGs

Contributing to the SDGs

The United Nations 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 contribute. These SDGs represent the most relevant goals and targets to Absa's strategy, business model and operating context.

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

SDG	SDG target	Reference
	5.1 End all forms of discrimination against all women and girls everywhere 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	ESG 2-7; 2-23; 404-2; 405-1; 406-1
	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services 7.2 By 2030, substantially increase the share of renewable energy in the global energy mix	302; 305
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	Financial Services Sector disclosure 16
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	ESG 2-7; 2-23; 404-2; 405-1; 406-1; Financial Services Sector disclosure 16
	13.2 Integrate climate change measures into national policies, strategies and planning	ESG 302; 305
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	ESG 2-23

Annexure 3: UN Global Compact Principles

Human rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Page 17 and 38
Principle 2	Make sure that they are not complicit in human rights abuses	Page 17 and 38
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Page 47
Principle 4	The elimination of all forms of forced and compulsory labour;	Page 24, 40, 57, 63
Principle 5	The effective abolition of child labour; and	Page 24, 40, 57, 63
Principle 6	The elimination of discrimination in respect of employment and occupation.	Page 63, 96
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	Page 41
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	Page 74
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Page 74
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Page 64

Annexure 4: JSE sustainability disclosure guidance

G Governance metrics		
G1 Board composition		
G1.1	Board diversity	ESG 2-9
G1.2	Board competence	ESG 2-9
G1.3	Board independence	ESG 2-9
G2 Remuneration		
G2.1	Remuneration practices	2022 Remuneration Report
G3 Ethical behaviour		
G3.1	Anti-corruption	ESG 205; ESG 2-25
G3.2	Lobbying and political contribution	ESG 415-1
G4 Compliance and risk management		
G4.1	Incidents	ESG 2-27
G4.2	Fines and monetary loss	ESG 2-27
G5 Tax transparency		
G5.1	Tax paid and estimated tax gap	ESG 207
S Social metrics		
S1 Labour standards		
S1.1	Diversity and inclusion	ESG 2-7 and ESG Data sheet; ESG 406-1; ESG 2-23
S1.2	Pay equality	ESG 2-21; 2022 Remuneration Report
S1.3	Wage level and living wage	ESG 202-1; 2022 Remuneration Report
S1.4	Freedom of association and collective bargaining	ESG 2-30
S1.5	Characteristics of employees and workers in workforce	ESG - Absa at a glance; ESG 2-7; ESG 2-8; ESG Data sheet
S2 Community development		
S2.1	Community human rights	ESG 2-23
S2.2	Skills for the future	ESG 404
S2.3	Employment and wealth creation	ESG 401-1
S2.4	Economic contribution	ESG 201-1; ESG 201-4; ESG 203-1; ESG 203-2; ESG 204-1
S3 Health and safety		
S3.1	Workplace health and safety	ESG 403
S4 Customer responsibility		
S4.1	High-risk products and services	N/A
S4.2	Product innovation	FS 7; FS8
S4.2	Customer data privacy	2022 Integrated Report; ESG 418-1
S5 Supply chain		
S5.1	Supply chain	ESG 2-6
E Environmental		
E1 Climate change		
E1.1	GHG emissions	ESG 305-1 to 305-3
E1.2	Energy mix	ESG 302
E1.3	Science based targets	ESG 305
E1.4	Just transition	2022 TCFD Report
E2 Water security		
E2.1	Water usage	ESG 303
E3 Biodiversity and land use		
E3.1	Biodiversity footprint	FS7
E4 Pollution and waste		
E4.1	Solid waste	ESG 306
E4.2	Single-use plastic	ESG 306
E4.3	Atmospheric pollution	ESG 305
E4.4	Water pollution	ESG 303
E5 Supply chain and materials		
E5.1	Supply chain	ESG 2-6
E5.2	Materials of concern	

Annexure 5: Policies/Standards

The bank has policies, processes and procedures in place to identify, analyse, measure and report on the risks that affect us in performing its functions and how such risks are monitored and managed.

Ethics/conduct

The Absa Way Code of Conduct
Account acquisition and management risk policy
Absa anti-bribery and anti-corruption policy
Anti-money laundering policy
Conflict of interest policy
Client assessment and aggregation policy
Client (customer) money and asset policy
Competition law policy
Contact with regulators policy
Customer complaints standard
Data privacy
Exchange control compliance policy
Exit from relationships policy
Financial advisory and intermediary services continuous professional development policy
Gift and entertainment standard
Group media relations policy
Group procurement policy
Large shareholding policy
Litigation policy
Management of dispensations, waivers and breaches standard
Market conduct policy
New regulations requirements policy
OHS policy
Sanctions policy
Supplier diversity standard
Tax standard
Whistleblowing policy

Labour

Conditions of service policy
Employee benefits policy
Employee wellness policy
Learning policy
Talent management policy
Talent acquisition policy
Promotion standard
Remuneration policy
Retrenchment and reassignment standard
Sexual harassment standard
Staff expense policy and business travel standard

Environmental and social management

Coal financing standard
Corporate Real Estate Solutions (CRES) Environmental Management Standard
Environmental and social management systems standard
Environmental and social risk for lending standard
Group sustainability policy
Oil and Gas Financing Standard
Sustainability principal risk framework

Citizenship

Citizenship policy
Group citizenship standard
Sponsorship standard
Stakeholder engagement policy

Risk and compliance

Business continuity management (BCM)
Cloud computing policy
Credit risk mitigation policy
Data privacy policy
Data and records management policy
Enterprise risk management framework
Fraud management information and reporting requirements policy
Fraud risk policy
Group model risk policy
Information security (and cyber) risk policy
Investigation of leaked information policy
Liquidity risk policy
Payment scheme group policy
Primary risk policy
Process management
Tax risk policy
Technology risk policy
Traded market risk policy

Table of abbreviations

AGYW	Adolescent girls and young women
ASISA	Association for Savings and Investment South Africa
AWS	Amazon Web Services
BASA	Banking Association South Africa
BEPS	Base Erosion and Profit Shifting
CIB	Corporate and Investment Bank
CRES	Corporate Real Estate Solutions
CSIR	Council for Scientific and Industrial Research
CSP	Concentrated solar power
ECD	Early Childhood Development
ECRM	Environmental credit risk management
EDGE	Excellence in Design for Greater Efficiencies
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
ESRA	Environmental and Social Risk Assessment
FAIS	Financial Advisory and Intermediary Services
GACC	Group Audit and Compliance Committee
GBVF	Gender-based violence and femicide
GDPR	General Data Protection Regulations
GIBS	Gordon Institute of Business Science
GRI	Global Reporting Initiative
HCI	Human Computer Interaction
ICAS	Independent Counselling and Advisory Services
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
KPI	Key performance indicators
MEST	Meltwater Entrepreneurial School of Technology
MIT	Massachusetts Institute of Technology
NBC	National Bank of Commerce
NEET	Not in employment, education or training
NQF	National Qualifications Framework
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational health and safety
POPIA	Protection of Personal Information Act
RB	Relationship Banking
RBB	Retail and Business Banking
REC	Renewable Energy Certificate
REIPP	Renewable Energy Independent Power Producer
RNA	Ribonucleic acid
SAIT	South African Institute of Taxation
SAPVIA	South African Photovoltaic Industry Association
SDG	Sustainable Development Goals
SFIF	Sustainable Finance Issuance Framework
SHF	Smallholder farmers
SIB	Social Impact Bond
SMME	Small, medium and micro enterprises
SSEC	Social, Sustainability and Ethics Committee
TCFD	Task Force for Climate-related Financial Disclosures
TDI	Transformation, Diversity and Inclusion
TVET	Technical Vocational Education and Training
VAT	Value-added tax

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