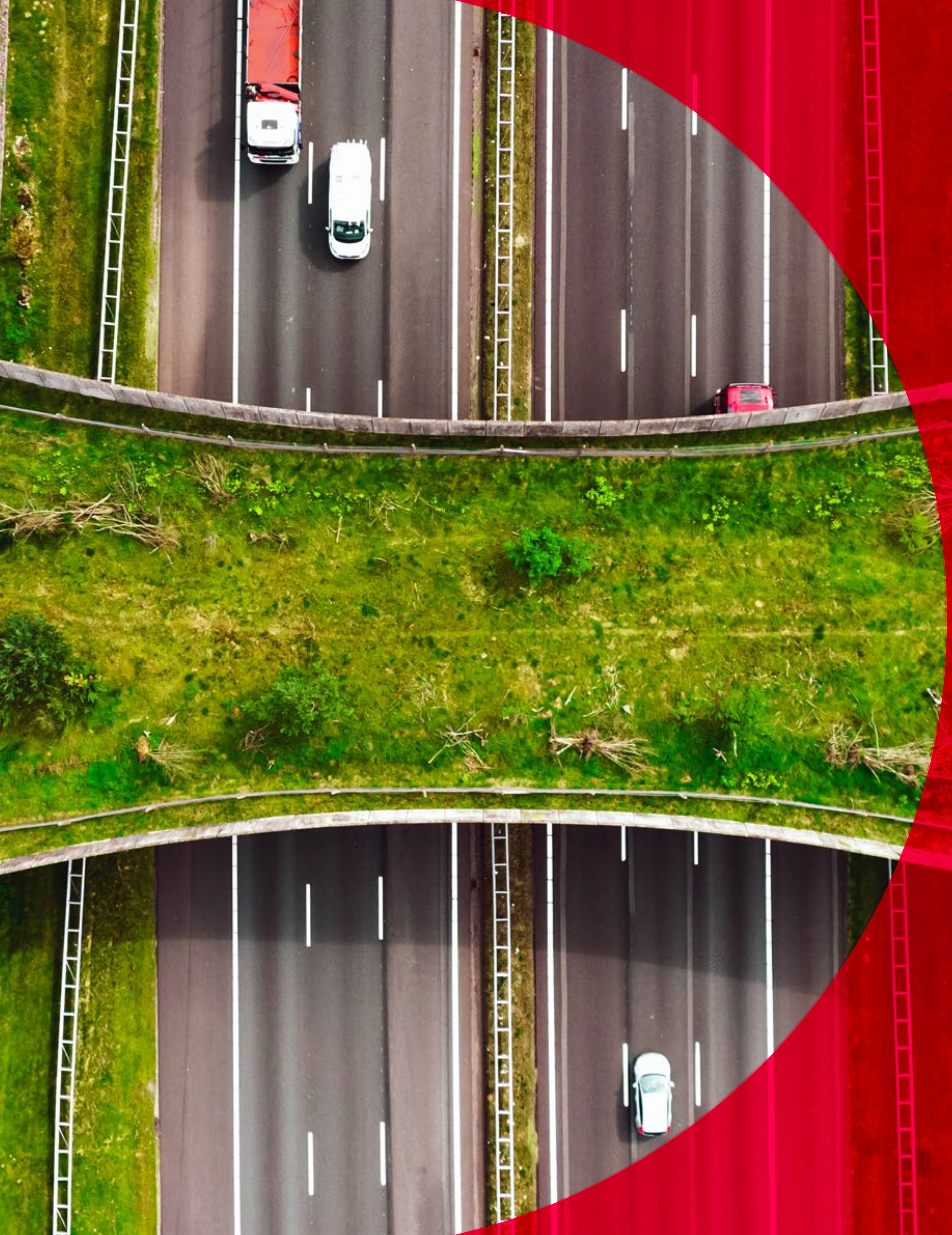

Absa Group Limited

Sustainability and Climate Report 2024

Your story matters

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

Real impact, real progress: Unlocking sustainable development through innovative financing in Tanzania

In a landmark partnership aimed at advancing sustainable infrastructure, Absa and the National Bank of Commerce (NBC) Limited collaborated to address critical water and sanitation challenges in Tanga City and its surrounding areas. Acting as the lead transaction adviser, Absa played a pivotal role in structuring the **Tanga UWASA green bond** – a first-of-its-kind initiative in Tanzania that has set a new benchmark for sustainable finance in the region.

The bond was **twice oversubscribed**, with **65% of investment coming from domestic** sources and **35% from international investors**. This overwhelming demand reflects growing confidence in Tanzania's green finance market. The bond's accessibility to **retail investors** also marked a meaningful step toward financial inclusion, allowing everyday citizens to participate in transformative infrastructure projects.

Transforming water and sanitation infrastructure

The proceeds from the bond are being deployed to **expand and upgrade Tanga's water supply and sanitation infrastructure**, with a focus on increasing access, improving water quality, and strengthening waste management systems. The investment is already creating a tangible impact by:

- Enhancing the production, treatment, and distribution of clean water
- Strengthening wastewater collection and safe disposal systems
- Improving public health outcomes and creating a more resilient urban environment.

One of the most significant outcomes is the **connection of over 6 000 new customers** to the water network. The installation of **prepaid water meters** is expected to boost revenue collection by at least **10%**, addressing inefficiencies and reducing arrears in the system. Moreover, the project is contributing to **local economic growth** by generating employment in construction, operations, and maintenance.

A model for sustainable finance in Africa

This project exemplifies Absa's commitment to **sustainable development, climate action**, and i**nclusive economic progress**. Its success showcases the transformative potential of strategic partnerships and green finance in solving infrastructure challenges while supporting national development goals.

The initiative was recognised at the **Global Finance Sustainable Finance Awards 2025,** where it received the accolade for:

Sustainable Finance Deal of the Year in Africa: Developing African Capital Markets with the Tanga Water Infrastructure Green Revenue Bond

This project aligns with Absa's broader sustainability goals, which focus on:

- **Accelerating financial inclusion**, ensuring underserved communities can access essential services and opportunities
- **Championing climate action**, by mobilising capital towards green initiatives that support Africa's transition to a low-carbon economy
- **Embedding sustainability in governance**, driving ethical leadership, transparency, and long-term value creation.

Looking ahead: our path forward

As we reflect on 2024, we are proud to report substantial progress in embedding sustainability into every facet of our operations. Notable achievements include:

- Meeting our **R100 billion sustainable finance target** one year ahead of schedule
- Advancing our commitments to reach **net zero emissions by 2050**
- Continuing to align our strategy with **Environmental, Social, and Governance (ESG)** principles.

In this report, you will find:

- Our key achievements and sustainability progress in 2024
- How we are embedding ESG principles into our strategy
- Our pathway towards net zero by 2050
- The challenges and opportunities that lie ahead.

Through initiatives like the Tanga UWASA green bond, we are not only building sustainable infrastructure, but also empowering communities, catalysing investment, and contributing to a more inclusive and resilient Africa.

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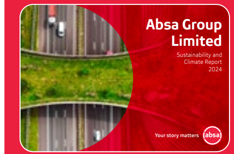
About our Sustainability and Climate Report 6

Our Group annual reporting suite



Sustainability and Climate Report

Our Sustainability and Climate Report communicates our approach, performance and impact on material sustainability including climate-related matters. It conveys our journey and progress in understanding and addressing sustainability and climate-related risks and challenges, while unlocking new opportunities.

The Principles for Responsible Banking Report (PRB) is in annexure 2 and aligns with the latest PRB disclosure guideline.

We apply double materiality (financial and impact)

Dynamic thinking

Financial and risk disclosures

We report on matters that relate to financial performance and related risks, including assumptions and cash flow projections.

Annual Consolidated and Separate Financial Statements

Pillar 3 Risk Management Report

Financial Results Booklet

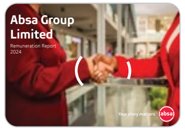
Notice of Annual General Meeting

Results Presentation

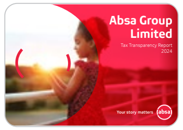
We apply financial materiality

Environmental, social and governance (ESG) disclosures

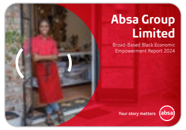
We report on matters that reflect Absa's significant impacts on the economy, environment and people.



Remuneration Report

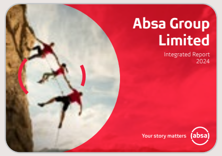


Tax Transparency Report



Broad-Based Black Economic Empowerment Report

We apply double materiality (financial and impact)



Integrated Report

We tell a holistic and forward-looking story about value creation and preservation. It includes material sustainability impacts that influence enterprise value or affect our business model.

We apply financial materiality

We welcome your input in shaping our sustainability journey and suggestions can be sent to ***sustainabilitymatters@absa.africa***

About our Sustainability and Climate Report

Case for the consolidation of the Sustainability Report and Climate Report

As part of our ongoing drive to improve our reports, we have consolidated our Sustainability Report and Climate Report. **The benefits include a single report offering a unified view of our sustainability (including climate performance).** It aims to deliver a clear and comprehensive message to stakeholders while minimising duplication. The data and processes follow a single assurance process, enhancing assurance integrity and efficacy.

Sustainability is the responsible management of environmental, social, and economic resources to drive long-term resilience, financial stability, and shared prosperity. It encompasses environmental stewardship, social equity, and ethical governance, ensuring a just transition that balances economic realities with sustainability ambitions. Through our integrated approach, we aim to create sustainable value for our stakeholders, supporting inclusive growth, climate resilience, and responsible business practices that strengthen the future of our business and communities.

Scope and boundary

This report communicates our material sustainability and climate-related matters through the lens of double materiality. It is a supplement to our 2024 Integrated Report.

The report covers **1 January 2024 to 31 December 2024** but includes notable or material events after this period up to the report's 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 the Group has control or significant influence.

Our sustainability and climate reporting boundary extends to the Group, which includes our Absa Regional Operations (ARO) markets. In some cases, environmental and social boundaries only encompass South African (SA) operations and are noted as such.

Materiality determination

This report uses double materiality (the union of financial materiality and impact materiality) to scope the matters that are significant for reporting and servicing the information needs of our stakeholders. Our approach to double materiality enables our business to identify the material sustainability factors, prioritise them and understand how we can integrate our response to financial and impact material matters.

Diving deeper: ***Our sustainability-related material matters***

Currency, measurements and methodologies

Currency: All amounts in this report are in South African rand unless otherwise noted.
Measurements: Measurements in this report are metric.
Methodology: Our methodologies and terms are included in the annexure section of this report.

Diving deeper: ***Methodologies and terms***

Reporting frameworks, standards and guidance we comply with, we align to and we consider

Our approach to reporting focuses on the needs of our stakeholders.

We comply with:

- Companies Act, No. 71 of 2008 (as amended) (the Companies Act)
- Banks Act, No. 94 of 1990 (Banks Act)
- Johannesburg Stock Exchange (JSE) Listing Requirements
- JSE Sustainability and Climate Disclosure Guidance
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)*
- Principles of the Financial Sector Guidance
- United Nations Global Compact Principles

We align to:

- Global Reporting Initiative (GRI) Standard
- Greenhouse Gas (GHG) Protocol

We consider:

- International Financial Reporting Standards (IFRS) S1
- International Financial Reporting Standards (IFRS) S2
- Corporate Sustainability Reporting Directive

The Task Force on Climate-Related Financial Disclosures (TCFD) disbandment

The TCFD has fulfilled its mandate and has been disbanded. The Financial Stability Board (FSB)has asked the IFRS Foundation to take on the responsibility of overseeing companies' climate-related disclosures through IFRS S1 (general sustainability-related disclosures) and IFRS S2 (climate-related disclosures).

About our Sustainability and Climate Report continued

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 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. Deloitte conducted limited assurance on selected information included in this report in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and, in alignment with GHG emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. The full scope of work, procedures, responsibilities and assurance conclusion is outlined in the ***assurance certificate section***.

Feedback

We welcome feedback on this report and any aspect of our sustainability performance. Please address all feedback to Absa Group strategy and sustainability function via email to ***sustainabilitymatters@absa.africa***.

Oversight and approval of the report

The accountability of our sustainability strategy and reporting is part of the Social, Sustainability and Ethics Committee's (SSEC) mandate. On behalf of the Board, the committee is of the opinion that this report presents a fair and balanced view of our sustainability and climate disclosures.

The committee approved the report on 20 March 2025.

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Interim Group Chief Executive Officer's message

Interim Group
Chief Executive Officer
Charles Russon

"Beyond commitments: Delivering real change"

Navigating a complex financial landscape

Today's financial landscape demands we balance sustainability with commercial resilience. Capital discipline remains essential. Absa's purpose of *Empowering Africa's tomorrow, together ... one story at a time*, remains central to our strategy, guiding decisions that enhance future resilience and growth. Balancing financial strength, capital discipline, and sustainability is more critical than ever.

Grounded in our values, we reinforce our commitment to financial success with societal impact. This is reflected in our focus on financial inclusion, diversity, equity, inclusion, belonging, and climate action, the key drivers of our sustainability strategy. These principles shape how we do business, ensuring that our growth is both responsible and inclusive. By integrating sustainability into our core strategy of "being a force for good", we create lasting value for our stakeholders while driving positive change in the communities we serve.

Our approach is crucial as we navigate an increasingly volatile geopolitical landscape, characterised by nationalism, protectionism and anti-globalisation. This has resulted in a backlash against environmental, social and governance (ESG) aspirations and pledges, especially related to climate and diversity, equity, inclusivity and belonging. Addressing these issues requires collective solutions.

Collective solutions to empower Africa

The diverse markets in which we operate present unique challenges. Financial exclusion leaves many without essential banking services, deepening economic disparities. Climate change threatens agriculture, infrastructure, and livelihoods, while persistent inequalities hinder progress towards equitable societies.

As a systemically important bank, we are positioned to help address these challenges. We see sustainable development as a major opportunity across our markets. Driven by our strategic goal of being an active force for good, we do not see financial success and societal wellbeing as mutually exclusive.

Sustainability is increasingly a measure of leadership and trust. As expectations grow, so too does the need for transparency, consistency, and action. Our efforts are geared toward delivering meaningful, measurable outcomes — not just meeting standards, but creating long-term value for customers, communities, and shareholders

This journey requires collaboration. We engaged in Conference of the Parties 29 (COP29), the World Economic Forum (WEF) in Davos, and South Africa's 2025 – The Group of Twenty (G20) presidency to advocate for policies supporting Africa's economic, sustainable development and energy transition. At the same time, we enhance governance through ESG risk assessments, IFRS S2-aligned disclosures, and climate stress testing, ensuring sustainability strengthens financial performance.

Reform drives action

Regulatory reforms, including South Africa's Climate Change Act and Electricity Regulation Amendment, support climate adaptation and private-sector participation. Absa remains committed, as seen in our Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) support.

Financial inclusion and equality took centre stage when South Africa's parliament called on banks to report on lending practices and transformation. This allowed Absa to highlight key successes, including maintaining our B-BBEE Level 1 status since 2021 and investing in digital solutions that improve access and affordability.

Affordable housing remains a focus area, with South Africa's 2025 State of the Nation reforms expanding housing subsidies. As subsidy structures evolve, banks must assess the impact on credit risk, mortgage penetration, and new lending models.

A year of action

We continued to embed sustainability across our business, achieving R121.1 billion in sustainable finance during 2024, exceeding our R100 billion target. This milestone reflects strong delivery against our strategic commitments and the increasing alignment between impact and commercial outcomes. Our net zero transition remains firmly on course, with a 33.2% reduction in operational carbon emissions, demonstrating clear progress toward our 2030 target of a 51% reduction.

Financial inclusion remains a priority, with 12.7 million (2023: 12.2 million) clients benefiting from our banking services, strengthening economic participation. A highlight includes our partnership with the British International Investment (BII) through a USD150 million trade financing facility to support Africa's SMMEs across markets such as Nigeria and Kenya, bridging the trade finance gap, advancing financial inclusion and driving growth in key sectors.

A major milestone was advancing our transition planning strategy. Recognising Africa's complex energy landscape, we developed a commercially responsible roadmap to align our portfolio with low-carbon ambitions while ensuring economic stability. Over the past year, we:

- Progressed the definition of a glidepath for the road transport sector, developing a structured approach to decarbonisation while engaging with industry stakeholders
- Established a real estate sector baseline, laying the foundation for transition planning
- Enhanced climate risk assessments and introduced sector-specific transition financing frameworks.

Interim Group Chief Executive Officer's message continued

Africa's energy transition is not linear. Energy security, infrastructure, and economic realities require a balanced strategy prioritising renewables while recognising the role of natural gas as a transition fuel.

Sustainable finance, while showing good growth, remains a lower-margin segment, requiring a measured and responsible approach to capital allocation. As global energy investments shift, we ensure that our financing decisions remain both commercially viable and strategically relevant.

While our exposure to oil and gas has increased, this is carefully aligned with our emissions reduction glidepath. In some cases, increased financing enables clients to accelerate decarbonisation through investments in renewable energy, operational efficiency, and cleaner technologies.

In November 2024, we approved an enhanced diversity and inclusion strategy, embedding equity, inclusion, and belonging into business processes. This extends beyond employees to suppliers, clients, and communities.

We continue integrating financial inclusion into our banking practices through signature products and financial education programmes. Our digital transformation strategy aligns with this goal, enhancing accessibility and new product innovation.

Beyond thought leadership, we strengthened stakeholder relationships, improving transparency and data quality. Our refined strategy positions Absa as a credible industry voice in sustainability, resilience, and inclusive growth.

Leadership accountability remains central to our approach. In 2024, we further refined our Remuneration Framework, aligning executive incentives with financial and ESG performance metrics to embed sustainability into strategy and execution.

Looking ahead

We continued to prioritise disciplined execution, capital efficiency, and strategic growth. In the coming year, we aim to:

- Refine our sustainable finance approach to focus on higher impact investments, balancing scale with selectivity and long-term value
- Advance transition planning by refining sector-specific glidepaths
- Enhance ESG risk assessment frameworks to ensure climate commitments are backed by financial and risk analysis.

Sustainability is not a trade-off, it is a strategic enabler that, when managed responsibly, strengthens our business and secures long-term value for our clients, shareholders, and communities.

Absa at a glance

We are a purpose-led financial services provider that has operated in Africa for over 130 years. We are present in 12 countries across Africa and four countries beyond the continent. We play an integral role in the economic life of individuals, businesses, and nations. We help create, grow, and protect wealth through partnerships in economic development while playing a shaping role in Africa's growth and sustainability.

Our purpose

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

Our ambition

To be a leading pan-African bank

Our values

Our values help shape our culture and guide our behaviour, influencing how our employees, clients and stakeholders feel about interacting with us.

Trust
We believe in ourselves and each other

Resourceful
We innovate for our colleagues, clients and communities

Stewardship
We take actions today that sustain tomorrow

Inclusion
We are stronger together

Courage
We show up as our authentic selves and own our story

Advancing our sustainable journey: From foundation to impact across the Group

Absa Regional Operations markets

- Botswana
- Ghana
- Kenya
- Mauritius
- Mozambique
- Seychelles
- South Africa
- Tanzania
- Uganda
- Zambia

Representative offices
- Namibia
- Nigeria

Securities entities
- United Kingdom
- United States of America

Technology support operations
- Czech Republic

General advisory support
- People's Republic of China

Sustainability snapshot

36 779
employees

Scale of the organisation number of customers
12.7 million

50%
Board members of AIC[1]

36%
Women on the Board

Women in senior leadership
39.7%[LA-EA]

B-BBEE Level 1 status

Sustainable Finance[2]
R49.2 billion

Own carbon emission reduction
33.2%

ESG bonds
R10.9 billion

Scope 3 financed emissions for coal, oil and gas
Tracking

CDP Disclosure
Rating B

S&P Global rating
90th percentile

1 African, Indian and Coloured.
2 Climate = R37.1 billion and social = R12.1 billion.

Our sustainability and climate action journey

2019

- Joined **PRB** as a founding signatory
- **B-BBEE Level 1 status** for the first time
- We collaborated with government and labour to create **one million work opportunities** for unemployed youth (Youth Employment Service (YES) programme).

2020

- **Published our Sustainability Policy and our standard on coal financing**
- Set 51% reduction target in own carbon emissions **by 2030** from our 2018 baseline
- Published first standalone **TCFD report**.

2021

- Set a sustainable finance target of **R100 billion by the end of 2025**
- Regained our B-BBEE Level 1 status and retained it to date
- Implemented the YES programme.

2022

- Published our Sustainable Finance Issuance Framework.

2023

- Launched a **B-BBEE** share scheme for employees – **the Absa eKhaya Colleague Share Scheme**
- Market first - low-cost Chatwallet launched
- Target net zero emissions for scope 1, 2, and 3 (financed and own operations) by 2050
- Set decarbonisation pathways for fossil fuel sectors.

2024

- Met sustainable finance target of **R100 billion – one year ahead of 2025**
- **Publication of the Greenwashing Policy**
- Strengthened climate considerations in executive remuneration
- Extend baseline emissions calculations of climate-sensitive sectors.

2025

- Continue to invest in data quality to extend baseline emissions calculations
- Commit to interim targets for one additional climate-sensitive sector
- Initiate baseline calculations for insured emissions.

2026

- Complete a Climate Transition plan in line with regulatory requirements
- Achieve critical compliance milestones for IFRS S2 and Prudential Authority requirements.

2030

- Progress check-in on our contribution to the United Nations Sustainable Development Goals (SDGs)
- Meet interim targets for fossil fuel sectors and other climate-sensitive sectors
- Expanding green and transition finance solutions.

2035

- Interim targets for road transport sector in line with local and international sector aspirations.

2040

- Work towards carbon neutrality in own operations
- Re-evaluate the role of transition fuel to align with more ambitious and accelerated pathway toward achieving net zero

2050

- **Achieve net zero targets for scope 1, 2 and 3 emissions.**

Sustainability progress in 2024

Over the past year, we have made progress on driving measurable, material change in our communities, in a way that brings our purpose to life, differentiates us from peers, and strengthens our business.

Strategy

Material change

We are embedding sustainability into strategy and risk management, building capabilities, enhancing scenario analysis, and deepening stakeholder engagement to drive long-term resilience and integration across all business operations.

Commitment to market

- Embedding sustainability into strategy and risk management.
- Building sustainability capabilities.
- Enhancing scenario analysis.
- Deepening stakeholder engagement.

Progress

- Sustainability considerations are taken into account in our annual strategy review and strategic risk assessment process. Embedding sustainability in our operations is an ongoing journey and expected to continue to receive investment as the environment matures.
- The launch of our Sustainability Academy has strengthened sustainability understanding across the Group, offering structured training to equip employees with the knowledge and skills needed to drive our strategy.
- A scenario analysis process has been completed to explore potential futures across short- medium- and long-term time horizons with the objective of highlighting risks and opportunities for consideration in our strategy.
- Through diverse and ongoing stakeholder engagements, we have enhanced internal awareness of sustainability and strengthened our position as a credible industry voice on sustainability-related matters.

Diversity, equity, inclusion, and belonging

Material change

As part of our commitment to diversity, equity, inclusion, and belonging, we have re-evaluated this sustainability pillar and enhanced our sustainable procurement practices, driving long-term impact across both our workforce and supply chain.

Commitment to market

Disadvantaged demographics are fairly represented at each level of the organisation.

High share of employees feel they are accepted members of the workforce.

Supply chain is strengthened and diversified by the inclusion of underrepresented groups.

Progress

- Enhanced the pillar for greater impact
- Expanded gender diversity to engage all colleagues and value chains
- Advanced generational diversity and inclusion
- Launched neurodiversity agenda
- Strengthened inclusive leadership journey
- Refreshed People with Disabilities Strategic Framework
- Progressed ESG integration in sustainable procurement
- Embedded sustainability in procurement via a new multi-year Third-Party Policy.

Trade-offs

- Cost of compliance to meet B-BBEE Level 1 status is fully understandable and accepted as a licence to operate
- Cost of fully embedding diversity, equity, inclusion and belonging objectives is offset by the outcomes that will ensure organisational and community resilience in the long term.

Sustainability progress in 2024 continued

Financial inclusion

Material change

We leverage partnerships and innovation to better serve our communities.

Commitment to market

Equitable access for underbanked communities – individuals and SMEs, with a particular focus on youth and women.

Full set of clients' financial needs met across transactional banking, credit, insurance, and wealth accumulation.

Progress

We leveraged partnerships and innovation to enhance our reach and better serve our communities, particularly women-led businesses and small enterprises, while also supporting affordable housing and inclusive agriculture. However, there has been a decrease in affordable home loan allocation due to a lower pool of qualifying applicants. We allocated R1.8 billion to buildings with societal impact, including R560 million to green buildings. These efforts have improved accessibility and impact, as reflected in the report. There is room for further improvement and, we will focus on enhancing our targeted impact going forward.

Diving deeper: ***Financial inclusion***

Trade-offs

- ESG scoring requirements often exclude SMEs from funding, creating a trade-off between meeting sustainability criteria and ensuring access to finance for smaller businesses
- Investing in products and services that are costly but necessary for long-term resilience involves a trade-off between short-term affordability and futureproofing for sustainability and market stability
- Responsible banking principles may slow our ability to meet our affordable housing ambitions, but new reforms announced in South Africa's State of the Nation Address could open new opportunities.

Climate

Material change

Aligned with our commitment to reaching net zero GHG emissions by 2050 across scope 1, 2, and 3 emissions, we continue to refine emissions tracking, and advance sector-specific pathways and target setting.

Commitment to market

Expand our baseline calculations to progressively include more sensitive sectors emissions.

Diving deeper: For our goals, ***Our Sustainability Framework***

Progress

We have successfully arranged financing for 50% of all closed projects under South Africa's REIPPPP.

In terms of our coal glidepath, we have achieved an annual decline of 11% in financed emissions, compared to our target of a 25% reduction by 2030.

Furthermore, we are continuously advancing our target-setting initiatives. We have established baseline financed emissions for road transport and real estate, and have integrated road transport into our glidepath. For road transport, we have set a target of a 26% reduction in physical intensity between 2023 and 2030.

Emissions measurement continues to evolve as we refine our approach to support the development of sustainability pathways across climate-sensitive sectors. While we are expanding our calculations, data availability, both internally and across clients and industries, remains a challenge. The emerging nature of this measurement adds further complexity, highlighting the need for ongoing enhancements and industry collaboration. As such, our oil and gas glidepath was less successful (showing a slight increase), although we view natural gas as a crucial transition fuel.

Diving deeper: For our other key milestones, ***Climate***

Trade-offs

- Shifting from coal, oil, and gas may hinder short-term returns, as long-term emissions goals can impact fossil fuel-dependent portfolios
- While green financing margins remain low, our strategic approach ensures that investments drive long-term value, strengthening our position in sustainable finance
- Green (i.e., renewable energy) investments alone may limit job creation unless the value chain is localised to create broader employment and growth
- Gas and coal are essential for South Africa's transition (per Integrated Resource Plan (IRP) and Nationally Determined Contributions (NDC)), but they conflict with long-term decarbonisation goals due to their environmental impact.

Sustainability progress in 2024 continued

Governance

Material change

We are promoting ongoing compliance.

Commitment to market

Assessed the requirements of aligning from TCFD to IFRS S2 climate-related disclosures.

Diving deeper: For our goals, ***Our Sustainability Framework***

Progress

We have set targets for sustainability in both short-term and long-term incentives.

In alignment from TCFD to IFRS S2, we conducted a comprehensive gap analysis, resulting in a structured disclosure roadmap and compliance plan and we are integrating sustainability into our strategy and risk management through continued investment.

To build capabilities, we launched the Sustainability Academy to enhance employee knowledge and skills.

As part of our scenario analysis work, we completed an analysis across short-, medium-, and long-term horizons to inform our strategy, and regarding our stakeholder engagement, we refined our approach to align priorities, enhance internal awareness, and reinforce industry credibility.

Despite the global backlash against ESG, we remain unwavering in our commitment to our core sustainability governance ambitions and objectives, as well as the associated compliance guidelines. This requires an experienced and skilled board, SSEC, and management team. We continuously strive to enhance these functions to ensure we remain current with changes while staying true to the bank's purpose.

Trade-offs

Deepening sustainability governance and integrating sustainability measures within the bank redirects resources from other tasks that may result in an opportunity cost in the short term but ensure long-term resilience.

Risk management

Material change

We are strengthening ESG risk management by enhancing data quality, reinforcing transparency, and refining policies to uphold ethical and sustainable practices.

Commitment to market

- Undertake a comprehensive sustainability data programme to improve the availability and quality of data required for sustainability measurement and management.
- Enhancing our climate risk assessment methodologies to meet regulatory requirements.

Progress

- Sustainability considerations are considered in our annual strategy review and strategic risk assessment process. The journey of embedding sustainability in everything we do is ongoing, and expected to continue to receive investments as the environment matures.
- Climate scenario analysis capabilities have also evolved to meet regulatory expectations and to start embedding the quantitative practice into our risk management processes. Notably, the Prudential Authority's climate risk stress test was conducted in 2024 with internal capability.

Sustainability progress in 2024 continued

Other notable updates

	Strengthening the link between sustainability and incentives	KPIs	Diversity	Financial inclusion
Commitment to market	• Strengthening the link between sustainability and incentives and disclosure thereof.	• Disclosing key performance indicators (KPIs) for each sustainability pillar.	• Advancing diversity, equity, inclusion, and belonging.	• Enabling financial inclusion through entrepreneurship.
Progress	• Both short- and long-term incentives have evolved to encourage specific sustainability outcomes. This is supported by the enhanced format for incentive disclosure linked to sustainability.	• Measurement of sustainability metrics continues to evolve. Although we have strengthened many aspects, including a redesigned framework for sustainability finance, impact metrics and KPIs are still maturing.	• We conducted an in-depth evaluation of our diversity and inclusion sustainability pillar, leading to its renaming as diversity, equity, inclusion, and belonging. This change reflects an enhanced strategic focus on key areas requiring greater inclusion efforts, including people with disabilities, generational diversity, and the newly introduced focus on neurodiversity.	• Corporate citizenship continued to enable our sustainability strategy, with a focus on financial inclusion through entrepreneurship. This renewed strategy, introduced late last year, aims to empower individuals and businesses traditionally excluded from the financial system, helping them leverage entrepreneurship to access financial services, build assets, and achieve economic sustainability.

Diving deeper:
For our goals, ***Our Sustainability Framework***

Strategy

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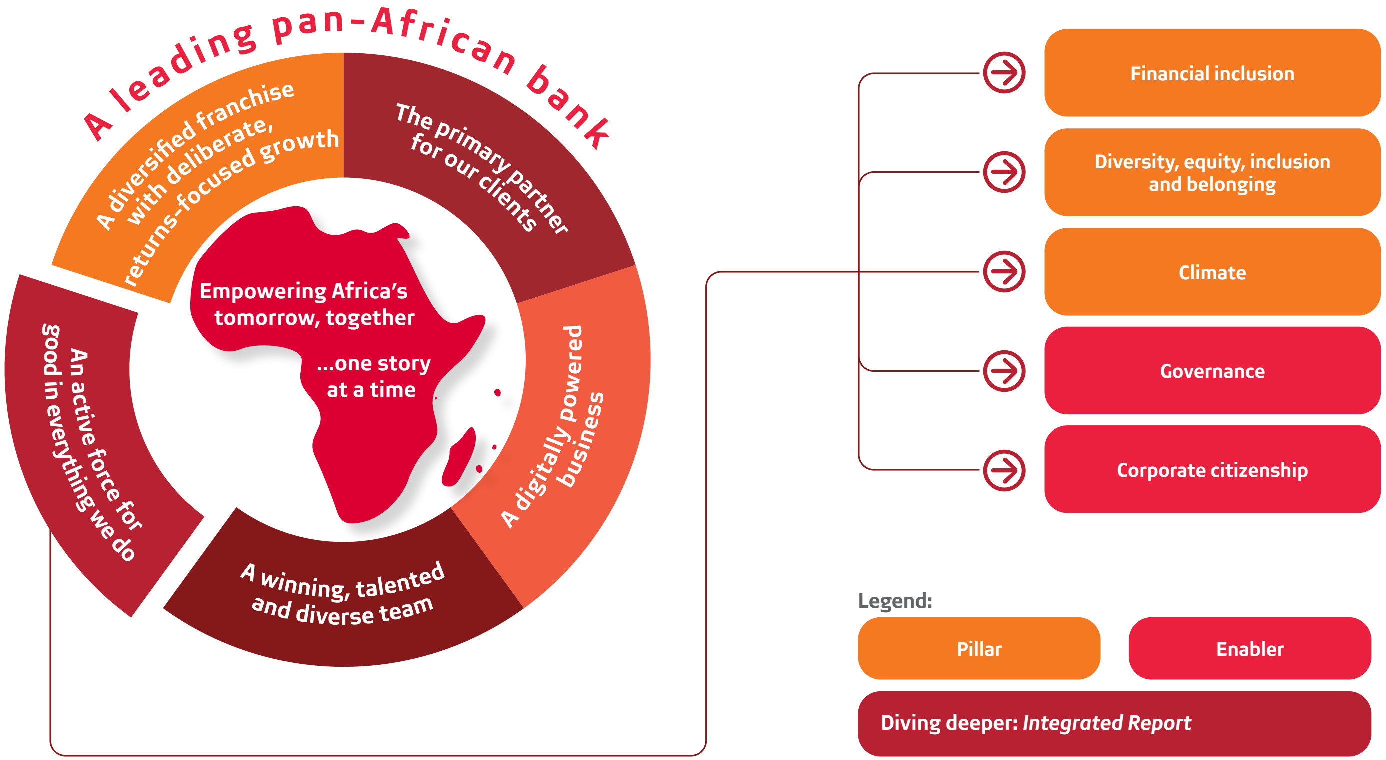
Our Group sustainability strategy

"Empowering Africa's tomorrow, together ... one story at a time" is the purpose at the heart of our business. Our sustainability strategy is anchored in three strategic pillars and supported by strong governance and corporate citizenship. This approach ensures that sustainability drives measurable impact, commercial value, and long-term resilience across our business.



Our integrated approach drives alignment, impact and measurable goals, bringing our purpose to life. This strengthens resilience, ensures long-term success and builds stakeholder trust.

Our sustainability strategy remains relevant

Our sustainability strategy remains relevant and responsive in a rapidly changing world.

It is shaped by three strategic pillars – financial inclusion; diversity, equity, inclusion and belonging; and climate – all designed to drive meaningful societal and environmental impact while strengthening long-term organisational resilience.

These pillars are underpinned by two enablers; governance, which ensures high standards of ethics and compliance, and corporate citizenship initiatives that empower communities through financial literacy, entrepreneurship, and employee volunteerism.

By focusing on what matters most to our business and stakeholders, our strategy ensures alignment to material issues and delivers lasting value for individuals, communities, and the environment

Tackling urgent sustainability challenges with pragmatic, forward-thinking solutions

Our strategy aims to address pressing sustainability-related challenges that emerge from industry trends, technological advancements, and social shifts. As such, it shapes our decision-making and drives progress toward a more sustainable, inclusive, and resilient future.

Driving inclusive growth, market competitiveness, and equitable opportunity

Our comprehensive approach to sustainability helps to mitigate risks related to sustainability factors, while identifying new growth opportunities, supporting competitiveness and a more equitable and sustainable global economy.

Our Sustainability Framework

Our Sustainability Framework captures our priorities and goals, providing a strong foundation to drive impactful action and ensure alignment with our purpose and strategic priorities.

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

Drive measurable, material change in our communities, in a way that brings our purpose to life, differentiates us from peers, and strengthens our business.

Pillars

Financial inclusion

Our priorities Make intergenerational wealth creation accessible to all.

Our goals

- Equitable access for underbanked communities – individuals and SMEs, with a particular focus on youth and women
- Full set of clients' financial needs met across transactional banking, credit, insurance, and wealth accumulation
- Cultivate a thriving entrepreneurial ecosystem that empowers individuals and entrepreneurs
- Become a thought leader and trusted partner in financial inclusion through entrepreneurship.

SDG alignment 8 Decent work and economic growth; 10 Reduced inequalities

Diversity, equity, inclusion and belonging

Our priorities Enable our employees to bring their true selves to work and be a beacon of inclusion externally across the continent.

Our goals

- Disadvantaged demographics are fairly represented at each level of the organisation
- High share of employees feel they are accepted members of the workforce
- Supply chain is strengthened and diversified by the inclusion of underrepresented groups.

SDG alignment 5 Gender equality; 10 Reduced inequalities

Climate

Our priorities Contribute to Africa's transition in a way that is just and fair.

Our goals

- Net zero achieved by 2050
- Absa established as Africa's leader in sustainable finance
- Maintain leadership in renewable energy finance.

SDG alignment 7 Affordable and clean energy; 13 Climate action

Enablers

Governance

Our priorities Commit to the highest standards of governance and ethics.

Our goals

- Sector-specific pathways defined with a thorough analysis of trade-offs
- Proactive compliance with the highest standards of evidence and ethics across all businesses.

SDG alignment 16 Peace, justice and strong institutions

Corporate citizenship

Our priorities Address the socio-economic dynamics within our areas of operation and generate sustainable impact.

Our goals

- Improve financial literacy and expand access to financial services
- Foster a culture of employee volunteerism for community upliftment
- Empower communities to promote self-sufficiency and build resilience.

SDG alignment 8 Decent work and economic growth; 10 Reduced inequalities

These pillars and enablers are aligned with the Group's most material sustainability themes, including climate change, financial inclusion, stakeholder trust, and sustainable economic growth.

Our sustainability-related material matters

We identified sustainability-related material matters through the Group's broader materiality assessment process

Our Integrated Report outlines the context and process used to identify the Group's material matters. These are matters that can significantly impact our ability to create, preserve, or erode value in the short, medium, and long term. The Integrated Report applied a financial materiality lens to prioritise the final list of seven material matters.

For the Sustainability and Climate Report, we apply a double materiality lens which considers impact and financial materiality. As part of the annual Group materiality determination process, we revisited our sustainability-related material matters to re-evaluate the interconnected nature and continued relevance of their impacts, risks, and opportunities.

The materiality review followed a structured approach, starting with comprehensive scanning across global and local landscapes, including our top risks. We then categorised insights from this scan according to critical uncertainties and key themes within core focus areas. This assessment examined various impact factors such as time horizon, velocity, likelihood, impact on Absa and society, financial and non-financial impact, probability, and nature of impact. Based on these outcomes, we reviewed the 2023 material matters to identify necessary updates.

We identified four impact material matters and three that are material from both an impact and financial perspective.

Impact materiality

- Responsible and resilient value chains
- Evolving stakeholder expectations
- Diversity and inclusion.

Impact and financial materiality

- Climate change
- A just transition
- Financial inclusivity and socio-economic stability.

Financial materiality

- Delivering returns-focused growth
- Elevated levels of sovereign and country risk
- Liquidity and capital flows
- Supporting social cohesion
- Digital intelligence and stewardship
- Leadership and a performance culture
- Regulatory focus on banking models and returns.

The sustainability-related material matters are integrated into our risk management, strategy, and governance processes, with relevant metrics and targets reflected in our balanced scorecard.

For further details around the materiality determination process.

Diving deeper: ***Integrated Report***

Our sustainability-related material matters continued

The following three areas represent refinements to our sustainability material matters.

Responsible supply chains have been changed to responsible and resilient value chains (impact).

Climate change (financial and impact) and just transition (financial and impact) was split into two separate material matters based on how we measure and monitor each matter.

A new material matter was added – Evolving stakeholder expectations (impact).

Our sustainability material matters shape and guide the prioritisation of our action and support our prioritised SDGs

Material matters	Impact lens	Description	How we are addressing the material matters	Link	Group SDGs priorities
Responsible and resilient value chains	Impact	Responsible and resilient value chains are material for financial institutions due to their role in financing decarbonisation, infrastructure resilience, and food security. As economies shift toward lower carbon emissions, financial institutions must ensure the companies they fund are reducing their carbon footprint across supply chains, particularly in energy-intensive sectors. Infrastructure resilience, such as securing reliable water and electricity supply, is essential for long-term economic stability.	• Supplier assessments and monitoring • Number of projects screened for environmental and social risks • Own footprint reduction.	*Risk management*	10 Reduced inequalities
Just transition	Financial and impact	We recognise that climate change cannot be considered in isolation from the other environmental challenges facing the continent. Financial institutions play a crucial role in funding the transition by investing in sustainable projects and divesting from high-carbon industries. If the transition is not managed equitably, it can exacerbate social inequalities, particularly affecting workers, communities, and regions reliant on carbon-intensive sectors.	• Sustainable finance • Our approach to human rights.	*Climate*	7 Affordable and clean energy 13 Climate action
Climate change	Financial and impact	Concerns over climate change are a top priority. The increasing frequency of extreme weather events, rising sea levels, and shifting climate patterns threaten infrastructure, disrupt supply chains, and undermine economic stability, impacting the value of assets and the viability of businesses. However, climate change also presents opportunities. In recognising Africa's vulnerability to climate change, we have adopted taking action on climate change as one of our strategic priorities.	• Sustainable finance • Interim fossil fuel targets • Renewable energy solutions.	*Climate*	7 Affordable and clean energy 13 Climate action

Our sustainability-related material matters continued

Our sustainability material matters shape and guide the prioritisation of our action and support our prioritised SDGs

Material matters	Impact lens	Description	How we are addressing the material matters	Link	Group SDGs priorities
Financial inclusivity and socio-economic stability	Impact	Financial inclusion and socio-economic stability directly impact economic growth, social cohesion, and long-term investment outcomes. We have a responsibility to address these disparities by investing in inclusive economic development, supporting underserved communities, and promoting fair labour practices. By incorporating inequality and socio-economic factors into our decision-making processes, we can mitigate risks, foster more resilient economies, and create opportunities for sustainable, equitable growth.	• Partnerships • SME funding • Youth development • Women-owned business financing • Own footprint reduction.	***Financial inclusion***	8 Decent work and economic growth 10 Reduced inequalities
Evolving stakeholder expectations	Financial and impact	Evolving stakeholder expectations directly influence our strategic priorities and operational practices. Our stakeholders, including investors, customers, employees, regulators, and communities, demand transparency, ethical conduct, and meaningful action on sustainability related issues. As societal concerns around climate change, human rights, and corporate responsibility grow, we aspire to adapt to these rising expectations to maintain trust, competitiveness, and compliance.	• Greenwashing Policy • Client support solutions • Advocacy efforts • Proactive and data-driven stakeholder engagement • Transparent communication and engagement • Strategic thought leadership and advocacy • Tailored stakeholder and client value proposition • Internal capacity building for stakeholder responsiveness • Collaborative partnerships for greater impact.	***Our Group sustainability strategy***	16 Peace, justice and strong institutions
Diversity and inclusion	Financial and impact	Our approach to transformation includes diversity, equity and inclusion with belonging being interwoven in our culture. Internal and external stakeholders cite diversity and inclusion as critical topics and enablers in unleashing our talent and delivering outperformance. Ultimately this affects the evolving employee value proposition and learning and development.	• % Women in leadership • Skills development • Promotion • Attrition rate.	***Diversity, equity, inclusion and belonging***	5 Gender equality 10 Reduced inequalities

Absa is committed to contributing to a more sustainable and equitable future by 2030. We support the United Nations Sustainable Development Goals (SDGs) through our sustainability commitments and partnerships. Together with business partners, we work with government, civil society, and other stakeholders to foster progress.

The sustainability pillars are those issues that have been determined to have both significant financial and impact materiality, making them priorities.

Resilience of our sustainability strategy

The global climate landscape is evolving rapidly, creating new risks and opportunities for financial institutions. At Absa, we recognise that enhancing resilience is essential to sustaining long-term growth, supporting our clients, and ensuring financial stability in an increasingly complex environment. Through scenario analysis, stress testing, and structured risk management, we assess potential financial and operational impacts, ensuring our business remains adaptable and well-positioned for the future. Combining strategic assessments with risk, regulatory and reporting requirements allows us to consolidate our efforts on horizon scanning and scenario planning and produce a unified view of our forward-looking activities.

We use scenario analysis and stress testing to enhance the resilience of our strategy and business model under a range of climate-related outcomes. These tools help identify transition and physical risks that could impact our portfolio, financial performance, and operations over time.

Scenario analysis allows us to prepare for plausible climate futures rather than rely solely on forecasts. It plays a critical role in distinguishing between structured scenario planning and traditional forecasting, improving our ability to make informed, long-term decisions.

Our climate-related scenario analysis is aligned with our business activities, strategic plans, risk appetite, and the external operating environment.

We are progressively building internal capability in scenario design, data quality, modelling, and governance. This work is supported by a multi-year investment programme to strengthen how we assess climate risk exposure across sectors and geographies.

These exercises incorporate regulatory guidance – including that issued by the Prudential Authority – and are aligned with our capital planning and strategic risk assessments. Results from these assessments support capital planning and inform forward-looking engagement with high-risk sectors.

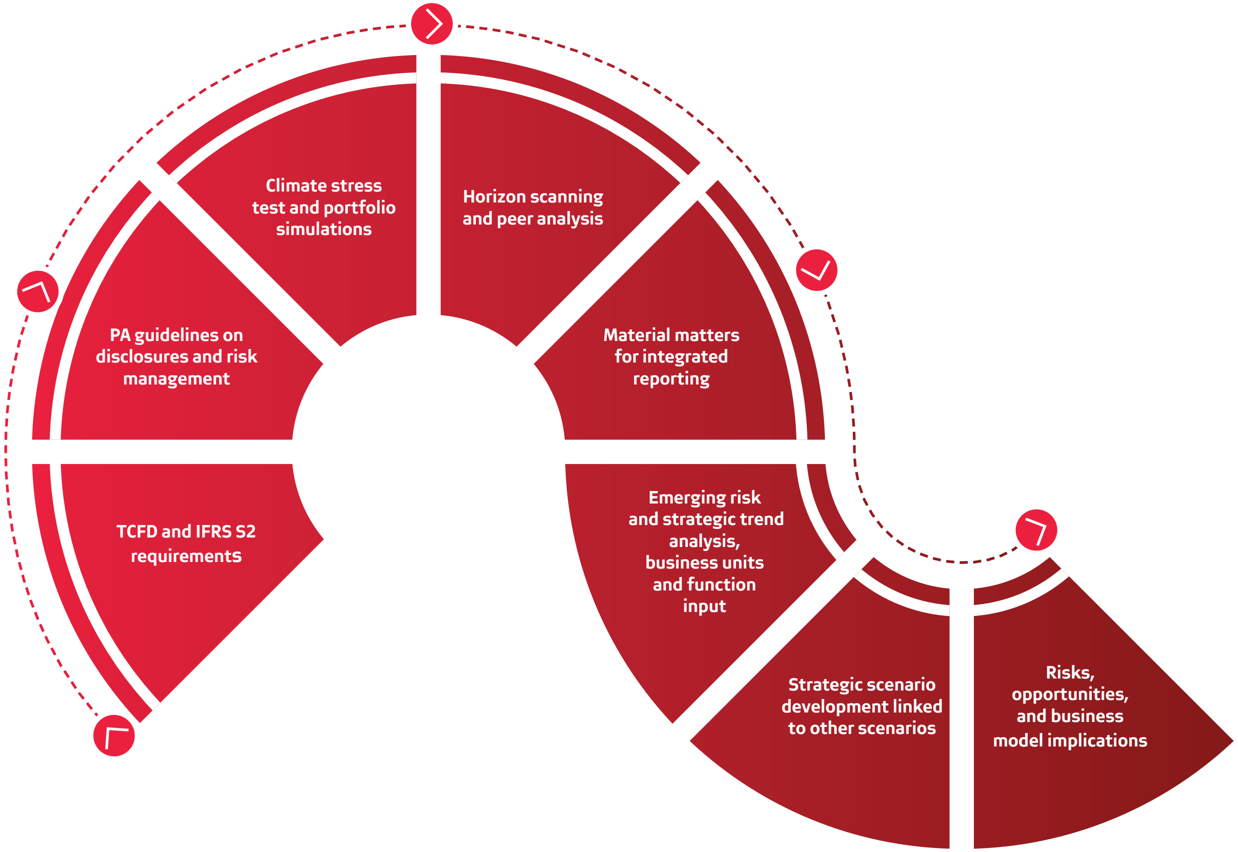
These tools provide insights into both financial and non-financial risks and opportunities and are embedded in our Enterprise Risk Management Framework (ERMF). The Board approves the Enterprise Stress Testing Framework, with oversight provided by the Group Risk and Capital Management Committee.

In addition to modelling, we also use horizon scanning, peer benchmarking, and stakeholder engagement to ensure our scenario work reflects external trends and expectations. These practices ensure that our risk insights and strategic responses remain aligned with material sustainability issues and stakeholder expectations. They also support regulatory-aligned disclosures under IFRS S2 and related international standards.

As data and methodologies continue to improve, we will expand the scope of scenario analysis across additional business lines and use these insights to enhance our portfolio resilience, reporting, and transition planning.

Resilience framework aligned with standards

Our approach is guided by a structured framework that aligns with international best practices and regulatory standards, including IFRS S1, IFRS S2, TCFD recommendations, and PA guidelines. By integrating these standards into our risk management practices, we ensure that our sustainability strategy remains robust, forward-looking, and responsive to changing market and regulatory conditions.



Scenario analysis

We use scenario analysis to assess a range of potential climate-related developments, ensuring that our strategy remains responsive to risk and opportunities. Our modelling considers key global and regional trends.

Scenario	Implications for the market	Bank opportunities	Time horizon ST	Time horizon MT	Time horizon LT
Stable at 1.5°C with resilient infrastructure This scenario assumes a low-carbon transition with strong policy alignment and climate resilient infrastructure.	Investing in resilient infrastructure for vulnerable communities to withstand climate impacts. Promoting renewable energy and sustainable agriculture and launching public awareness campaigns on climate risks to enhance community support and preparedness, thereby improving overall resilience and social stability.	• Invest in green infrastructure to improve resilience against climate impacts, tapping into funding for sustainable development initiatives • Support the growing market for financing of sustainable agriculture to support food security while promoting eco-friendly practices • Increase investment in technology and Artificial Intelligence (AI) to enhance operational efficiency and risk management strategies.	Applicable	Applicable	Applicable
Unmet SDGs and regulatory uncertainty and uneven climate action This scenario reflects a fragmented regulatory landscape, where climate policy inconsistencies create uncertainty for businesses.	Fostering regional cooperation and harmonising climate policies to create unified responses. Encouraging innovation through investment in technology and ensuring equitable access, while promoting transparency and accountability in climate actions to foster trust among stakeholders.	• Offer regulatory advisory consulting services to clients navigating complex regulatory environments • Build trust in a market that is increasingly scrutinising corporate behaviours by enhancing disclosure practices and transparency • Investing in local community resilience projects to create goodwill and improve social licence to operate, fostering stronger community relationships.	Applicable	Applicable	Applicable
Global warming exceeding 3°C in an overregulated world In this scenario, extreme climate events, infrastructure stress, and market disruptions increase financial risks.	Enhancing emergency preparedness and establishing dedicated adaptation funds for high-risk sectors. Reforming regulatory frameworks to allow flexibility in response strategies, facilitating community resilience and better management of climate-related impacts on health, agriculture, and infrastructure.	• Develop financial solutions tailored for climate adaptation projects, addressing urgent needs in sectors most affected by extreme weather • Proactively engaging in dialogue and policy advocacy to support favourable regulatory frameworks • Public-private partnerships on disaster response and recovery can create investment opportunities while enhancing community resilience.	Not applicable	Applicable	Applicable
Consequences of 3°C of global warming	Proactively engaging in international climate dialogues to advocate for equitable financing and resource sharing. Implementing strong biodiversity conservation initiatives and strengthening health systems to address climate-related illnesses, ensuring vulnerable populations receive necessary support and services amid increasing climate threats.	• Invest in health infrastructure and services that address climate-related health crises, aligning with global health goals • Finance technology-driven agricultural practices to enhance food security and create new revenue streams • Implement advanced data analytics to improve risk assessment capabilities and better manage affected portfolios in a changing climate landscape.	Not applicable	Applicable	Applicable

Short term (ST)	Medium term (MT)	Long term (LT)
0–5 years	5–10 years	10–15 years

☒ Not applicable ☑ Applicable

Sustainability and climate risks for each time horizon

Climate risk includes physical and transition risks, each presenting distinct challenges. Physical risks arise from extreme weather changes, such as increased sea levels, while transition risks result from evolving regulations and policies, which drive market shifts. These risks can impact us across various time horizons.

Transition risk

Sub risk type

Policy and regulations | Technology developments | Consumer preferences

Implications for the market

Fragmented climate regulations and inconsistent policies create compliance challenges, heightening stakeholder scrutiny, resulting in potential reputational harm. Without uniform standards, transparency efforts can appear insufficient, eroding stakeholder trust and exposing banks to greenwashing accusations.

Time horizon

ST	MT	LT
☒	☑	☑

Impact on the Group

- Increase in regulatory compliance costs driven by the need for new technological requirements, specialist skills and data infrastructure enhancements
- Stranded assets resulting from the shift away from exposure to carbon-intensive sectors
- Reputational damage and stakeholder mistrust due to perceived "greenwashing" or failure to meet sustainability commitments.

Management actions

- Adhere to our Group-wide Greenwashing Policy that provides a robust framework to manage and mitigate greenwashing risks and claims stemming from sustainability-related matters
- Align reporting and operations with evolving standards, such as IFRS S2
- Embed sustainable finance in lending and investment criteria to shift toward renewable energy and green sectors
- Maintain stakeholder trust through transparent climate-related disclosures that cover potential risks and opportunities
- Engage proactively with peers and regulators to stay ahead of policy changes and align with broader market trends, helping mitigate the impact of regulatory shocks.

Physical risk

Sub risk type

Chronic physical risk

Implications for the market

Chronic physical risks, especially prolonged water scarcity and food insecurity, destabilise vulnerable sectors, leading to struggles in agriculture and water-stressed regions. This situation exacerbates inequalities, perpetuates resource scarcity, and fuels social unrest due to unmet climate resilience needs, highlighting the urgency for adaptive measures and support systems.

Time horizon

ST	MT	LT
☒	☑	☑

Impact on the Group

- Substantial increase in credit and asset risks from affected borrowers
- Damage to physical assets resulting in valuation adjustments and increased insurance costs
- Heightened liquidity risks due to operational costs for recovery and repairs and increased withdrawal demands from customers in affected areas
- Disruption to business operations.

Management actions

- Financing of adaptation solutions to enhance infrastructure resilience
- Collaboration with local communities to develop adaptation strategies
- Proactive climate risk assessment of climate vulnerabilities
- Diversification of lending portfolios to include sectors less vulnerable to climate impacts, reducing overall risk exposure.

By addressing both transition and physical risks, we support portfolio resilience while enabling clients and communities to navigate climate challenges.

Short term (ST)	Medium term (MT)	Long term (LT)
0–5 years	5–10 years	10–15 years

☒ Not applicable ☑ Applicable

Sustainability and climate risks for each time horizon continued

A structured approach to climate resilience

Ensuring resilience within our sustainability strategy is critical to managing emerging climate-related risks while creating opportunities for long-term business stability. By integrating scenario analysis, stress testing, and regulatory alignment into our approach, we maintain a measured, strategic, and adaptive framework that supports our clients, communities, and stakeholders.

As we continue refining our strategy, our focus remains on:

- Enhancing our ability to assess and manage climate risks, ensuring resilience in an evolving market.
- Balancing sustainability commitments with financial performance, integrating ESG considerations into core business decisions.
- Engaging with stakeholders to align financing solutions with economic and environmental priorities.
- By taking a practical and structured approach, we ensure that our business remains agile, responsive, and well-positioned for the future.

Methodology and approach to carbon emissions accounting

Our methodology for carbon emissions accounting is integral to delivering our sustainability strategy and advancing our net zero ambition. We are committed to adhering to internationally recognised best practices, including the GHG Protocol, Partnership for Carbon Accounting Financials (PCAF), and the Science-Based Targets initiative (SBTi). These frameworks support consistent, transparent, and evolving methodologies aligned with international standards and emerging regulation.

Since launching our sustainability strategy, we have made tangible progress and continue to enhance our approach. Our emissions accounting framework is grounded in a pragmatic understanding of data quality, sectoral specificity, and our role as a financier in driving decarbonisation.

Key considerations

We are expanding coverage across all climate-sensitive sectors to build comprehensive inclusion and ensure our actions are aligned with our net zero commitment.

While we have the capability to apply estimates and assumptions, our priority is to invest in improved data sources that will enable effective implementation of our transition plans. It is not sufficient to only demonstrate portfolio coverage; we recognise the critical importance of high-quality data to inform and validate our climate actions.

The inclusion of scope 3 financed emissions is fundamental to our net zero strategy. While we are currently prioritising data improvement for scope 1 and 2 emissions, which fall within our sphere of influence, we are simultaneously developing capabilities to expand sector-specific scope 3 coverage. We acknowledge the potential for double-counting of scope 3 emissions, but accept this as an industry norm in line with the GHG Protocol and PCAF guidance.

Decarbonisation levers and metrics

Driving our decarbonisation strategy requires commitment and a methodical, outcomes-driven approach. Insights from multiple sectors have helped refine our method, with a focus on aligning financial flows to climate outcomes.

We prioritise absolute emissions reductions in sectors where we intend to phase out exposure, such as thermal coal, as articulated in our fossil fuel sectoral strategy.

For the remainder of the fossil fuel value chain, we use physical intensity metrics to manage transition financing. We acknowledge that certain fuels, such as gas and oil, may serve as transitional energy sources. In selected cases, targeted investments may support efficiency improvements or temporary shifts to lower-emissions fuels. We recognise that such exposure must be limited in duration and accompanied by a clear pathway towards absolute emissions reduction.

Across most other sectors, we favour physical intensity metrics, which enable us to demonstrate our role in driving efficiency gains within financed emissions. This approach supports competitiveness and facilitates a just transition by improving emissions performance without compromising economic progress.

Real estate sector

The real estate sector represents our largest financial balance sheet exposure and therefore warrants detailed emissions analysis. We have recently made the following enhancements:

Baseline emissions calculations have been refined to generate deeper insights into sector-specific characteristics. This has included the introduction of additional data fields to improve the granularity and relevance of our models.

We have incorporated satellite imagery and computer vision technologies to improve emissions estimation, particularly in identifying building size and renewable energy features such as solar panels. While solar identification is still at an early stage, this innovation has the potential to enhance accuracy and coverage.

Registrations with professional bodies such as Excellence in Design for Greater Efficiencies (EDGE) and the Green Building Council of South Africa (GBCSA) support the classification of green buildings. However, current certification coverage remains limited, and Energy Performance Certification (EPC) standards are yet to be formally legislated in Africa.

We are actively encouraging clients to progress on their own decarbonisation journeys through dedicated sustainable finance instruments and technical engagement. Refining our data assets is essential to guiding both current and future strategies.

Sustainability and climate risks for each time horizon continued

Agriculture sector

Absa is recognised as a market leader in financing South Africa's agriculture sector, supporting operations, expansion, food processing, and trade. This sector is central to national job creation, economic development, and food security.

Compiling emissions data in this sector presents challenges due to the limited availability of standardised databases. To address this, we have partnered with specialised providers to implement new monitoring technologies, enhancing the quantification of agricultural processes.

We have adopted a simplified baseline methodology using macro-level data and internal financial information to estimate financed emissions in agriculture. While this high-level approach offers a starting point, we are continuously working to improve data granularity and inform targeted decarbonisation levers.

Ongoing client engagement efforts are focused on assessing environmental, social, and economic impacts. Although the agriculture sector is not currently within the scope of the EU Carbon Border Adjustment Mechanism (CBAM), we are monitoring its development closely to mitigate potential impacts on export markets.

Scope 1 and 2 emissions are currently accounted for, noting the relatively low reliance on purchased electricity in agriculture. Electricity generation has been treated as a standalone emissions source.

Road transport sector

Our approach to emissions from the transport and logistics sector is based on practicality and precision:

We have isolated tailpipe emissions as the primary source of financed emissions for road vehicles, given the nature of asset use and to avoid overlap in calculations. This approach is widely accepted for its clarity and relevance in vehicle-specific financing.

Scope 2 emissions from purchased electricity (e.g. for EV charging) have been excluded in current models due to insufficient power mix data, but we are working on methodologies to include grid emissions intensity as part of our future reporting.

The role of electricity supply in enabling low-carbon transport is critical. We acknowledge that a full assessment of battery-electric vehicle efficiency must consider the underlying energy mix, and we are exploring ways to reflect this in our modelling.

We recognise the interdependence between the transport, power, and manufacturing sectors and view this system thinking as key to driving meaningful decarbonisation.

Our methodology reflects an evolving but determined approach to carbon accounting. As we enhance our data, refine our tools, and align our financing with science-based transition pathways, we will continue to adapt in line with stakeholder expectations, regulatory requirements, and our net zero ambition.

Laying the foundation for insured and facilitated emissions

We are in the process of expanding our climate transition planning to include insured and facilitated emissions — which represent the indirect emissions associated with underwriting activities. These emissions fall under scope 3 and are particularly relevant in high-impact sectors such as auto, property, and energy.

Although different in nature from traditional lending, incorporating insurance-related emissions helps us build a more complete view of our climate impact. It also enables more effective transition strategies, client engagement, and innovation in risk products that support decarbonisation.

In 2024, we began work on developing an internal framework to measure insured emissions, with the goal of producing initial estimates in 2025. We are starting with selected insurance lines in South Africa, using available underwriting data and external emissions benchmarks.

This initiative is part of our broader commitment to improve climate-related disclosures and aligns with global developments in sustainable insurance and transition finance.

As we build capacity to track insured and facilitated emissions, we expect this work to:

- Inform how we design and price insurance products that reflect climate risk
- Support our strategy to expand decarbonisation efforts beyond lending
- Strengthen our ability to partner with clients on low-carbon transition pathways.

This complements our existing work on financed emissions and supports the evolution of our net zero strategy.

Approach to data and modelling

Data plays a critical role in enabling our sustainability strategy, informing risk modelling, and reinforcing stakeholder confidence in the reliability of our disclosures.

Data programmes

As we continue integrating sustainability across the Group, our ESG data effort is driven by two key enterprise-wide programmes:

The ESG **data programme**, designed to centralise and automate ESG reporting and decision-making processes, improving data traceability, transparency, and auditability.

The **Basel-aligned risk programme**, which supports the development of our climate risk management capabilities through a comprehensive approach focused on embedding climate considerations across risk types.

Diving deeper: ***Basel Climate Risk Programme key developments***

Data modelling

In instances where client-level data is unavailable, we apply proxy calculations based on loan type, property or asset characteristics, and emissions intensity factors sourced from recognised databases. This approach is supported by a multi-year ESG data programme.

By aligning ESG data with these programmes, we enhance both the credibility of our disclosures and the rigour of our risk strategy.

Navigating trade-offs: Balancing financial goals with long-term sustainability

The challenge: Taking a pragmatic approach to sustainability

Sustainability is no longer an option, it is an imperative. However, transitioning to a low-carbon economy requires a pragmatic approach that carefully balances financial realities with sustainability commitments. Banks must ensure that sustainability goals are achievable, commercially viable, and aligned with the economic realities of the markets they serve.

At Absa, we recognise these complexities and remain committed to integrating sustainability into our core strategy in a measured, responsible, and practical way. This means embedding sustainability into executive decision-making, capital allocation, and risk management frameworks, while ensuring our commitments support both long-term resilience and near-term economic stability.

Managing key trade-offs in our sustainability strategy

Decarbonisation glidepaths: Supporting a just transition

Committing to decarbonisation in climate-sensitive sectors requires balancing long-term environmental goals with near-term economic realities. Transitioning away from fossil fuel financing may limit immediate business opportunities, but it ensures compliance with nationally determined contributions (NDCs) and strengthens our resilience against climate-related financial risks.

We recognise that the transition must be socially inclusive and economically responsible. A just transition means working with clients, policymakers, and affected industries to ensure businesses, workers, and communities can adapt. This involves:

- Providing financing solutions that help clients invest in cleaner technologies without disrupting their business models
- Engaging with regulators and industry stakeholders to align transition policies with economic realities
- To create economic opportunities that also support emission reduction.

By investing in green innovation and renewable energy financing, we are helping industries adapt while ensuring the transition is practical, inclusive, and sustainable.

Sustainable finance targets: Balancing growth with financial realities

Redirecting capital towards sustainable finance requires navigating complex market conditions, competitive pressures and evolving regulatory landscapes. The expansion of green financial products and services demands significant upfront investment in research, development, and operational adjustments, which may initially affect financial returns.

Despite these short-term challenges, sustainability-linked financing is a key enabler of long-term economic growth. We are taking a pragmatic approach, ensuring that our sustainable finance initiatives:

- Support commercially viable investments that align with Africa's development needs
- Balance short-term financial performance with long-term business resilience
- Enable access to new markets and investor capital, ensuring competitiveness in an evolving global financial system.

By structuring realistic, well-calibrated sustainable finance pathways, we are ensuring that our transition to greener financial solutions is measured, responsible, and beneficial to both business and society.

The business case for sustainability: Why a pragmatic transition matters

While the trade-offs of sustainability investments are undeniable, so too are the long-term financial benefits. A measured, commercially viable approach to sustainability provides:

- Stronger risk management, reducing exposure to climate-related financial shocks
- Cost efficiency, through investments in energy-saving initiatives and low-carbon business models
- Greater investor confidence, by aligning with ESG-focused capital markets and regulatory expectations
- Access to new revenue streams, including financing renewable energy, sustainable infrastructure, and circular economy innovations.

Achieving sustainability targets requires collaboration beyond our organisation. Through engagement in COP29, the WEF, and South Africa's G20 Presidency, we ensure our sustainability commitments align with regulatory frameworks and support economic stability.

By taking a measured and practical approach, we are ensuring that our business remains resilient, adaptive, and well-positioned to support our clients and stakeholders through this transition.

While the path to sustainability requires careful navigation of financial complexities, the long-term benefits and enhanced financial stability, regulatory alignment, and strengthened market positioning far outweigh the short-term challenges. Absa continues to integrate sustainability into our financial strategy in a way that is realistic, responsible, and aligned with Africa's broader economic and social priorities.

Regulatory compliance: Strengthening governance and risk management

Proactive risk monitoring and regulatory alignment

Regulatory compliance is a cornerstone of our risk management approach, ensuring we operate within a stable financial system while advancing our sustainability commitments. By aligning with evolving regulatory frameworks, we enhance transparency, accountability, and resilience.

Our approach involves:

- Close collaboration with regulators to shape a stable financial system
- Regular assessments of emerging regulations across key markets to anticipate compliance requirements
- Alignment with global and local standards to support sustainable growth and enhance client trust.

To support these efforts, we have developed a compliance roadmap, underpinned by our ESG Data Programme. This programme is designed to centralise and automate ESG reporting and decision-making processes, improving data traceability, transparency, and auditability.

Assessing regulatory readiness and external validation

To ensure alignment with these evolving standards, we conducted a gap analysis against:

- IFRS S1 and S2
- Sustainability Accounting Standards Board (SASB) guidelines
- GRI banking standards
- SARB Prudential Authority guidance

The findings from this analysis informed the development of our compliance roadmap, which was presented to the SSEC for noting.

Additionally, we enlisted the services of an external assurance provider to conduct a gap analysis of our compliance progress and Reporting Framework. This initiative aims to ensure credibility, accuracy, and alignment with regulatory standards. These measures enhance the transparency of our sustainability disclosures and underscore our dedication to responsible banking practices.

Evolving regulations and developments

We actively monitor regulatory developments to ensure compliance with global sustainability standards. Key updates include:

South African Reserve Bank (SARB) Prudential Authority Guidance

- Issued in May 2024, this guidance requires banks to integrate climate-related risks into governance and risk management frameworks
- It emphasises board oversight and the inclusion of climate risks in capital adequacy assessments
- The objective is to strengthen the financial system's resilience by addressing both physical and transition risks linked to climate change.

International Sustainability Standards Board (ISSB) – IFRS S1 and IFRS S2

- IFRS S1 sets out general requirements for sustainability-related financial disclosures, ensuring companies report on sustainability risks and opportunities comprehensively
- IFRS S2 focuses specifically on climate-related disclosures, requiring companies to report on governance, strategy, risk management, and key metrics
- These standards aim to enhance transparency and help investors understand how sustainability factors impact financial performance.

Basel Committee on Banking Supervision (BCBS) – Pillar 3 Disclosure Framework

- BCBS launched consultations on a Pillar 3 disclosure framework for climate-related financial risks
- This initiative aligns global banking regulations with ISSB standards, shaping future climate risk disclosure requirements
- A final framework is expected to be implemented by January 2026.

Global Reporting Initiative (GRI) Banking Standards

- The Global Sustainability Standards Board (GSSB) is developing sector-specific sustainability standards for banking, capital markets, and insurance
- A draft work programme will be open for public comment in Q2 2025, with finalised standards expected by Q2 2026.

The compliance roadmap is supported by our ESG Data Programme which is targeted towards data centralisation and automation for reporting and decision-making purposes which would improve data traceability, transparency, and auditability.

Our stakeholders

Our success is intrinsically linked to the strength and quality of our relationships with our stakeholders. Proactive and transparent stakeholder engagement is essential to our sustainability strategy. By collaborating with a diverse range of stakeholders, we ensure our commitments align with societal expectations and address emerging risks and opportunities.

Stakeholder engagement approach

Aligned with Principle 16 of the King IV Report, our stakeholder approach balances the needs, interests, and expectations of all material stakeholders to support the Group's long-term success. Stakeholder management is embedded across the organisation, with all employees responsible for effective engagement. Multiple feedback channels enable stakeholders to raise concerns, including civil society inquiries, shareholder activism, annual general meeting feedback, complaints resolution, fraud and whistleblowing hotlines, industry indices, media, regulators, employee insights and investor interactions. Through our Group Strategy and Sustainability Office, we have established a dedicated channel to process open engagement from our stakeholders in our digital platforms: ***sustainabilitymatters@absa.africa***

Governance and oversight

The SSEC oversees stakeholder engagement, reviewing outcomes, identifying risks, and ensuring accountability. The Board, through the SSEC, convenes quarterly to guide engagement, thought leadership and sustainability efforts. The executive team submits quarterly reports assessing stakeholder matters and reputational risks. Our Responsible Banking Committee assesses sustainability-related reputational risks related to our lending across the full spread of our business, identifying sector-specific stakeholder gaps. Operationally, the corporate relations team, under the Strategic, Sustainability and Reputational Risk Framework (SSRF), ensures compliance with the Stakeholder Engagement Policy. Central to our Sustainability Governance Framework is a commitment to proactive engagement that enables consistent value creation.

Stakeholder-informed materiality insights

In line with our materiality determination process, we regularly engage stakeholders to ensure that our reporting reflects priority environmental, social, and climate-related matters. This horizon scanning process considers the expectations of regulators, clients, investors, and affected communities across our markets.

Key issues raised during the reporting period included the climate resilience of insurance products, the carbon intensity of agriculture and manufacturing, and the socio-economic implications of climate-linked resource scarcity. These insights continue to inform our strategic planning and disclosure roadmap.

Our stakeholder engagement principles

Consistency	Ensure consistent messaging to all stakeholders.
Dialogue	Understand the needs, interests, and expectations of stakeholders and incorporate them into the Group's decision-making processes.
Collaboration	Establish meaningful relationships and draw connections between the Group's goals and stakeholder interests.
Transparency	Ensure proactive, honest, and continuous communication with stakeholders.
Commitment	Commit to engagements as part of being a force for good in society.
Responsiveness	Adopt continuous assessment and responses to a changing business environment, considering legitimate stakeholder needs, interests and expectations.

Our stakeholders continued

Managing stakeholder materiality

In 2024, stakeholder engagement became a strategic cornerstone, aligning priorities with expectations and addressing material issues with meaningful action. Our refined approach focused on stakeholder materiality, emerging trends, and purposeful, timely engagement. Strengthening relationships and partnerships enabled us to tackle societal and environmental challenges while driving mutual growth. Guided by a robust framework, we leveraged thought leadership to build trust, enhance credibility, and reinforce our leadership position. This collaborative effort underscored our commitment to sustainable impact and shared value across diverse stakeholders. Through this engagement, we identified the key concerns below, which have informed our strategic decisions related to sustainability.

Climate risk and adaptation

There have been concerns expressed regarding the pace of net zero plan implementations, disclosure on financed emissions and Board competencies to effectively lead climate risk and adaptation efforts.

Concern	Action
Investors seek clearer adaptation finance metrics	Introduced new climate finance KPIs. Introduced enhanced sustainability-linked finance disclosures.
NGO (Just Share) raised concerns regarding our climate-related financial disclosures, fossil fuel financing, and Board expertise on ESG matters	We have engaged in dialogues with Just Share to address their concerns and to enhance the transparency and integrity of our reporting. In 2022, we introduced sensitive sector financing limit caps to manage exposure to high-carbon sectors and align our financing activities with sustainability objectives. We continue to refine our climate-related disclosures. We are prioritising ongoing capacity-building efforts within the Board, including regular ESG and sustainability training for Board members, engagements with industry experts, and strengthening our governance structures to integrate ESG considerations into decision-making at the highest levels.
Community impact of coal and clarity on coal sector transition plans	Strengthened community engagement in coal sector areas and developed targeted transition programmes.
Enhanced industry collaboration on net zero strategies	Deepened partnerships with industry bodies like Business Unity South Africa (BUSA) and the UN Global Compact.

Just transition

Stakeholders have concerns regarding Absa's role in financing energy transitions and sustainable development. This includes impacts of fossil fuel industries on communities, transition plans and Absa's involvement in the natural gas industry. We recognise that the principles of a just transition require balancing climate goals with socio-economic imperatives, particularly in emerging markets.

Concern	Action
Community impact of coal and clarity on coal sector transition plans	Strengthened community engagement in coal sector areas and developed targeted transition programmes.
Human rights and environmental impacts of Mozambique LNG project	This has been an expressed concern for the last three years. We reassured NGOs that due diligence has ensured that the project complied with Equator Principles and contributed to Mozambique's economic development and long-term energy security. This case is an example of the need to balance climate goals with socio-economic imperatives, particularly in emerging markets. We are committed to continuously monitor the compliance of the project and its alignment with the Equator Principles.
The Centre for Environmental Rights raised concerns over our financing of ArcelorMittal South Africa (AMSA) due to its historical environmental and social impacts	We highlighted that our support for AMSA is guided by our Sustainability Policy, which emphasises a just transition. Given that industries such as steel and coal are integral to South Africa's economy, we advocated for a measured and just transition to cleaner energy sources while ensuring workforce retraining and adaptation. These sectors provide essential jobs and income to many people. A fair transition must consider these broader impacts and include mechanisms for societal adaptation.

ESG data integrity

Engagements on ESG disclosures, climate risk integration, and international standards are proof of an everchanging regulatory landscape and expectations in data and reporting capacities.

Concern	Action
Regulatory expectations on ESG reporting standards	Enhanced assurance processes

Our stakeholders continued

Collaborations, public-private partnerships (PPP) and advocacy

In 2024, Absa significantly contributed to thought leadership in sustainable finance through engagements with key industry groups, NGOs and political bodies. We hosted high-profile events and published insightful research, reinforcing our position as a leader in sustainability discussions.

Initiative	Description	Outcome
Responding to CBAM	Absa hosted a roundtable led by the Group Chief Strategy and Sustainability Officer, alongside experts including SA's World Trade Organisation (WTO) ambassador and industry leaders. Discussions focused on mitigating CBAM's impact, supporting the just transition, increasing climate finance, and aligning policy with industry incentives.	Positioned Absa as a key voice in shaping SA's CBAM response, reinforcing its role in climate finance and industrial decarbonisation.
Voluntary National Review (VNR) on SDGs	In collaboration with UN Global Compact SA, Absa led private sector participation in SA's VNR, which will be presented to Cabinet and the UN High Political Office. This highlights progress on SDGs and business alignment with development goals.	Strengthened Absa's reputation as a sustainability leader, demonstrating alignment with global sustainability agendas.
African Union (AU)'s Peer Review Workshop	Absa participated in the AU's Peer Review Workshop with the UN Department of Economic and Social Affairs in October 2024, focusing on SDG and Agenda 2063 monitoring. Discussions on long-term partnerships emerged.	Enhanced Absa's influence in continental sustainability discussions and policy development. Outcome of African Peer Review Mechanism (APRM) discussions has been published on the UN website, strengthening Absa's role in advancing sustainable development in the continent.
BUSA	Absa participated in BUSA's sustaining progress programme reflecting contributions towards SA's transition to a sustainable, low-carbon economy and strengthening the role of business in climate action and sustainability.	Accelerating Absa's strategic focus areas in women's issues and SMEs, green finance, and turning COP24 outcomes into action.
Partnership with Visa – "She's Next" Initiative	Absa and Visa launched "She's Next" to support women-led businesses in SA through funding, mentoring, and networking opportunities.	Highlighted Absa's role in financial inclusion and gender equity, showcasing its commitment to empowering women entrepreneurs.

Continuing on refining our stakeholders engagement, we intend to

- Develop a stakeholder heatmap to anticipate emerging concerns for proactive engagements.
- Strengthen cross-functional collaboration on ESG issues.
- Enhance reporting frameworks to integrate qualitative and quantitative stakeholder insights.
- Prioritise impactful partnership with PPPs, advocacy groups and climate leaders.
- Actively identify strategic partners to enhance Absa's stakeholder engagement and drive value creation.
- Proactively collaborate with regulators and advocacy groups to address emerging concerns while maintaining strategic alignment with stakeholder priorities.

We acknowledge ongoing engagement with civil society organisations regarding fossil fuel financing, ESG governance, and transition planning. Constructive dialogue with organisations like Just Share and the Centre for Environmental Rights is helping us strengthen accountability and refine our sustainability approach.

Looking forward

Our sustainability and climate strategy drives long-term change while adapting to evolving global market conditions.

As we look ahead, we continue to deliver against our core sustainability priorities: advancing climate resilience, promoting financial inclusion, enabling equitable growth, and using our influence as an active force for good across the economies we serve.

Global macroeconomic volatility, supply chain instability, and geopolitical uncertainty – including the energy and food security pressures experienced across our continent – have introduced complexity, but have not shifted our strategic direction. Rather, these conditions reinforce the importance of bold, adaptable leadership and resilient delivery models. We recognise that timing mismatches, inflationary effects, and shifts in energy investment flows can create friction in short-term sustainability delivery – particularly in the transition energy space – but they also highlight the urgency of continued action.

Our dedication to our net zero ambition remains with a steadfast, climate risk integration, and transition finance goals.

We have exceeded our cumulative sustainable finance mobilisation target ahead of schedule, and are now in the process of reassessing our forward targets. As we do so, we are mindful of current market dynamics, including margin compression in parts of the green finance segment and delays in regional gas infrastructure delivery. These realities have resulted in temporary shifts in portfolio exposure, with oil-linked financing growing faster than gas in the near term.

Our focus remains on ensuring that all financing activities support a credible and responsible transition. This includes refining our glidepath, enhancing scenario analysis, and strengthening our product offering across both green and transition finance. We aim to align commercial viability with decarbonisation impact, supporting sectors and clients as they adopt more sustainable operating models, even under constrained conditions.

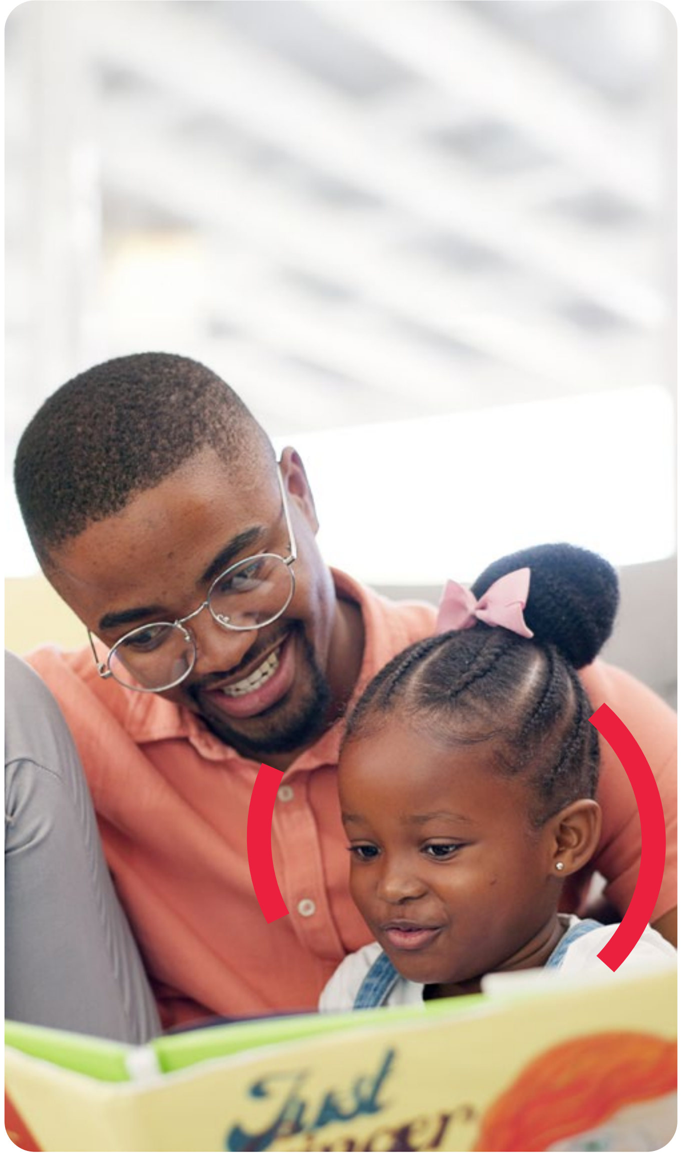
We continue to embed social sustainability as a strategic imperative.

We are focused on advancing financial inclusion and equitable access – with an emphasis on underserved and rural communities, inclusive product design, and small business enablement. Our approach to diversity, equity, inclusion, and belonging is being embedded across leadership, policy, and community engagement initiatives. These priorities reflect our broader belief that sustainability is indivisible from inclusive growth and shared value creation.

Our strategic priorities for the future:

- Progressing financial inclusion and sustainable economic growth, supporting underserved communities and SMEs have access to financial solutions that support their transition to sustainable business models and enhance socioeconomic resilience.
- Deploying strategic risk management tools, such as scenario modelling, to help us navigate emerging risks and opportunities, ensuring we remain agile in an evolving landscape.
- Advancing impact driven metrics to enable us to measure the broader environmental and societal contributions of our financial activities, beyond traditional performance indicators.
- Refining baselines and pathways for climate-sensitive sectors while enhancing sustainable finance initiatives, including insurance and facilitated emissions.
- Integrating of biodiversity risks into our lending portfolio, recognising the growing importance of natural capital and addressing critical challenges such as water scarcity in key regions.
- Strengthening stakeholder engagement, fostering partnerships that support our transition plan, align with regulatory developments, and address the evolving needs of our stakeholders.
- Investing in digital and technological innovation, leveraging AI, advanced analytics, and digital tools to enhance ESG risk assessments, impact tracking, and sustainability-linked financing.
- Evolving our sustainable finance commitments to emphasise quality and impact, with future volumes aligned to transition outcomes and disciplined capital allocation.

Our forward strategy is defined by agility, integrity, and alignment with stakeholder expectations. Through strengthened internal capacity, improved disclosures, and deepened engagement, we aim to deliver lasting impact, reinforce trust, and maintain a strong sustainability position within our markets.



Governance

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Our sustainability and climate governance structure

Board level governance

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

Supporting Executive Committees

- Group Executive Committee
- Executive Risk Committee
- Exit and On-boarding Committee
- Remuneration Panel Review
- Treasury Committee
- Executive Appointments and Remuneration Committee
- Group Credit Committee
- Finance Committee

Group Strategy and Sustainability Office

Management committees

- Sustainability Risk Working Group Committee
- Enterprise Risk Committee
- Responsible Banking Committee

The above governance structure only focuses on Sustainability and Climate Structure. For more details on the other Board committees, see our ***Integrated Report***.

Diving deeper: *Integrated Report*

Board governance and oversight on sustainability and climate-related risks and opportunities

Ultimate oversight is held by the Board, with a view to align the sustainability strategy with Group objectives

The Absa Board of Directors holds the ultimate responsibility for overseeing the Group's approach to governance and comprehensive risk management frameworks and practices, including the management and integration of sustainability and climate-related risks and opportunities into business operations. This oversight assists in monitoring that sustainability and climate risk considerations are embedded within the strategic decision-making processes across the entire organisation and reinforces our commitment to responsible banking, ensuring that sustainability considerations are not just an add-on but an integral part of how we operate.

One of the Board's key governance objectives is **"An active force for good in everything we do"** which includes monitoring the Group's role regarding ESG matters focusing on: (i) **Inclusive finance**; (ii) **Climate/environmental sustainability**; (iii) **A just society**; (iv) **The Group's contribution to a just transition**; and (v) **Education and skills development**, all to contribute more broadly to shaping Africa's growth and sustainability.

The Board is assisted by Board Committees and Executive Committees in carrying out its governance responsibilities

The SSEC, Group Risk and Capital Management Committee, Group Remuneration Committee, Group Audit and Compliance Committee, and Group Credit Risk Committee are actively involved in offering targeted oversight and guidance on sustainability and climate-related risks and opportunities. The Board annually reviews and approves the Group's Enterprise Risk Management Framework (ERMF), which is designed to identify, evaluate, and manage key risks to manage the business within the Group's defined risk appetite.

The Board is supported by eight Executive Committees, the role and function of which is to implement the approved policies and to check and challenge the roll-out of products to our customers and initiatives to our stakeholders such that sustainability initiatives support strategic goals and our risk management practices.

The Board supports broader diversity at Board level and the balance of power and authority

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. We have such a policy, we set and regularly review targets for race and gender.

Furthermore, in accordance with the structure of the Board and the Board Charter, our Board Governance Framework is designed to maintain a clear balance of power with decision-making that is inclusive, well-regulated, and aligned with best practices. 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.

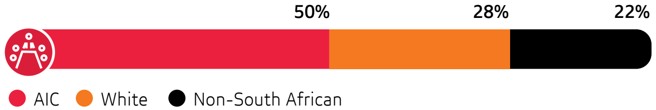
Our Board is diverse in terms of age, race, gender, ethnicity, tenure, country of origin, culture, educational background, skills, experience, and knowledge. The composition review considers rotation plans, tenure, succession, retirement, resignation, skills, and the outcomes of Board evaluations. The Board evaluation is prescribed in terms of the Group Board Charter, and we have policies in place for complying with the JSE Debt Listings Requirements including Evaluation, Nominations, and Conflicts of Interest. 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 voting at the annual general meeting.

We recognise that governance is not just about compliance, but about driving meaningful, long-term and sustainable impact.

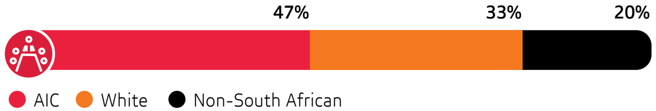
Board gender 2024[1]

Board gender 2023

Board race 2024[2]



Board race 2023



1 This KPI has been improved in 2025, to 44% following the appointment of two female Board members, effective 1 April 2025.
2 This KPI has been improved in 2025, to 56% following the appointment of two Board members, effective 1 April 2025.

Diving deeper:
Integrated Report; Sustainability Data Sheet

Social, Sustainability and Ethics Committee

The SSEC plays a key role in our governance structure, with Board-delegated authority to oversee and guide the Group's sustainability strategy. It monitors responses to global and local sustainability challenges, with a view to aligning with strategic goals and effective implementation. Meeting quarterly, the SSEC reviews and steers the Group's sustainability and climate-related strategies and initiatives, promoting integration with best practices and broader sustainability objectives, with regard also to the competing interests of stakeholder groupings.

Main responsibilities and oversight

1. Stakeholder relationship management and public relations
2. People, culture and labour/ employment matters
3. Social and economic development
4. Citizenship activities of the Group
5. Responsible marketing (including sponsorships and advertising)
6. Conduct and ethics of our employees and other stakeholders
7. Customer health and experiences as well as the design of financial products and services
8. Sustainability, environment, health and safety of the Group
9. Environmental, social and governance performance and reporting

Social, Sustainability and Ethics Committee continued

Focus for the year

Throughout the past year, the Committee adhered to the governance tenets set forth by the Companies Act and King IV, and focused on a series of key initiatives to elevate the Group's sustainability practice. Continued oversight on sustainability integration, net zero alignment, stakeholder engagement, thought leadership, reporting, monitoring and trends.

- Approved the fossil fuel emissions targets and related disclosures
- Approved the revised Absa Way Code of Ethics Policy, Conflict of Interest Policy, Customer Complaints Standard and the Conduct Risk Management Framework
- Approved enhanced short- and long-term Organisational Health metrics, in conjunction with the Absa Group Remuneration Committee

Diving deeper: ***Remuneration Report***

- Approved the Stakeholder Engagement Framework and monitored the execution thereof.

- Noted the sustainability and climate roadmap beyond 2025.

- Received human capital strategy updates, including the colleague listening strategy and the Women in Senior Leadership Plan
- Received updates on the development and implementation of relevant policies including the new Greenwashing Policy
- Received updates on the diversity, equity, inclusion and belonging strategy
- Monitored the financial inclusion and gender diversity initiatives.

Diving deeper: ***Diversity, equity, inclusion and belonging***

- Monitored the Group's adherence to its ethics standards through an ethics survey and various assurance initiatives
- Monitored the design of financial products and services with a view to assess their suitability and performance in support of the fair treatment of customers
- Monitored reputation and brand management updates, as well as corporate citizenship activities and stakeholder engagement
- Monitored the Group's transformation performance and achievements against the Financial Sector Transformation Scorecard and Department of Labour and Employment (DOLE) commitments
- Monitored performance of citizenship initiatives across the Group

Diving deeper: ***Integrated Report***

- Monitored the Group's customer health, including customer experience metrics, net promoter score, voice of customer score, complaints index, and escalations to the ombud

Diving deeper: ***Integrated Report***

- Continued monitoring of progress made on sustainability-linked financing targets
- Continued monitoring of the activities of the Absa Financial Services (AFS) in relation to its sustainability, social and ethics mandate.

Diving deeper: ***Pillar 3 risk managment report*****, Insurance risk**

Challenges of the SSEC

The SSEC manages complexities arising from evolving regulations across certain African regional offices, along with business dynamics and trade-offs involved in embedding sustainability.

A key focus has been balancing climate risk considerations, social expectations, and business priorities while ensuring the consistent application of frameworks, standards, and policies across diverse regional contexts.

Board evaluation

As part of the culture intervention arising from earlier Board evaluation feedback and discussion, an externally facilitated **Board Culture and Dynamic Review** process was undertaken to strengthen the effectiveness of the Board and the individual directors. Various engagements were held on an individual basis and as a Board. The analysis considered personal and Board culture and styles to determine the current Board culture, the desired Board culture and how to bridge the gap. The outcome of this process was shared with the Board and remains an ongoing process.

Additionally, an independent Board performance evaluation was conducted. The Board received scores ranging from 3.47 to 4.07 (out of 5) across all main themes evaluated, with an overall score of 3.78. The review's outcome confirmed that the Board committees operate effectively, possess appropriate skills, and address their mandates with commitment and purpose.

Diving deeper: ***Integrated Report***

Social, Sustainability and Ethics Committee continued

SSEC composition

Ihron Rensburg, 65

Committee Chair

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

Over 35 years of leadership and executive management experience with extensive social and governance competencies within government, state-owned enterprises, the community, and non-government sectors.

Completed the Harvard Business School's Sustainable Business Strategy focusing on how business can be a catalyst for system-level change in the face of significant global issues, such as climate change and income inequality.

Other committee membership:

- Remuneration Committee
- Directors' Affairs Committee.

Rose Keanly, 66

Member of the SSEC

BCom (Hons), BSc

Member of the SSEC and Chair of AFS Insurance Group SSEC. Continues to develop experience across all aspects of ESG.

Spent increased time over the past years on sustainability, together with a specific focus in insurance on climate risk and several training sessions.

Extensive experience in social and governance dimensions of ESG, through HR executive experience, broader Board and Foundation trustee roles and as Chair of the Remuneration Committee.

Other committee membership:

- Remuneration Committee (Chairperson)
- Information Technology Committee
- Directors' Affairs Committee.

Luisa Diogo, 67

Member of the SSEC

Bachelors in Economics, Masters in Financial Economics

United Nations Organisation Member of the High-level Global Sustainability Panel established by the United Nations Secretary General.

Contributed as a member of the team to the preparation of recommendations on issues related to the sustainability of the planet, the environment, natural resources, economic growth and development, and the eradication of poverty. Presented a final report at the Rio+20 Summit in 2012 on sustainable development.

Other committee membership:

- Group Risk and Capital Management Committee
- Board Finance Committee
- Directors' Affairs Committee.

Sello Moloko (Board Chairman), 59

Member of the SSEC

BSc (Hons), PCGE, AMP

Other committee membership:

- Remuneration Committee
- Group Risk and Capital Management Committee
- Information Technology Committee
- Board Finance Committee
- Directors' Affairs Committee (Chairman)

Nonhlanhla Mjoli-Mncube, 66

Member of the SSEC

PgCert (Engineering Business Management), Fellowship in Urban Development, Masters in Regional and Urban Planning

Planner for the Natal Planning Commission evaluating and approving built environment plans and those included assessing environmental impacts for new developments in Natal.

Worked with Zutari (Aurecon) for more than 10 years and part of the work was environment advisory. Zutari was instrumental in driving the green building certification as a leading consultancy.

Board member at the National Urban Housing and Reconstruction Agency (NURCHA), an organisation focused on funding low-income housing and affordable housing. Board member at RAFAD, a Swiss organisation focused on funding women enterprises in Africa and Latin America.

Currently on the board of Digital Frontiers – conducting online training on inclusive finance with students from Africa and Asia. Member of the board of listed and unlisted NGOs and state-owned boards with extensive experience in governance.

Other committee membership:

- Board Finance Committee (Chairperson)
- Group Credit Risk Committee.

Charles Russon, 58

Member of the SSEC

Chartered Accountant (SA)

Currently the Interim CEO and a Board member of the Group.

Other committee membership:

- Group Risk and Capital Management Committee
- Group Credit Risk Committee
- Information Technology Committee.

Social, Sustainability and Ethics Committee continued

Broader sustainability expertise across the board

In addition to members of the SSEC, other directors also bring valuable sustainability-related experience, strengthening Board oversight across ESG matters.

John Cummins, 63

Independent Non-Executive Director

MBA, BA (Hons)

Completed London School of Economics climate course on economics and governance in 2018.

Responsible for two separate teams, Legal and General at Aviva plc, the second largest insurance and institutional investors in the UK. with focus on renewable and clean energy direct investments. It has invested approximately over £250 million across a range of new Electric Vehicle (EV) transition charging and eco systems sectors.

Sponsor for the finance sustainable working group within Aviva.

Other committee membership:

- Information Technology Committee
- Group Credit Risk Committee
- Group Risk and Capital Management Committee.

Alpheus Mangale, 49

Independent Non-Executive Director

National Diploma in Computer Systems Engineering, Post Graduate Certificate in Management, AMP

Completed Harvard Advance Management Program (AMP) in 2017 with a focus on ESG and sustainability content to enhance executive leadership awareness of global ESG impacts.

He was previously part of a financial services group's Executive Committee, responsible for creating awareness of the impact of ESG/sustainability and the investment decisions the company made in areas that had sustainability impact.

He is currently a board member and Chief Executive Officer of Seacom Limited, accountable for ensuring the company adheres to ESG and sustainability measures in the way technology infrastructure is built and utilises power in computing and processing environments. The company also has to adhere to ESG/sustainability measures as part of compliance requirements from global funders and Development Finance Corporations partners.

Other committee membership:

- Information Technology Committee
- Group Risk and Capital Management Committee
- Remuneration Committee.

Board empowerment and capacity building

The Board participates in educational sessions with academics and industry experts focused on SA's energy sector and long-term climate forecasts for sub-Saharan Africa. These sessions equip Board members with insights into climate-related challenges affecting the region and financial sector.

The 2024 training covered why ESG is important, ESG trends, past current and future, what ESG looks like in Africa and ESG opportunities for African financial institutions, ESG responsibilities of directors, Absa's ESG focus, and the ESG focus of our peers.

The Group roles and responsibilities are outlined in the ***Additional sustainability disclosures on governance.***

Diving deeper:
Board and management:
www.absa.africa/about-us/board-and-management/

Protecting value through strong governance

Guided by our purpose of "Empowering Africa's tomorrow, together … one story at a time," our Board prioritises strong corporate governance. This is essential for sustaining shareholder value, ensuring ethical and transparent behaviour, and minimising value erosion while laying a foundation for a sustainable future. The Board continuously enhances our governance principles and practices by staying updated on regulations and best practices. Engagement with regulators, industry bodies, and stakeholders fosters a healthy environment and unlocks new long-term business opportunities.

Our core values of Trust, Resourceful, Stewardship, Inclusion, and Courage, guide us in achieving our goals with the highest standards of governance, ethics, and accountability. It is supported by a robust control environment and a culture that inspires integrity.

We uphold high ethical standards through policies that emphasise

- Respect for human rights
- Environmental stewardship
- Positive societal contributions
- Conflict of interest management
- Compliance with competition, anti-trust, and anti-bribery laws
- Adherence to all laws and regulations, avoiding unlawful activities.

Our three-line approach to managing sustainability

Through our three-line approach, the Group ensures a comprehensive and accountable framework for managing sustainability and climate risks. This enables us to meet our objectives while contributing positively to global and local environmental and social goals.

First line of defence: Operational management

The first line includes the teams and individuals directly involved in operational activities, such as the group strategy and sustainability function, and divisional or sector sustainability teams. These units are at the forefront of defining and implementing the Group's sustainability strategy. They develop and execute plans, initiatives, and products that align with our commitment to environmental and social sustainability. Their hands-on approach integrates sustainability into daily operations and decision-making processes, while managing the risk profile within the risk appetite.

Second line of defence: Risk management and compliance functions

The second line consists of functions that oversee and facilitate risk management and compliance, such as the Group Compliance and Risk Management teams. These teams monitor and report that climate and sustainability risks are appropriately identified, assessed, and integrated into the overall compliance and risk management framework. They provide guidance, establish risk appetites, and monitor that the first line's activities align with the Group's strategic objectives and regulatory requirements. If the first line breaches limits, or contravenes rules, the second line may direct the activities of the first line to bring it within compliance.

Third line of defence: Independent assurance

The third line, represented by Group Internal Audit, provides independent assurance by reviewing and verifying the effectiveness of risk management practices across the Group. This team monitors and reports whether the first and second lines are operating effectively and that the Group's sustainability efforts are robust, comprehensive, and in line with both internal standards and external regulations. Furthermore, the incorporation of external assurance contributes to the third line of defence.

Executive sustainability-related incentive measures

We recognise the crucial role of Organisational Health metrics, including those related to sustainability, in guiding management's strategic decisions. To align our short-term and long-term incentives with sustainability goals, we have integrated Organisational Health metrics into our incentive scorecards, where they comprise 20% of the total score, of which 10% is currently made up of sustainability-related metrics. For an overview of our Organisational Health, including sustainability measures outcomes for the 2024 short-term incentive and the 2022 long-term incentive, refer to the ***Remuneration Report***.

We have established evaluation frameworks to measure the robustness and significant impact of these Organisational Health outcomes. Ongoing engagement between our Remuneration Committee and our SSEC remains crucial for integrating these indicators into our overall Group performance strategies. Committed to responsible corporate conduct and long-term value creation, we will uphold appropriate transparency by reporting on our progress and achievements.

Human rights

Our pledge to human rights

In alignment with our mission to empower Africa's future, we are dedicated to upholding human rights in all our operations and jurisdictions. The Board oversees these matters, integrating them into our business strategy while adhering to the United Nations Declaration of Human Rights and the International Bill of Human Rights. Our Human Rights Policy applies to all employees and activities across the Group.

We foster a diverse and inclusive culture free from discrimination and harassment, recognising the importance of mutual respect as outlined by the International Labour Organisation's (ILO) Convention 190. We are also committed to the United Nations Global Compact's (UNGC) Ten Principles regarding human rights, labour, environment, and anti-corruption.

Over the past year, we have aligned our corporate purpose with sustainability goals, emphasising human rights in our operations.

Our Human Rights Policy Statement and additional sustainability disclosures on ethics and conduct reflect our progress in this area.

The Absa Way Code of Ethics sets behavioural expectations for employees and includes mandatory annual training on human rights.

We promote these values through our employment practices and supply chain.

Human rights management follows our Group ERMF and includes policies on diversity and inclusion, employment relations, bullying and harassment (including sexual harassment), recruitment and development (talent management), remuneration, **performance management**, employee wellness and whistleblowing.

A recent gap analysis assessed our alignment with the United Nations Guiding Principles on Business and Human Rights and Organisation for Economic Co-operation and Development (OECD) Guidelines, leading to an action plan for improvements in training, communication, and core processes.

Our commitment to human rights

- Building a diverse, inclusive workplace that respects employee dignity.
- Implementing responsible lending and due diligence practices.
- Protecting data privacy and ethical handling of personal information.
- Conducting thorough supplier assessments for human rights compliance.
- Supporting intergenerational inclusivity to address socio-economic challenges in our communities.

"We are proud of the strides we have made and **remain unwavering in our dedication to transparency**. We acknowledge the journey ahead and are **dedicated to enhancing our ability to address human rights concerns proactively**."

Ethics and empowering our employees and clients to do the right thing

Empowering our employees and clients to do the right thing

At Absa, ethical leadership is at the heart of how we do business. Our values shape our culture, ensuring that employees, clients and stakeholders engage with integrity, fairness, and transparency. In 2024, we strengthened our Governance Framework, embedding ethics across operations while advancing responsible business practices.

Diving deeper: ***Integrated Report***

Key initiatives and actions in 2024

Implementing the Absa Way Code of Ethics online training for new joiners and annual training for those within the organisation to help colleagues identify ethical challenges in their everyday work situations and track completion statistics continuously.

93% of all employees completed training (2023: 96%)

Number of employees that received training on anti-bribery and anti-corruption awareness is

99.30% (2023: 99.81%)

Diving deeper: ***B-BBEE Report***

Raising concerns: Whistleblowing and accountability

We are committed to a transparent and accountable workplace, where employees and stakeholders feel empowered to report ethical concerns. Our Whistleblowing Policy provides a structured, independent channel for raising concerns anonymously.

573 tip-offs were received in 2024 (2023: 441), reflecting increased vigilance.

Of the closed cases, 145 (41%) were substantiated, leading to appropriate action.

Reports can be submitted through the Priority Investigations and Whistleblowing teams or via our independent service provider, Tip-offs Anonymous. Detailed information is available on our website.

Employee engagement snapshot

	2024	2023	2022
Whistleblowing reported cases	**573**	441	417
Whistleblowing substantiated cases	**145**	135	162
Disciplinary cases concluded	**1 787**	1 678	1 690
Number of ethical breaches	**535**	341	422

All reported matters are investigated, and appropriate consequence measures applied on substantiated matters. The increase in reported cases signifies a growing trust in our internal reporting mechanisms and a maturing ethics culture, rather than a decline in conduct standards. Each case is independently reviewed, and appropriate actions are taken as necessary. While the rise in whistleblowing reports reflects confidence in our reporting systems, it was also partly due to a service-related incident that prompted complaints, which were subsequently rerouted through the appropriate channels. Substantiated cases primarily involved themes such as adherence to company policies, fraud, management of employee conflicts, and the promotion of a safe and inclusive environment.

The increase in the number of disciplinary cases is consistent with the Bank's continued pursuit/adoption of a zero-tolerance approach to ethical breaches. The increase in the number of closed, ethical breaches speaks to the effectiveness of the controls, detection/investigations and application of consequence management in the Group. The themes of ethical breaches are consistent with those observed in the previous year, which included instances of dishonesty related to fraud, abuse of resources, harassment, and privacy breaches.

Broader initiatives including targeted training, policy enhancements, and strengthened oversight measures were implemented to address recurring themes identified in substantiated reports, reinforcing our commitment to ethical conduct across the organisation. These themes included adherence to company policies, introduction of fraud controls, management of employee conflicts and promoting a safe and inclusive environment.

Broader ethical commitments and future focus

Our ethical responsibility extends beyond our workforce. We are committed to:

- Fair competition and anti-corruption efforts, ensuring compliance with competition laws and anti-trust legislation
- Political neutrality and responsible data governance, ensuring ethical use of AI and customer data for social equity and privacy protection
- Strengthening governance and risk frameworks, ensuring that ethics and sustainability remain embedded in every aspect of our business.

As we move forward, we will continue to expand our AI ethics governance, enhance stakeholder engagement on ethical practices, and ensure that every employee and partner upholds the highest standards of integrity.

The Absa Way of doing the right thing

Behaviours informed by the Absa Way Code of Ethics

The Absa Way Code of Ethics outlines our values and expected behaviours when engaging with our fellow employees, clients, shareholders, governments, regulators, business partners, suppliers, competitors and the broader community.

To this end, we have several mechanisms and procedures for our rules of engagement. These are enforced through, but not limited to, the Absa Way Code of Ethics, Absa Values, Employment Relations Policy, Conduct Risk Framework, Fraud Risk Policy, Conflicts of Interest Standard and ethical use of data.

Beyond employee relations, our business practices are entrenched in the principles of fairness, transparency, and accountability for the wellbeing of our third-party suppliers, the local communities, and the broader environment.

Our Third-Party Risk Group Policy and practices are designed to reflect our commitment to sustainability and responsible sourcing. This policy is revised annually and underscores our dedication to managing suppliers through their entire life cycle, from sourcing and selection through to the termination of services. This policy is supported by our Supplier Diversity Standard, External Supplier Management Standard, and Supplier Code of Ethics, ensuring best practices across all procurement activities.

Incidents of corruption and actions taken

Breaches are reported through a whistleblowing process. Non-compliance with the Anti-bribery and Anti-corruption Policy may lead to disciplinary action, including dismissal. This is managed through consequence management to foster an ethical culture in our value chain. In addition, third parties are also reviewed for possible violations related to corruption and those brought against the bank or its employees during the year.

1 787 disciplinary cases concluded in the year (2023: 1 678), **535** were due to ethical breaches (2023: 341).

Approach to taxation

As a financial services provider, we play a vital role in the economic wellbeing and aspirations of our clients. As a pan-African organisation, we acknowledge that a sustainable approach to tax aligns with our purpose and values. We are committed to being a responsible taxpayer by adhering to tax legislation, regulations, and best practices to create long-term value for our stakeholders. As a Group, we are intentional about maintaining a collaborative and transparent relationship with Revenue Authorities across the jurisdictions where we operate.

Diving deeper: ***Tax Transparency Report***

Collaboration and stakeholder engagement

We work closely with other banks and industry bodies to jointly fight financial crime. Given the importance of anti-corruption and financial crime prevention, some initiatives are conducted through partnerships with the South African Anti-Money Laundering Integrated Task Force and the Banking Association of South Africa. Our efforts also include stakeholder engagement to combat corruption in collaboration with these entities, as well as with the Royal United Service Institute.

Data privacy and cybersecurity

Protecting customer information is central to our sustainability strategy. Cybersecurity is deemed a critical risk and is managed through a multi-layered "defence in depth" approach, supported by advanced security systems and regularly reviewed by the IT Board Committee and Group Privacy Office. Our efforts include initiatives like the "Know Your Rights" campaign to raise data protection awareness.

We continuously improve through evaluations, third-party assessments, and industry benchmarking. This is enhanced through effective collaboration with industry and government partners to integrate cybersecurity into our sustainability goals.

Diving deeper: ***Integrated Report***

Responsible use of AI

As a committed active force for good, we believe responsible AI use is foundational to trust, sustainability, and long-term success. We have established guiding principles on the use of AI, and which aligns with our values and purpose. Ethical use of AI ensures employees and stakeholders understand AI's purpose, capabilities, and limitations.

These principles determine where AI is applied responsibly overseen by our AI Guild for adoption and understanding across the bank. Additionally, our Governance Framework and collaboration with industry peers help ensure AI solutions follow ethical standards for a responsible and value-focused AI adoption within our network.

Anti-corruption and financial crime

Financial crime causes significant harm to individuals and communities. With the complex interplay of uncertainties that individuals and business face in the fast-evolving economic landscape, criminal elements continue to prey on the vulnerable and unsuspecting through deceitful schemes and illicit activities. Our Anti-bribery and Anti-corruption Policy and related standards, processes and controls are in place to mitigate bribery and corruption risks and threats. We also have 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.

Diving deeper: ***Sustainability Data Sheet***

Learning and development

All employees undergo annual mandatory training on financial crime prevention, covering anti-bribery, anti-corruption, anti-money laundering, and sanctions. These programmes help employees identify and address conflicts of interest while highlighting available tools, such as the whistleblowing programme, to report unethical conduct.

Senior management and Board members also receive targeted training on bribery and corruption. The Board fully supports and reinforces our Anti-bribery and Anti-corruption Control Framework.

8 230 learning and development programmes were used during the year and included 3 657 909 learning and development hours (2023: 7 796; 1 746 633).

Risk management

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Enterprise Risk Management Framework

We leverage risk management to protect our customers, business, employees, shareholders, and the communities we serve, while driving our strategy and advancing sustainable growth.

ERMF informs our risk management approach

Our comprehensive risk management approach across the Group and all risk types, is underpinned by our culture and values. This is outlined in our ERMF, including the key principles and practices that we employ in managing financial and non-financial material risks.

The framework fosters continuous monitoring, promotes risk awareness and encourages a sound operational and strategic decision-making and escalation process. It also supports a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur in our activities, with clear accountabilities.

We are on a journey to integrate sustainability risks within our risk management

The Group's approach to integrating sustainability risks within our risk management structures is continuously evolving as our understanding of this subject deepens.

Over the past years, we have been on a journey to integrate and embed sustainability-related risks into our risk management processes, considering the uncertainties, complexities and magnitude of this critical component.

Enterprise Risk Management Framework

Strategic, Sustainability and Reputational Risk Management Framework

Diving deeper: page *48*

Group Environmental, Social and Governance Risk Policy

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Sensitive sector financing standards and guidance documents

Diving deeper: page *48*

Implementation of frameworks, polices, standards and guidance notes into systems

Diving deeper: page *49*

Enterprise Risk Management Framework continued

Within our ERMF, we employ a four-tiered approach to managing sustainability risks

Strategic, Sustainability and Reputational Risk Management Framework (SSRRMF)

Strategic, sustainability and reputational (SSR) risk is identified within the ERMF as a principal risk, integrating three distinct risk categories under a unified framework. The framework is underpinned by risk policies and associated standards which outline the principles, methodologies, control objectives and mandatory requirements for the management of these risks.

Sustainability risk

Sustainability risk is 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 where we operate. Climate change, indirect investment, natural capital and social risk factors are key drivers of sustainability risks.

During 2024, we made progress with the implementation of the framework. This involves integrating sustainability risk into relevant business-as-usual risk management processes, for example incorporating environmental and social risk assessments as part of credit reviews for certain relationships and for sustainability sectors with more exposure to transition and physical risks. In those cases, we conduct assessment reviews in conjunction with other traditional due diligence requirements for credit analysis. Implementing the SSRRMF delivers foundational risk management capabilities which will evolve as new processes, industry standards and best practices in sustainability and climate risk management develop.

Group Environmental, Social and Governance (ESG) Risk Policy

We reviewed the Group Sustainability Risk Policy during the year and amended it to the Group ESG Risk Policy. This policy establishes an internal framework for defining and managing ESG-related risks across the Group that meets regulatory requirements and investor expectations. The policy specifies the ESG risk and control requirements in support of the SSRRMF.

It creates an understanding of the objectives and requirements to manage risks arising from ESG factors. ESG-related risks are typically inherent within existing risk types but are driven by the accelerated deterioration of the environmental and climate status, and societal needs.

ESG risk refers to the risk of loss and/or significant disruption to business activities due to the negative impact of environmental (including climate change), social and governance factors.

ESG risk factors are the effects of climate change, environmental, social and governance-related positive or negative impacts on an organisation's economic performance and the wellbeing of an individual, community or society.

Sensitive sector financing standards and guidance documents

These standards provide an overview of our position on financing activities in sensitive sectors. It also provides the minimum requirements which must be met to fund these sectors and specify the enhanced due diligence required for all projects. The standards are reviewed annually.

Our summary financing standards for the critical high-emission fossil fuels industries are published on our web page.

Diving deeper:
https://www.absa.africa/who-we-are/

In addition, we have sector-specific guidance notes outlining key sectors and reputational risks, headline issues and considerations to inform decision-making for numerous sectors, including agriculture and fisheries, chemicals and pharmaceuticals, conflict blood diamonds, forestry and logging, general manufacturing, infrastructure, power generation and distribution, service industries, and utilities and waste management.

Greenwashing Policy

The Group published its first Greenwashing Policy in 2024. The policy outlines a series of principles to mitigate risks associated with greenwashing. These principles guide and promote our risk management strategy, business plans, decision-making, products and operational execution. In situations where greenwashing errors could occur, we will endeavour to minimise any negative impact on our stakeholders, both financially and non-financially. We will respond promptly and take effective measures to manage and resolve any greenwashing risks or occurrences.

Greenwashing risk is a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, financial product or financial services.

Implementation of frameworks, policies, standards and guidance notes into systems

Processes for identifying and assessing sustainability risks

Our approach to sustainability risk is guided by understanding the potential ESG impact associated with lending activities and a commitment to influence and support proper risk identification and management using effective management systems, processes and appropriate standards.

We will continue to invest in developing strong risk identification, assessment and measurement capabilities to support our efforts with respect to sustainability risk management. Due to the transmissive nature of sustainability-related risks, they are integrated into the existing enterprise-wide risk universe and frameworks and are managed according to our three lines of defence model.

Through the Group's internal risk identification process, sustainability risk continues to be designated as a cross-cutting risk that can manifest through existing risks. ESG risk drivers can impact each of the risk categories in our risk taxonomy.

Find out more about our environmental and social risk assessment process on page 54, climate risk stress testing and scenario analysis on page 56 and our sustainability and climate risks for each time horizon on page 25.

ESG risk drivers

We have conducted an assessment of our ESG risk and drivers, for each of our sustainability pillars

Social risk impacts on communities by providing fairness, transparency and safety in customer relations, employee relations and toward communities.

ESG risk	Drivers	Impact on the Group
Customer protection	• Safe and transparent product by design respecting the sophistication and knowledge level of customers. Improper products and unresolved customer complaints might lead to litigation costs, loss of customers and loss of revenue. • Fair and ethical marketing ensures proper information about the products and services. Misleading communication about products and services might lead to litigation, reputational damage and loss of revenue.	• Credit risk • Legal risk • Conduct risk • Reputational risk
Data security and privacy	• Data protection ensuring proper handling of customer privacy-related information preventing data leakages and data loss. Improper data protection policies might lead to reputational damage, and costs related to customer claims and regulatory scrutiny. • Data retention ensuring data storage and data retrieval aligned with customer consent. Misalignment might result in damages and regulatory scrutiny.	• Data and records management risk • Information security and cyber risk
Workers' rights	• Workers' right of association allowing collective bargaining and protection of workers. Acting against or preventing collective action might lead to loss of employee engagement and loss of performance and damage to reputation. • Work safety and work-life balance ensuring proper workplace safety measures, employee health and working time. • Talent management and retention ensuring career planning, education and development programmes. Talent attraction and retention are essential to keep performance of the Group. • Forced labour policies in the supply chain are especially damaging to the reputation of the Group. • Child labour policies in the supply chain are especially damaging to the reputation of the Group.	• People risk • Reputational risk • Conduct risk

ESG risk drivers continued

Governance impacts of improper policies that are disrespecting laws, customers and standards of the market

ESG risk	Drivers	Impact on the Group
Strategy and risk management	• Strategy execution and monitoring are key to the long-term success and growth of the Group. Missing clear internal structure and allocation of roles at Board level will have an impact on the performance of the Group. • Internal controls and risk management are not sufficient to the size and complexity of the Group including the supply chain risk. Identification of the key risks which the Group business model is facing and allocating proper roles to the three lines of defence are essential to the resilience of the Group.	• Strategic risk • Operational and resilience risk.
Corporate governance	• A transparent governance structure of ownership, clarity on decision makers and reporting lines is fundamental to the stability and credibility of the Group. Missing clarity might impede the ability to fight anti-money laundering, or terrorist financing with severe legal and funding consequences.	• Financial crime risk • Conduct risk
Business ethics	• Transparent remuneration with a proper balance between short-term motivation and long-term responsibility. Employee and executive remuneration are benchmarked to industry comparators. Weak conduct in accountability might lead to a loss of employee engagement. • Anti-competitive practices in marketing, products, services, and shared platforms and company actions in the direction of misusing market dominance toward customers, competitors and third-party suppliers might lead to regulatory scrutiny and compliance issues. • Corporate corruption can have devastating economic consequences for individuals, organisations, and national and international economies. Institutions shall maintain strict anti-corruption and bribery policies and prevent the payment and acceptance of bribes or facilitation payments. • Institutions shall encourage all employees to disclose any issues of concern within an anonymous whistleblowing programme. Misconduct might lead to severe reputational impairment and loss of eligibility for public programmes. • Political lobbying and influences are acting against commitments to fair and competitive market conditions. Companies shall disclose information on their preferences, donations or any other forms of privilege provided to politically exposed persons, associations or communities. Misconduct might lead to reputation issues.	• People risk • Compliance risk • Conduct risk.
Tax and financial transparency	• Financial transparency: The institution shall provide fair, accurate and relevant information on its financial wellbeing, sources of revenues and costs, liquidity and liability structure. • Tax citizenship: Institutions shall provide information on the principles of taxation and material transfer pricing policies.	• Operational and resilience risk.

ESG risk drivers continued

Drivers of climate-related risks

We closely monitor the factors and events that have the potential to disrupt our business activities, recognising that both short- and long-term risks can significantly affect our operations. These factors include climate-related physical and transition risks, highlighting the pressing need for proactive management and mitigation strategies across all sectors of our business. In line with this commitment, we consistently assess and measure the impact these risks may have on the Group, ensuring that we stay informed and prepared to respond effectively. We continue to embed anti-greenwashing safeguards in our sustainability governance framework. This includes third-party review of ESG disclosures, internal staff training, and alignment with evolving IFRS S2 guidance. The table below provides an overview of the risks we face and how they can be transmitted.

ESG risk	Drivers	Impact on the Group
Transition risk	• Stricter policies and regulations that affect customers' operating models, technology compliance or carbon pricing. Regulators have various policy levers at their disposal, including carbon prices, taxes, subsidies, guarantees, product standards and procurement requirements. Further investments might be needed by clients to ensure compliance. • Technology change in key production processes resulting in capital expenditures and rising costs. Technology upgrade investments needed, or assets are becoming stranded. Higher costs lead to higher prices and potentially lower turnover. • Consumer behaviour and preference tune toward low-emission products. Revenue from leading conventional technologies declining or companies face litigation risk. • Reputational events following the disregard or an adaptation of climate-mindful policies and processes. More public and regulatory scrutiny resulting in additional costs and potentially loss of revenues. • Greenwashing by misleading consumers, investors, or other market participants and undermining the credibility of the Group's sustainability efforts.	• Credit risk • Market risk • Liquidity risk • Insurance risk • Physical asset risk.
Physical risk	• Acute hazards are more frequent and severe climate events like flooding, droughts, hailstorms, tornados and cyclones increase. Damage to assets disrupts the production process leading to additional costs and loss of revenue. Frequent and systemic damage might impact insurance policies, market prices of commodities and the liquidity situation of companies or the market. • Chronic hazards with long-term changes in weather conditions impacting living conditions, productivity and economic viability of certain sectors. On a systemic level, it might shift conditions for economic growth, access to capital markets and sovereign debt.	• Credit risk • Market risk • Liquidity risk • Insurance risk • Physical asset risk.

ESG risk drivers continued

Drivers of nature-related risks

Nature-related risks can significantly impact business operations, including the loss of biodiversity, ecosystem degradation, and natural resource depletion. These risks can manifest as both physical risks, such as the destruction of habitats or water scarcity, and transition risks, such as regulatory changes aimed at preserving natural resources or shifts in consumer demand toward more sustainable products. As businesses face increasing pressures to address environmental challenges, nature-related risks have become key drivers that can affect financial performance, supply chains, and long-term viability. Therefore, proactively managing these risks is essential for ensuring sustainability, resilience, and responsible resource use across all sectors of a business.

ESG risk	Drivers	Impact on the Group
Nature-related transition risks	• Policy changes in the context of new (or enforcement of existing) standards to preserve status and mitigate negative impacts on nature (increase of recycled materials, limitation of pesticide use, etc.). It might lead to required capital investments into technologies or might result in a loss of revenues. • Market-changing dynamics in overall prices arise from the availability of natural capital or consumer behavioural change. For example, insufficient freshwater, or soil nutrition will lead to increasing costs of production. • Technology change leads to the substitution of products or services with a reduced impact and dependency on nature, for example, replacing plastics with biodegradable containers. • Reputation by changes in perception concerning an organisation's impacts on nature, including local, economic and societal levels. • Regulatory and legal risks that arise directly or indirectly from legal claims and non-compliance with new nature-related regulations.	• Credit risk • Compliance risk • Market risk • Reputational risk • Legal risk.
Nature-related physical risks	• Acute hazards of specific events that change the state of nature, for example, oil spills or pests affecting a harvest. • Chronic hazards with gradual changes to nature, for example, pollution stemming from pesticide use or climate change.	• Credit risk • Market risk • Liquidity risk.

Risk identification, assessment and mitigation

ESG risks are integrated into credit origination at the very early stage of the onboarding process of corporate and retail customers through Know Your Customer (KYC) checks. Counterparty-level environmental and social risk checks are part of the loan origination and approval process through the ESMS and the Environmental and Social Risk Assessment (ESRA) tool, ensuring qualitative risk assessment and data collection.

Environmental and Social Management System

Absa's supporting policies, procedures, workflows and appropriate governance for lending activities across the bank support the effective implementation of ESMS. The ESMS supports the operationalisation of the sensitive sector standards to ensure alignment with limits set for the funding.

For our lending activities, our environmental and social risks are assessed and screened Group-wide in accordance with Absa's ESMS. By using the ESRA process, we carefully consider the level of environmental and social risks and impacts associated with current and potential clients' decisions, based on the specific characteristics and circumstances. These include the nature, scale, location, technology, management capacity and commitment, and their track record. The ESMS also covers opportunities associated with sustainable finance, i.e., developing products and services that have positive impacts on the environment, people and the economy. We continually transform and mature our ESMS through learning from regular interactions, resulting in important tool enhancements.

Environmental and Social Management Systems Sustainability Risk Standard and Environmental and Social Risk Assessment manual

The ESMS Sustainability Risk Standard specifies the required provisions and controls for the successful implementation of the ESMS. The ESMS identifies, assesses, manages, and monitors the environmental and social risks and impacts of loans on an ongoing basis. This standard is informed by key international environmental and social standards, such as the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles), the Equator Principles and International Financial Corporation (IFC) Performance Standards.

The ESRA manual provides a structured approach for assessing, monitoring and recording the client's environmental and social performance over the credit life cycle.

We continue to integrate sustainability and climate risk into policies, processes and controls across many areas of our organisation. We will continue to update these as our risk management capabilities mature.

For more details on the Environmental and Social Risk Assessment Tool

Diving deeper:
ESMS Sustainability Risk Standard

Screening and assessment of environmental and social risks

Absa uses an ESRA tool to support the screening and assessment of environmental and social risks and opportunities. The tool was automated and integrated into credit systems across the Group in 2023. We follow a systematic process to ensure a targeted risk management approach, focusing on the significant risks. By understanding the associated risks of our clients, mitigation measures can be implemented to ensure business is conducted in a responsible and sustainable manner. The ESRA tool is continually reviewed for enhancements.

ESRA tool

1 Environmental and social (E and S) screening and categorisation

Environmental and social risk screening is applied to transactions against applicable requirements such as the exclusion list, legal compliance to national ES Legislation and ICF performance standards.

2 Environmental and social due diligence (ESDD)

The level of ESDD to be undertaken is based on the category of risk determined for the client.

3 Categorisation

- Category A: High risk
- Category B: Medium risk
- Category C: Low risk

4 E and S recommendation

A summary of the environmental and social risk, impact and recommendations are captured in the credit submission as part of the transaction review for decision-making by the relevant structure/committee.

5 E and S legal covenants

Environmental and social recommendations are incorporated into loan agreements as legal covenant for the client post-decision-making.

6 E and S monitoring and reporting

Transaction monitoring is informed by the level of risk and recommendation actions. Reporting is done in accordance with our governance structure and externally through our public reports.

Within **asset management**, ESG risk management implements high-quality ESG screening and strict exclusion criteria in management of ESG funds. ESG screening is based on external ESG ratings of investees providing their holistic assessment of ESG performance. Most importantly, within the advisory process for all ESG-labelled funds, transparent information related to the ESG attributes and implementation is provided to the investors.

Insurance underwriting products protect against extreme weather/climate-related catastrophe events to insurance buyers. Our products are calibrated using several physical risks related to climate scenarios.

Risk monitoring and management are ensured through aggregated portfolio-level steering and regular reviews

- **Risk appetite statements and metrics** are used to monitor the ESG risk profile and to initiate requisite responses to material changes in the risk profile and to risk appetite breaches. Our sustainability risk appetite statement is approved by the Board.
- **Risk identification phase**, which encompasses understanding risks related to objectives, utilising methods like emerging risk analysis, horizon scanning, scenario analysis, deep dives, lessons learnt and external data.
- **Materiality assessments** are conducted to understand and evaluate how identified risks could impact the resilience of the Group's business model over the short, medium and long term and consider how these drivers may affect a bank's ability to achieve its business objectives.
- **Scenario analysis and stress testing** are integral components of an effective risk management framework and are used to assess vulnerabilities in the Group's ESG risk profile. The Group is building capability in exploratory climate-risk scenario analysis.

Climate risk stress testing and scenario analysis

Stress testing and scenario analysis offer insights into potential financial and non-financial risks, helping us evaluate their impact on our business and subsidiaries. These tools are essential for our risk management strategy, alerting management to unexpected outcomes. Integrated into our ERMF, they aid in risk identification, management, and mitigation.

We continue to strengthen our approach to climate scenario analysis to better understand the potential impacts of climate-related risks on our business, strategy, and long-term financial performance. Scenario analysis provides a forward-looking view of how climate-related risks and opportunities could materialise under different pathways and time horizons, and is an essential part of our enterprise risk management framework (ERMF).

Our methodology is informed by internationally recognised frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD), IFRS S2, and the Network for Greening the Financial System (NGFS). These scenarios explore both transition risks such as policy and regulatory shifts, energy system transformation, and carbon pricing and physical risks, including the increased frequency and severity of extreme weather events.

In 2024, we actively participated in a sector-wide climate scenario analysis exercise coordinated by the SARB. This initiative represents a critical step toward strengthening systemic understanding of climate-related risks across the banking sector and enhancing regulatory alignment. The exercise considered a range of plausible climate futures and examined how transition and physical risks may impact the South African financial system.

Internally, we supplemented the regulatory exercise with additional exploratory scenario work to test portfolio resilience under varying climate pathways. These internal assessments incorporated assumptions related to fossil fuel phase-out, renewable energy adoption, climate policy tightening, and sector-specific vulnerability.

Key features of the exercise

2023 exploratory analysis

Methodology	Quantitative and qualitative
Climate risks	Physical and transition risk
Scenarios	Short-term narratives and longer-term NGFS scenarios including: • Current policies • Delayed transition • Net zero 2050
Time horizon	Up to 30 years
Balance sheet	Static
Risk considered	Primarily credit risk, some insurance risk
Portfolios considered	Home Loans, Agriculture, Insurance

2024 SARB CRST

Methodology	Quantitative and qualitative
Climate risks	Physical and transition risk
Scenarios	SARB and NGFS scenarios including: • Current policies • Delayed transition • Net zero 2050
Time horizon	Up to 30 years
Balance sheet	Static
Risk considered	Credit risk quantitatively, other risks qualitatively
Portfolios considered	All portfolios that could be reasonably assessed

While the modelling for the SARB exercise has been completed, the final aggregated results are still subject to formal publication by the regulator. In line with regulatory guidance, and to ensure alignment across the industry.

Scenario analysis remains a key area of development in our broader climate risk management capabilities. We are investing in data quality, modelling techniques, and governance processes to embed climate scenario insights into our strategic planning, risk frameworks, and capital allocation processes.

About the 2024 SARB climate risk scenario exercise

In 2024, SARB initiated its first climate scenario analysis for the banking sector.

This exercise tests the resilience of the financial system under a range of transition and physical climate risk scenarios.

The initiative supports regulatory alignment, industry preparedness, and integration of climate risks into supervisory frameworks.

Looking forward

ERMF underpins our comprehensive approach to risk management, providing a structured approach for identifying, assessing, and managing financial and non-financial risks. As part of this, the SSRRMF and the Group ESG Risk Policy enhance our ability to integrate sustainability and ESG-related risks into decision-making. We continue to strengthen the embedment and integration of the framework and policies into our processes, ensuring alignment with evolving regulatory and industry standards. The Basel Climate Risk Programme is an ongoing initiative that is integral to the Group's strategic response to climate change. We are dedicated to aligning our climate risk management capabilities to regulatory expectations and contributing towards the Group's long-term climate resilience and the transition to a sustainable future.

Diving deeper: ***The Basel Regulatory Climate Programme***

Diversity, equity, inclusion and belonging

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Our diversity, equity, inclusion and belonging approach

Our priority

- Enable all our people to bring their true selves to work and be a beacon of inclusion across the continent.

Our goals

- Disadvantaged demographics are fairly represented at each level of the organisation
- High share of employees feel they are accepted members of the workforce
- Supply chain is strengthened and diversified by the inclusion of underrepresented groups.

Diversity, equity, inclusion and belonging are no longer just aspirational goals; they are critical drivers of business success and societal progress. A diverse workforce, coupled with equitable practices and an inclusive environment, unlocks innovation, enhances decision-making, and improves overall performance. It unlocks a wider talent pool, enabling our bank to gain a deeper understanding of our diverse customer needs, and builds stronger relationships with stakeholders. It is essential for creating a fair and just society, addressing historical inequalities, and ensuring that everyone can thrive. Embracing this is not only the right thing to do, but it is also a strategic imperative for long-term sustainability and resilience in an ever-changing world.

Our approach

Diversity, equity, inclusion, and belonging are central to how we operate, ensuring we embrace different perspectives, redress historical imbalances, and create an environment where every individual feels valued, respected, and empowered. Belonging is the result – creating spaces where people feel seen, heard and able to contribute meaningfully.

Our commitment to diversity, equity, inclusion and belonging aligns with Absa's core values, recognising that we are stronger together. It is deeply embedded in our purpose of Empowering Africa's tomorrow, together ... one story at a time. We celebrate both individuality and collective strength, knowing that true impact emerges when diverse voices are heard, and everyone has the opportunity to thrive.

Our diversity and inclusion agenda empowers us to better serve our communities

Diversity, equity, inclusion and belonging are no longer just aspirational goals, they are critical drivers of business success and societal progress. A diverse workforce, coupled with equitable practices and an inclusive environment, unlocks innovation, enhances decision-making, and improves overall performance. It unlocks a wider talent pool, enabling our bank to gain a deeper understanding of our diverse customer needs, and builds stronger relationships with stakeholders. It is essential for creating a fair and just society, addressing historical inequalities, and ensuring that everyone can thrive. Embracing this is not only the right thing to do, but it is also a strategic imperative for long-term sustainability and resilience in an ever-changing world.

To bring our purpose to life

We recognise that our stakeholders – employees, customers, suppliers, and communities – are diverse in race, gender, age, abilities, geography, financial means, beliefs, and ways of thinking. A workforce that reflects this diversity is better positioned to engage meaningfully and build deeper connections. We nurture a culture that enables our people to bring their authentic selves to work while championing inclusion across our value chain (see sustainable procurement on page 67).

Absa aims to provide fair and responsible outcomes throughout the human capital value chain – including recruitment, appointments, promotions, performance management and remuneration – establishing a solid and sustainable foundation for equitable compensation.

Diving deeper: ***Responsible employment and remuneration***

To deepen our impact, we approved a revised approach to diversity, equity, inclusion, and belonging in November 2024, embedding these principles into our business processes and practices.

Our diversity, equity, inclusion and belonging approach continued

Unpacking our diversity, equity, inclusion and belonging strategic pillars

Gender diversity and inclusion

Our gender diversity and inclusion agenda has evolved to include women and men in developing and addressing inclusion in our colleague lifecycle, and our supply and business value chains.

Generational diversity and inclusion

We recognise the need to prepare for an inevitable ageing population as it will have an impact on our future labour pool and markets. Our generational diversity and inclusion agenda, therefore, ensures our older and younger generations are included in shaping our bank.

People with disabilities and inclusion

Our agenda for people with disabilities aims to create a disability confident organisation that enables people with disabilities to thrive internally and externally.

Neurodiversity and inclusion

Our neurodiversity agenda is our new edition to our diversity, equity, inclusion and belonging programme, and it aims to enable our neurodivergent stakeholders' needs to be better served.

Inclusive culture and leadership

We started our inclusive leadership journey a few years ago to empower leaders to create an inclusive culture and environment. Our aim was to enable leaders and colleagues to behave in an inclusive manner at every touch point of their decision-making process and in all business practices.

The strategy is built around key focus areas that drive meaningful change across the bank, ensuring a workplace that embraces diversity, equity, inclusion and belonging.

To achieve and sustain market leadership, the organisation will accelerate its integrated Culture Transformation Programme, embedding its principles into the bank's values. Leadership development will be strengthened to drive sustainable organisational growth, equipping leaders to cultivate an inclusive and high-performing environment. A diverse talent acquisition approach will build a workforce that reflects the bank's chosen markets, enhancing representation and performance.

Colleague and organisational resilience will be prioritised to support long-term success, ensuring employees are empowered to thrive. Function excellence will be enhanced through digitally enabled, data-driven, and seamless people processes, improving the overall colleague experience. An inclusive culture will be nurtured by celebrating diverse perspectives through targeted initiatives that foster belonging. Workforce diversity will be strengthened by embedding inclusive recruitment and career development strategies that create equitable opportunities for all.

Awareness and training efforts will focus on promoting cultural competency and addressing bias through continuous education, equipping employees to contribute to an inclusive workplace. Employee engagement will be enhanced through a culture of feedback and adapting to evolving trends to create a more inclusive environment. Collaborative partnerships will be leveraged to advance diversity through external alliances and supplier inclusion, reinforcing the organisation's commitment to equity beyond its workforce.

Our impact and progress in 2024

We made progress with the implementation of our diversity, equity, inclusion and belonging strategy through transformative initiatives underscoring our dedication to creating an equitable workplace and society.

Gender diversity and inclusion

Our Women Manifesto endorsed by the United Nations Global Compact (UNGC) continues to be instrumental in transforming our colleague lifecycle, our supply chain, product diversity, and community development.

Our focus

- Providing programmes that promote learning for all generations, and growth and retention of diverse generations of talent
- Investing in women's education and development to create a talent pipeline and enable women's career progression
- Enabling gender pay parity and responsible remuneration for women
- Involving and empowering men to contribute meaningfully to gender diversity and inclusion
- Developing gender-friendly policies that are inclusive and non-discriminatory
- Championing anti-GBV and sexual harassment initiatives to support the elimination of any form of abuse within the Group, and position Absa as a force for good against violence.

Women's career progression

There were **94** Women in Senior Commercial roles in the Group as of June 2024. There has been good progress in this regard, with the number increasing to **125** as of February 2025

60% (2023: 60.6%) of our total workforce are women, while **50.73%** (2023: 53.6%) of new hires were women

56.69% (2023: 61.96%) of promotions across the Group in 2024 were women

39.67% (2023: 39.21) of senior leaders are women, with **47.44%** (2023: 47.14%) of new hires and **45.83%** (2023: 44.29%) of promotions on senior management level were women

We continue to invest in the development of women through:

On-the-job learning, coaching and mentoring opportunities in line with the 70/20/10 learning principles (70% on-the-job training, 20% coaching and mentoring, and 10% formal training)

At least **50%** of training spend was directed towards women development to enable career progression, in partnership with the learning teams and business

In 2024, a total of **R193 519 174.80** was spent on training, with **63.11% (R122 138 390.00)** of spend directed towards women

We continue to invest in various programmes to empower women to thrive and progress in their careers, including:

A total of **6 415** colleagues have registered with various institutions to acquire formal qualifications, and **64.6%** (4 144) of the colleagues enrolled are women

Various Absa Leadership Academy programmes, including the Accelerated Development Programme for Top Talent and IgniteHer Programme, were developed specifically to create a talent pipeline of women. **9 290** colleagues enrolled and **72%** (6 533) were women

Fair and responsible remuneration

We continued our focus on fair and responsible remuneration, including in respect of gender. This includes our eKhaya Colleague Share Scheme.

Diving deeper: ***B-BBEE report, Absa eKhaya Colleague Share Scheme***

We received the "Top Champion for Women" award at the Inaugural Worker Share Ownership Conference 2024, where the Absa eKhaya Colleague Share Scheme, which has the highest percentage of female beneficiaries, was celebrated as a testament to our commitment to women empowerment through fair and responsible remuneration.

Integrate men in conversation

We continued the Men Inclusion Programme, which was championed by the Men's Forum. This programme focuses on Absa men as allies of women, supporting men's mental health, and Absa men playing a shaping and transformational role in society.

Gender-friendly policies

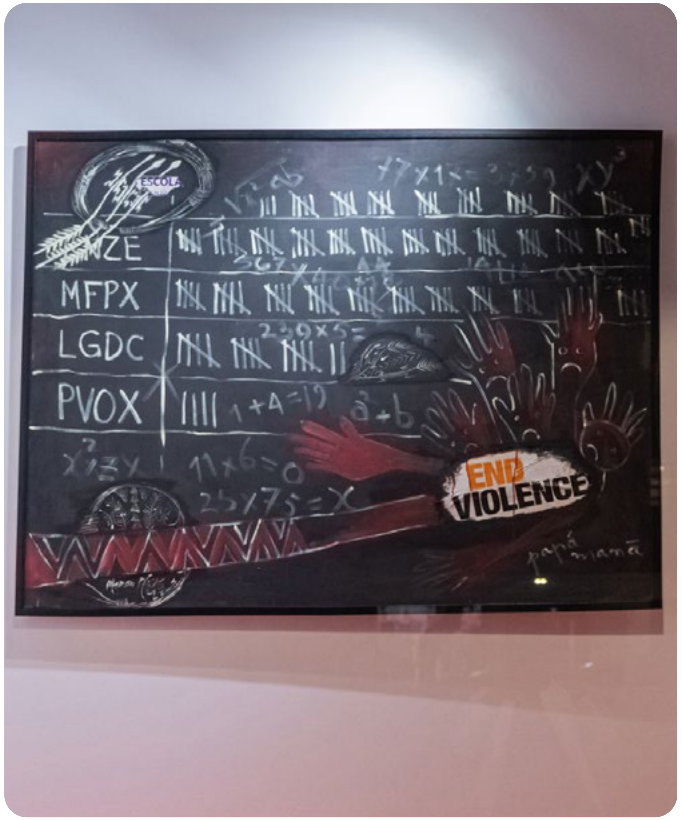
We are vigilant in aligning our Policy Framework to be gender friendly, with over 4 000 colleagues taken through unconscious bias awareness training to ensure embedment and implementation of the policies.

Our impact and progress in 2024 continued

Champion anti-gender-based violence (GBV) and sexual harassment initiatives

We continue to provide wellness and security services to the victims of GBV. The Women's Forum for Women in Group Compliance organised a march (EmpowerWalk) against GBV, and an auction (EmpowerAuction) to raise funds for the community. Over 2 000 colleagues attended the event. Proceeds from the event were donated to the Home of Hope for Girls and People Opposing Women Abuse organisations.

We established the anti-GBV intranet site for employees and ran an education and awareness campaign on gender-based violence.



Inclusion for people with disabilities

Our focus

- Creating an inclusive infrastructure - both physical and digital, that supports culture and organisational design.
- Implementing inclusive business processes and policies.
- Providing employment, promotion and development opportunities for colleagues with disabilities, and preferential procurement and other opportunities for our external stakeholders.
- Creating a supportive and empowered governance structure that drives the agenda, including leadership through awareness and communication campaigns.
- We established a generational diversity forum representing all age groups, an integrated organisation-wide approach. This ensures we build disability confidence across all areas of our operations.
- Representation of people with disabilities across the Group increased from **0.77% in 2023 to 0.92% in 2024.**
- Our unwavering commitment to fostering an inclusive workplace includes ensuring accessible work environments and providing reasonable accommodations. To support this commitment, we launched several initiatives across the Group to promote awareness, understanding, and support for persons with disabilities (PWD).
- The Group Disability Forum played a pivotal role in these efforts by facilitating discussions, identifying gaps, and implementing strategies that enhance inclusion and accessibility for PWD at all levels of the organisation.
- We assessed end-to-end services provided by all relevant Centres of Excellence across the Group to ensure integration.
- We engaged all ARO countries to establish the status around how the disabilities agenda is handled. We discovered the agenda is also supported by some countries' legislation. Therefore, to ensure compliance with those laws and elevate our diversity, equity, inclusion and belonging agenda, the countries will gradually include PWDs as part of their diversity, equity, inclusion and belonging programmes.
- We delivered disability masterclasses and awareness sessions to help create a more inclusive environment, with colleagues empowered via the sessions.

Generational diversity and inclusion

Our focus

- Creating a respectful work and business environment that promotes intergenerational diversity and inclusion through our environment, policies and practices.
- Providing programmes that promote learning for all generations, and growth and retention of diverse generations of talent.
- Recognising and rewarding contributions and performance equitably.
- Creating opportunities that enable youth to also participate in the economy meaningfully.
- Establishing structures and resources to efficiently drive the agenda.
- Over 50% of our colleagues are under the age of 40, and we continue to create opportunities for the transfer of skills between the older and the younger generation through mentorship and sponsorship.
- We established a Group generational diversity forum composed of diverse generations, to drive the agenda with diversity of thought from diverse groups.
- We conducted awareness sessions through our Inclusive Culture and Leadership Programme.

Our impact and progress in 2024 continued

Neurodiversity and inclusion

Our focus

- Creating an inclusive work and business for the neurodivergent people to thrive.
- Creating awareness and educating colleagues about neurodiversity.
- Establishing enabling structures and resources to efficiently drive the neurodiversity agenda.
- Launching the Neurodiversity and Inclusion Programme with five sessions conducted and with over 500 colleagues empowered to help create a neurodiversity-confident organisation. Neurodivergent and neurotypical colleagues helped shape and drive the agenda.
- Exploring a partnership with the Top Employer Institute to gain insights into what organisations can do to create a more inclusive and enabling environment for neurodivergent colleagues.

Inclusive culture and leadership

Our focus

- Addressing unconscious bias and creating psychological safety.
- Educating and creating awareness about all our abovementioned strategic focus areas.
- Ensuring racial diversity and inclusion throughout the colleague lifecycle, supply and business value chain, and inclusion of lesbian, gay, bisexual, transgender and queer (LGBTQ+) community in countries where the agenda is legal.
- Continuing our inclusive leadership journey to support our culture transformation and support business to respond to culture-related challenges such as psychological safety raised in the 2023 colleague experience survey, through the delivery of over 10 business/business unit/country-specific sessions.
- Delivering masterclasses to educate and empower line managers and colleagues to deal with gender diversity and inclusion, the inclusion of people with disabilities, generational diversity and inclusion and neurodiversity and inclusion. Over 3 000 colleagues were empowered through over 20 masterclasses across the Group.
- The inclusive culture and leadership journey contributed towards creating an inclusive environment with more colleagues feeling psychologically safe to participate in the 2024 colleague experience survey.
- We continue to work towards creating an organisation that reflects the demographics of the countries where we operate, with over 81.6% of colleagues in South Africa being black (AIC), and 89.38% and 84.14% of new hires and colleagues promoted across all levels being black.
- We continued to support the LGBTQ+ agenda in countries where the agenda is legal, both internally and externally. We supported the Johannesburg and Cape Town Pride marches which attracted over 20 000 people, demonstrating our commitment to be an active force for good to all, regardless of gender, religion or sexuality.
- We partnered with relevant Centres of Excellence to explore opportunities to ensure inclusion of young people through various talent opportunities.

Measuring our diversity, equity, inclusion and belonging

At the core of our diversity, equity, inclusion and belonging strategy lies a bold vision: To empower Africa's development and growth by fostering intergenerational inclusion through inclusive development, empowerment, and entrepreneurship while addressing key socio-economic challenges. This aligns with our corporate citizenship vision, which is anchored in our Theory of Change (ToC) – a strategic blueprint for driving long-term, meaningful impact.

A cornerstone of this approach is the integrated Group financial inclusion scorecard – a vital tool that aligns success metrics with strategic goals. The ToC shapes the design and execution of our initiatives, providing a structured framework for evaluating effectiveness, making timely adjustments, and driving continuous improvement.

Key measures of our progress include:

- **Share of women in leadership positions**, reflecting our commitment to gender equity and inclusive leadership
- Based on our annual colleague experience survey, 68% of colleagues felt that Absa's workplace environment embraces diversity and fosters a sense of belonging, maintaining the same percentage as 2023
- Absolute supplier development funding, reinforcing our dedication to sustainable economic growth by empowering local businesses and fostering inclusive supply chains.

Through this structured, data-driven approach, we are not only advancing financial inclusion but also creating lasting socio-economic impact for future generations.

Our impact and progress in 2024 continued

Our impact, across the continent

Case Study — Hosting Africa's largest women entrepreneurs' conference

The Absa InspireMe Conference 2024, hosted by Absa Bank Kenya and the International Trade Centre (ITC) SheTrades Kenya Hub, brought together over 10 000 women entrepreneurs across Africa. This was the largest meeting of women entrepreneurs on the continent. The conference created opportunities for women-led SMEs to access information, market linkages, business-to-business networking, and mentorship opportunities. The aim was to support women-led SMEs to become stronger leaders and build resilient generational businesses.

Absa participating countries included Kenya, Ghana, Zambia, Mauritius and Uganda, as well as participating countries under SheTrades Hubs in Africa, that is, Kenya, Mauritius, Rwanda, South Africa, Ghana, Gambia and Nigeria.

Concurrent to the Absa InspireMe Conference, and as part of the Kenya-UK Trade Mission, women-led businesses from the agrifood, textiles and apparel, handicrafts, and accessories sectors participated in a series of one-to-one business meetings with potential buyers from the UK and African corporations. The Absa InspireMe Conference is an initiative under Absa Bank's Women Banking Proposition. We launched the initiative in 2021 to deliberate on business and leadership to inspire confidence and hope to strengthen and uplift women-led SMEs.

Case Study — Supporting women in the automotive industry

The Basadi Automotive group is a 100% black woman and youth-owned company established in 2018. The group is taking on a male-dominated industry by assuring excellent service and providing opportunities for women who wish to join the motor industry. The group provides ad hoc fleet-related services, including vehicle towing and shuttle services.

Absa partnered with Basadi Automotive group to promote gender equality, providing the business with flyers, graphic design and branding. We enabled better market access by sponsoring their vehicle exhibition and services at Naamsa Auto Week's 100 anniversary. Basadi Automotive group met various industry leaders and identified opportunities for collaboration and partnerships. Our SME partner was also a speaker at Naamsa, where they were honoured by President Cyril Ramaphosa.

Our impact and progress in 2024 continued

Case Study – Financial literacy for all

Uganda's most recent country census shows 72.3% of the population are younger than 30, constituting 33 million out of 45 million Ugandans. Seven out of 10 Ugandans are operating under personal budget deficits and have no concrete long-term financial plans. According to the FinScope Survey 2023 by Financial Sector Deepening Uganda and Bank of Uganda, 60% of Ugandan adults are not confident in their financial plan for old age. It is, therefore, essential to build the knowledge, skills and confidence for Ugandan people to manage their finances well, considering their economic and social circumstances.

Absa Uganda offers training on understanding money, common money mistakes, needs and wants, making, spending and losing money, budgeting, boosting income, savings and investments, and managing credit and risk.

Flagship interventions that we have delivered during 2024:

- The SMME roadshow with DHL Uganda equipped entrepreneurs with the knowledge and skills to manage their finances effectively, make informed business decisions, and enhance their sustainability and growth. 1 062 SMEs were trained in the past year.
- Partnerships with the Archdiocese of Mbarara Development Association reached over 12 531 people in the community, with financial literacy awareness enabling participants to come up with business start-up ideas. Financial literacy was offered to over 44 428 beneficiaries, KCCA, UIBFS, NSSF, AMDA, FIPRO and Absa staff in organisations with workplace banking.

Employees volunteered and offered training and financial literacy and vocational skills training to 4 522 students, women and youth in the communities where we operate.

By improving financial literacy, people can better access and use financial services and invest in education and health, which contributes to poverty reduction and economic growth.

Case Study – An upgrade for the women's ward at Rose Belle Hospital

As part of its community pillar, Absa Mauritius invested over MUR22 million in the renovation of the ladies' ward of the Jawaharlal Nehru Hospital in Rose Belle, Mauritius. This was part of our commitment to making a meaningful impact in our local communities. We collaborated with the Ministry of Health and Wellness to bring positive change to the hospital, enhancing healthcare facilities for women suffering from non-communicable diseases. This flagship community investment project was officially completed in February 2024 and has welcomed and treated 3 242 women as at December 2024. The Bank has also committed funding for ongoing minor maintenance and cleaning for the ward for another three years.

Responsible employment and remuneration

We are committed to ensuring fair and responsible remuneration across the Group. Our efforts to ensure fair and responsible remuneration for women continue to yield results, including receiving the "Top Champion for Women" award at the Inaugural Worker Share Ownership Conference 2024, where the Absa eKhaya Colleague Share Scheme, which has the highest percentage of female beneficiaries, was celebrated as a testament to our commitment to women empowerment through fair and responsible remuneration.

Diving deeper: ***Remuneration Report, Fair and responsible remuneration***

Training

Our learning and development strategy prioritises the nurturing of scarce and critical skills to solidify our foundations for a sustainable future. By devising a comprehensive skills strategy, we elevated capabilities, readiness, and ultimately, the entire employee experience. Our total skills development spend for the Group was R581 million (2023: R608 million), benefiting employees and unemployed learners. R466 million was directly invested in the learning and development of our employees (2023: R479 million) and R114 million was directly invested in the learning and development of learners (2023: R129 million).

Diving deeper: ***Additional disclosures on labour relations***

Performance and career development

Employee performance management is essential for the sustained success of our organisation. Our performance management approach assists to align the individual employee goals with our organisational objectives fostering a culture of accountability and achievement. Performance Management prioritises the following essential focus areas:

- Enabling high-quality objective-setting aligned with the business strategy, function and/or team priorities
- Improving the quality and value of ongoing, high-cadence performance conversations
- Upskilling managers and employees to identify and mitigate unconscious bias
- Improving the quality of rating decisions using data and insights.

Performance management allows employees to set goals, provide feedback to colleagues throughout the year and encourages leaders to recognise employees' positive contributions continually. This approach provides each employee with clarity regarding their contribution to the business while delivering feedback that enables growth, development, and enhanced contribution. In 2024, we enhanced our efforts by leveraging AI, specifically machine learning to evaluate the quality of objectives and drive actions based on the insights derived.

There have been ongoing efforts to embed performance management practices related to the management of poor performance, performance conversations, feedback exchanges, development and recognition.

Employee benefits

- 111 948 recognition badges / kudos were awarded on Workday or the Kudos platform (2023: 55 815)
- 36 985 ongoing performance check-ins were completed on Workday (2023: 23 974)
- Consistency check process: 35 196 (99.7%) (2023: 99.8%) of employees had formal performance ratings (of which 61% were women (2023: 61%)

Diving deeper: ***Additional disclosures on labour relations and occupational health and safety***

We have a suite of employee benefits that contribute towards our employees' wellbeing and financial future. These benefits include several pension fund scheme options, including defined-benefit schemes, defined contribution schemes, and post-retirement medical aid plans. The largest schemes operated by the Group are the Absa Pension Fund, the Absa Bank Kenya Pension Fund and the Absa Bank Mauritius Pension Fund. The Group also 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 are consistent with the local environments where we operate.

Diving deeper: ***Additional disclosures on labour relations and occupational health and safety***

Diving deeper: ***Annual Consolidated and Separate Financial Statements***

Creating a safe environment

The health and safety of our employees, clients, visitors and contractors is a key priority for the Group. To this end, we are continuously working to create a safe working environment for our employees and have zero tolerance for non-compliance with relevant occupational health and safety (OHS) legislation. Our SSEC receives regular, comprehensive updates on the Group's OHS performance.

Diving deeper: ***Additional disclosures on labour relations and occupational health and safety***

Sustainable procurement

Responsible and resilient value chains have been identified as one of Absa's material sustainability matters. The Group's commitment to sustainable procurement also aligns with our strategic pillar to be an active force for good in everything we do. We integrate ESG aspects into our decision-making and operations.

This approach extends beyond conventional business practices to encompass a holistic view that includes the wellbeing of our third-party suppliers, local communities, and the broader environment. We approved a multi-year Third-Party Policy in January 2024 which encapsulates all third-party types through the entire lifecycle.

We made progress with the operational implementation of ESG aspects related to sustainable procurement.

Environmental

In 2024, extensive research and analysis commenced on climate risk to create a risk assessment criterion methodology. This will assist with the prioritisation and focus on climate-related exposure across the third-party landscape, supported by the development of tools for data gathering, assessment, and monitoring.

The next phase is to develop automated systems to enhance the criteria for climate risk identification, assessment, and ongoing monitoring. The first risk assessment, including circa 40 risk types, will be implemented in the first half of 2025. We will continue embedding sustainability risk assessments and posturing going forward.

Governance

We have included revised processes and additional controls in the current year to improve our efficiency and risk posture.

- Reporting is based on the number of assessments done and reflects a positive trajectory, increasing our supplier diversity base
- Ongoing monitoring processes commenced and included reviews where risk and ethics profiles are tabled quarterly.

Social

Ethics operationalisation

We engage with and support our suppliers to adhere to sustainable and ethical business practices, based on the Absa Way Code of Ethics. We encourage alignment with our values and sustainability goals. We refresh the Procurement Ethics Programme annually, with Absa Group Procurement having been awarded the Chartered Institute of Procurement and Supply (CIPS) Ethics Kite Award.

Supplier diversity

To promote supplier diversity, we embed the principles of the South African Amended Financial Sector Code. We focus particularly on enhancing the ratio of historically disadvantaged South African suppliers.

Our procurement practices have prioritised the empowerment of diverse suppliers, including:

1. Black-owned businesses: We have increased our procurement spend with black-owned businesses over the past year, exceeding our B-BBEE targets, creating more business opportunities for black-owned businesses.

Diving deeper: *B-BBEE report*

2. Black women-owned businesses: Our procurement practices have prioritised women-owned businesses, promoting gender equality and empowered women entrepreneurs.
3. Small and Medium-Sized Enterprises (SMMEs): We actively support the growth of SMMEs and aim to create opportunities across various sectors. By broadening participation, we aim to support the local economy, foster SMME growth, and enhance their long-term sustainability.

Preferential procurement progress

Our preferential procurement scorecard demonstrates an upward trend year-over-year, serving as a testament to our dedication to promoting economic empowerment, sustainable development, and supplier diversity.

Reporting elements	2024	2023
Procurement spend with registered suppliers (Rbn)	17.5 bn	17.4 bn
Total weighted spend with B-BBEE-accredited suppliers (Rbn)	21.9 bn	20.2 bn
Total procurement spend on qualifying small enterprises and exempt micro enterprises (Rbn)	4.5 bn	4.2 bn
Total procurement spend on >51% black-owned companies (Rbn)	11.6 bn	10.7 bn
Total procurement spend on >30% black-owned companies (Rbn)	9.0 bn	8.6 bn

We have developed a supplier diversity programme to enable the attainment of preferential procurement targets. Our programme includes:

1. Supplier Diversity Standard: We have developed a supplier diversity standard that outlines our commitment to promoting diversity, equity, and inclusion in our procurement practices.
2. Diverse supplier identification: We have implemented a process to identify and select diverse suppliers, including black-owned, women-owned, and designated group businesses.
3. Supplier development programmes: Our supplier development programmes provide training, mentorship, and capacity-building support to qualifying suppliers, promoting their growth and development.
4. Marketplace: The marketplace was created to enable prospective suppliers to advertise their offerings to Absa and to be considered for procurement requests when Absa goes to market to procure goods and services.

Sustainable procurement continued

The supplier diversity programme has positively impacted several beneficiaries, as demonstrated in our case study, and reflects our commitment to shifting procurement opportunities from larger enterprises to smaller qualifying suppliers. This focus is embedded across the organisation, with each business unit and function assigned a supplier development spending target on their scorecard.

Going forward, we aim to further enhance the programme by incorporating ESG readiness support, enabling SMMEs to align with evolving compliance requirements in line with Absa's strategy.

Case Study

BluPrnt Story – Plastic card manufacturing and personalisation

Absa's commitment extends beyond business growth, focusing on genuine, all-inclusive transformation. The BluPrnt story emphasises skills development, economic and digital transformation, and a mentorship programme to train and develop youth, enhancing local skills. This initiative aligns with Absa's strategic plan and B-BBEE, reinforcing its role as an active force for good in the communities it serves.

In the South African market plastic card manufacturing and personalisation is largely controlled by a few dominant multinational companies. The absence of local suppliers for plastic card production and personalisation creates a reliance on multinational companies. The dominance of foreign companies also means local businesses may face higher barriers to entry such as accessing technology and infrastructure needed to produce cards locally.

To change the current reliance on multinationals and transform the sector, a tender was issued by Absa to find a local black-owned card personalisation supplier. Through this process, Absa Bank has recently identified and appointed BluPrnt, a 100% black-owned Level 1 start-up, as a new supplier for card plastics and personalisation. BluPrnt's establishment marks the entry of the first fully black-owned and South African-managed entity into the card personalisation market.

With Absa's support through strategic funding and business development interventions, BluPrnt has attained the necessary VISA and Mastercard certifications for card personalisation. Additionally, the company has invested in advanced card printing technology, including embossing and laser equipment, ensuring high-quality card production with horizontal and vertical layout and laser engraving capabilities.

This partnership is expected to be transformative for the industry, positioning BluPrnt to potentially expand beyond South African borders. The growing demand for bank card products is anticipated to create new employment opportunities and significantly impact the lives and communities involved.

As we look to the future, it is imperative that we continue to prioritise sustainable procurement, unlocking future growth and promoting a more equitable society for all.

A digital marketplace for suppliers

We offer 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 enables prospective suppliers to

- Access information relating to services and/or products that Absa procures.
- Add their entity 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, learning and development, mentoring and advisory services.

The total number of registered users increased to 2 821, including:

	2024	2023
Youth-owned enterprises	347	532
Women-owned enterprises	468	227
Black-owned enterprises	953	1 184

Driving inclusive impact: Empowering communities, youth, and entrepreneurs

We directed over **R319 million** into community development initiatives during 2024. We focused on education, youth employability, entrepreneurship and social impact response in partnership with strategic delivery partners. This investment highlights our dedication to empowering communities and fostering inclusive, sustainable economic growth across Africa.

R30.2 million investment in financial education

183 945 individuals (2023: 105 337) benefited from consumer financial education programmes. By offering essential financial literacy tools, we empowered individuals to understand their rights and responsibilities in the financial services space. Our programmes, delivered by accredited partners, focus on school learners, the unemployed, and those earning below R250 000 annually, helping us achieve our goal of boosting financial literacy and extending financial services to underserved communities.

R142.4 million investment in entrepreneurship education and youth employability

We significantly expanded our reach, benefiting 33 983 individuals (2023: 40 599) through entrepreneurship, education, and youth employability interventions. We aim to enable youth to become economically active and transition them to sustained earning opportunities through entrepreneurship and ultimately contribute to economic growth and social change.

From financial education and youth employability to employee-driven change and entrepreneurial support, our 2024 impact reflects the power of partnership, purpose, and community connection.

The work of our employees, across the continent

Stories from our employees

At Absa, our colleagues are more than just employees, they are the heartbeat of our purpose-driven culture and an essential force for good in the communities we serve. With 36 779 colleagues across the continent, their proximity to local communities enables us to understand and address unique challenges effectively, translating our commitment to sustainability and social impact into tangible outcomes.

Inez Patel

South Africa

Inez Patel is the founder of She Can Do.

Key achievements

In 2019, she founded She Can Do, an organisation focused on empowering women and fostering diversity in the design industry. The organisation aims to build a community that cultivates a highly-skilled, diverse, and equitable design industry in South Africa.

Through various programmes, She Can Do has supported over 50 women, providing them with essential skills and experiences to thrive in the design industry.

Anita Ofori

Ghana

Anita Ofori, a sustainability volunteer at Absa and an advocate for social good, has been at the forefront of several initiatives that resonate with Absa's corporate citizenship and force for good strategy.

Key achievements

Anita has led a significant waste segregation project aimed at educating colleagues to segregate waste. Demonstrating her commitment to gender equality, she co-founded Women for Sustainability Africa, an initiative that has empowered over 1 500 women.

Chitra Gomanee

Mauritius

A force for good in community development

Key achievements

Chitra, an activist and community leader, drives change through school infrastructure projects, waste clean-ups, and poverty relief efforts. As an Absa Mauritius ambassador at the One Young World Summit 2024, she led conversations on sustainability, education, and entrepreneurship. Committed to making a difference, she remains a #ForceForGood, inspiring those around her.

Sandiswe Nyoni

Absa Fellowship Beneficiary

Sandiswe Nyoni, a penultimate law student with a genuine passion for law and making a meaningful impact in my community and beyond.

Key achievements

She is a volunteer with UNICEF at Wits collaborating on community development projects and serves on committees addressing climate change and education. In addition, she has worked with organisations such as Women in AI and United Siyafunda to empower women in technology.

Driving inclusive impact: Empowering communities, youth, and entrepreneurs continued

Our highlights, across the continent

Stories from our communities

Driving environmental sustainability through entrepreneurial support – When entrepreneurs thrive, communities and the environment flourish.

At Absa, we recognise that sustainable growth is deeply interconnected with the prosperity of the communities we serve. Entrepreneurs are not just economic contributors, they are key drivers of innovation, resilience, and environmental stewardship. Through collaborative partnerships, targeted investments, and empowering programmes, Absa has cultivated a vibrant ecosystem where entrepreneurship serves as a catalyst for societal and environmental transformation.

This year, our initiatives highlighted the power of shared value, showcasing how we translate our purpose of Empowering Africa's tomorrow, together ... one story at a time, into action. Here, we share stories of impact that demonstrate our commitment to building resilient, inclusive communities across the continent.

Key highlights

Empowering women entrepreneurs through Visa's She's Next

In partnership with Visa's She's Next Programme, Absa provided essential financial tools, mentorship, and growth opportunities to 30 women entrepreneurs. These trailblazers are breaking barriers while creating sustainable jobs and driving economic growth.

Mathletse Mamaila's success story

Mahlatse Mamaila transformed waste cooking oil into biodiesel with her venture, INO-Biodiesel, tackling waste management and renewable energy challenges. Her journey exemplifies the power of mentorship, training, and determination in converting environmental issues into business opportunities.

"Being part of Visa's She's Next programme in partnership with Absa has taught me the importance of being ready to unlearn, relearn, and build strong relationships with people who can help you grow, while remaining teachable. I still remember the disbelief when I received the email notifying me that I was one of the top 5 finalists. I was assigned a coach, Karin Kalia, to help refine my pitch to align with Visa's expectations. This led me to restructure my business pitch, which had its challenges, one being finishing within the time limit. Absa also organised a week of training during our final pitch week, which was incredibly valuable. The highlight was the training with The Business Doctor, Keitumetse Lekaba, who taught me how to better position my business and understand my numbers. Armed with this knowledge, I reshaped my pitch and felt confident when facing the judging panel. Watching that moment back was empowering, as becoming a finalist felt like a great honour. Winning was more than just a surprise—it felt like a pat on the back, and the recognition is something I will cherish for a long time. It has since put a lot of pressure on me, but I truly appreciate the platform and the opportunity to impact more lives."

Fostering Youth-Led Innovation

The Junior Achievement SA (JASA) school innovation challenge encouraged students to develop solutions addressing environmental challenges, where young innovators from Rhodesfield High, Team Tenacity, developed a vertical garden project for urban spaces. This scalable solution for food production underscores our commitment to empowering youth and fostering sustainability from the grassroots level.

Environmental action through tree planting initiatives

Absa Uganda's commitment to planting 1 million trees has made significant strides, with approximately 63 000 trees planted to date.

World Earth Day Highlights: Absa joined Bishop Stuart University to plant 5 500 trees, launching the Restore River Rwizi Initiative. This effort combats deforestation, supports water security, and promotes environmental education for 240 000 students involved in greening 483 schools across Uganda.

Improving maternal health through midwifery scholarships

In Tanzania and other developing countries, the path to motherhood is often laden with uncertainty. Many women, especially in rural areas, face this journey without adequate access to skilled healthcare, leaving both mothers and newborns vulnerable to preventable complications. NBC Bank has responded to this call through a strategic and heartfelt initiative: the NBC Midwifery Scholarships. Launched in partnership with the Tanzanian government and the Benjamin Mkapa Foundation, NBC's Midwifery Scholarships were introduced in 2022 to empower and train midwives to deliver essential maternal and child healthcare in underserved areas. This initiative is funded by proceeds from the Annual NBC Dodoma Marathon, an event supporting maternal health programmes like cervical cancer awareness. Aligned with the UN SDGs, this programme aims to reduce maternal mortality, striving for a future where every childbirth is safe, and every mother is cared for. The NBC Midwifery Scholarships are more than an educational opportunity, they are an investment in sustainable healthcare for Tanzania's future. NBC's ambitious goal of training 1 000 midwives by 2030 reflects its commitment to community resilience and upliftment.

Transforming lives, one story at a time

Through these impactful stories, Absa reaffirms its commitment to empowering communities and fostering environmental stewardship. From championing women entrepreneurs and youth innovators to promoting sustainable practices and addressing critical healthcare challenges, our initiatives reflect a holistic approach to sustainable development.

By unlocking opportunities and driving meaningful change, we are not only empowering Africa's tomorrow but also creating a legacy of resilience, inclusion, and shared value. Together, with our partners and communities, we will continue to build a brighter, more sustainable future.

Corporate citizenship

Our approach

The primary focus was identified as enabling economically active youth and transitioning them into sustained earning opportunities. This strategy is anchored by theory of change principles and supported by an impact management and measurement framework to ensure transparency and accountability. The below provides an overview of this approach.

Increasing access to new opportunities through **education, training and skills development**

+

Increasing **employment and entrepreneurship** opportunities in high growth industry sectors

+

Strengthening the ecosystem that enables, contributes and supports youth economic empowerment

=

Economically empowered youth who contribute to inclusive and sustainable economic development

The theory of change is based on the understanding that youth economic empowerment can be achieved by addressing systemic challenges, providing access to opportunities and resources, focusing on high growth industry sectors, and strengthening and enabling ecosystems.

Community support through colleague volunteerism

Our approach to good corporate citizenship is shaped by our focus on legitimacy, earned from our deep roots in the communities where we operate, along with our compliance and application of King IV. The Board guides us in being stakeholder-inclusive, recognising the need for transparent disclosure and open channels of communication.

Our corporate citizenship's financial inclusion through entrepreneurship framework includes a focus on corporate community support. This is driven through colleague volunteerism at Absa, which involves all employees in volunteering initiatives, enabling employees to make a difference in their communities by being a force for good in action. We aim to elevate colleague volunteerism as a cornerstone of our strategy, with a target of achieving 35% participation. Through meaningful community engagement, our colleagues will bring our purpose to life and contribute to sustainable change.

Our people have demonstrated Absa's ethos of being an active force for good by committing their time and skills to impactful social causes. This is demonstrated by over 7 600 colleagues (2023: 5 500) who volunteered over 61 000 hours (2023: 15 300) in support of various socio-economic causes, including among others: planting over 300 000 trees to promote environmental sustainability; humanitarian response efforts in collaboration with various strategic local partners, i.e., Gift of the Givers, Food Forward SA, Uganda Red Cross, to provide immediate relief to affected communities where we have reached over 60 000 people.

In addition, we delivered various local causes, including among others, the Footprints School Shoe Campaign, which provided essential school shoes to underserved students across the nation.

As part of the Mandela Month activations, various activities were delivered, including:

- A Day in the Life of an Executive, where our Fellowship beneficiaries engaged with eight Absa Executives, gaining valuable insights into life in corporate leadership
- Jozi my Jozi clean-up in Hillbrow, and volunteers participated in a food packing drive across multiple provinces, positively impacting thousands of lives
- As well as supporting the food security initiatives through the Rise Against Hunger Africa campaign where over 250 children benefited.

With 36 779 colleagues, we can enhance our community impact and drive change. Their strong ties to local communities enable us to effectively address needs. Colleague volunteering is vital to our social responsibility initiatives, engaging employees in community development and aligning corporate values with meaningful contributions. Through partner-led programmes and large-scale events, we share expertise and mentor youth and entrepreneurs, focusing on financial literacy and entrepreneurship education. Our strategy also emphasises skill-sharing in business development and digital transformation, empowering small businesses. By leveraging matched and grant funding, we maximise the impact of our volunteer efforts and support inclusive economic growth, reinforcing our dedication to being an active force for good.

Corporate citizenship continued

Absa CSI Trust

The Absa Group's landmark B-BBEE transaction, launched on 1 September 2023, established the CSI Trust as a cornerstone of the Group's commitment to transformation, shared value, and sustainable impact. Representing the heart of Absa's social consciousness, the Trust is a vital contributor to addressing systemic challenges in South Africa. The Trust aligns with Absa's corporate citizenship strategy and with national priorities while creating sustainable pathways for economic inclusion.

Our impact and progress in 2024

In 2024, the Trust delivered impactful education and youth employability initiatives, equipping youths with the skills and resources needed to transition from learning to earning opportunities, ensuring meaningful participation in the economy. The Trust approved six flagship programmes under two thematic areas.

Enabling access to quality education

Pathways include education, training and skills development for employability and entrepreneurial action.

- **Postgraduate Scholarship Programme:** Supporting access to postgraduate studies in critical fields, including chartered accountancy, actuarial science, and engineering, to address skills shortages in high-demand sectors. Beneficiaries received wrap-around support in the form of mentorship, career guidance, mental health resources, networking opportunities, and skills development workshops tailored to enhance their academic success and career readiness.
- **Wrap-around support for university students:** Providing wrap-around support for university students, particularly those from disadvantaged backgrounds, with services such as career planning, tutoring, mentoring, and psycho-social support to enhance their academic success and employability.

Enhancing youth employability

Pathways include skills training, work readiness and work experiences to access gainful economic activity.

- **Last mile delivery drivers:** Training unemployed youth for last-mile delivery driver roles and enabling them to access income-generating opportunities in fast-growing economic sectors
- **Installation repair and maintenance:** Equipping youth with technical skills for installation, repair, and maintenance roles, with pathways to artisan qualifications
- **Training software developers:** Providing software development training to empower youth for digital careers
- **Equipping youth with technical and soft skills:** Supporting young people, Not in Education, Employment or Training (NEET) from adverse backgrounds with technical and soft skills to enable them to become economically active.

Collectively, these programmes impacted approximately 5 400 youth in 2024, backed by a total commitment of R80.7 million. To amplify the voices of beneficiaries, six beneficiary representatives (delivery partners) were identified to provide insights and foster a collaborative community of practice. The Trust's vision is to unlock the potential of Africa's youth by addressing systemic challenges and creating sustainable pathways for economic participation. Through targeted investments, innovative programmes, and strategic partnerships, the CSI Trust will continue to deliver meaningful change, leaving a legacy of empowerment and shared success.

Governance and strategy

An Operations Committee was established to play a pivotal role in ensuring internal alignment and coordination in the delivery of the Trust's objectives. This process was guided by the principles set out in the Trust Deed. Corporate citizenship, as the strategic and operational lead, collaborates with representatives from key business areas including finance, compliance, legal, tax, risk, and public relations.

The Trust developed an impact strategy to guide it in empowering South African youth by enhancing access to quality education, employability and entrepreneurial opportunities. The strategy focuses on high-growth sectors, including the digital, green, and informal economies, fostering long-term socio-economic inclusion.

Looking forward

Our newly refreshed diversity, equity, inclusion and belonging strategy is a three-year plan running through 2026, designed to enhance focus areas that require further development. These include greater inclusion of people with disabilities, generational diversity, and our newly introduced neurodiversity initiatives. At the same time, we are committed to sustaining high performance in gender diversity, inclusion, and fostering an inclusive culture and leadership.

Additionally, we aim to elevate the diversity, equity, inclusion and belonging agenda across our ARO countries and international business, ensuring broader and more impactful inclusion. Rooted in our core values and business principles, our commitment to diversity and inclusion drives us to strengthen interconnected metrics and execute our strategy with precision and effectiveness.

Financial inclusion

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Looking forward 84

Our approach to financial inclusion

Our priority

Make intergenerational wealth creation accessible for all.

Our goals

- Equitable access for underbanked communities – individuals and SMEs with a particular focus on youth and women
- Full set of clients' financial needs met across transactional banking, credit, insurance and wealth accumulation
- Cultivate a thriving entrepreneurial ecosystem that empowers individuals and entrepreneurs
- Become a thought leader and trusted partner in financial inclusion through entrepreneurship.

Access to financial services remains a significant barrier to economic participation and resilience for millions of people and businesses across Africa. Despite progress in expanding financial inclusion, many individuals – particularly women, small business owners and those in rural areas – still face challenges in accessing affordable and appropriate financial products. Without secure ways to save, access credit or insure against risks, people struggle to build wealth, invest in opportunities, and recover from financial shocks. The climate crisis further exacerbates these challenges, with vulnerable communities facing heightened risks from extreme weather events, droughts and floods. Financial inclusion is key to building resilience – enabling individuals and businesses to invest in climate adaptation, access insurance against environmental shocks, and transition to more sustainable economic activities. Closing this gap is not just a social imperative but an economic and environmental one, as broader financial participation fuels economic growth, supports entrepreneurship and strengthens climate resilience.

Financial inclusion supports our purpose of Empowering Africa's tomorrow, together ... one story at a time, as it guides us to help create value, run and grow our business, partner with our clients to help them achieve their aspirations, and positively impact the communities and environments in which we operate.

Our approach

We are dedicated to advancing financial inclusion for underserved demographics and small- and medium-sized enterprises (SMEs), with a particular focus on women and youth. Our commitment is reflected in the provision of cost-effective products and services meticulously designed to address their specific requirements. These offerings not only enhance financial wellbeing but also broaden access to financial services for low-income communities, thereby facilitating the accumulation of intergenerational wealth, focusing on the following key areas:

Inclusive products and services

We design financial products and services that meet the diverse needs of individuals and businesses, ensuring affordability, accessibility and relevance. From tailored savings and credit solutions to affordable housing and microinsurance, our offerings empower people to manage their finances, build resilience and seize economic opportunities.

Inclusive accessibility

Financial inclusion means ensuring that everyone – regardless of income level, location or background – has access to the financial tools they need. By leveraging digital innovation, expanding branchless banking, and removing barriers to entry, we are making financial services more accessible, especially for underserved communities and small businesses.

Transformation through financial inclusion

A truly inclusive financial system requires systemic change. We are committed to driving transformation to support a financial landscape that reflects and serves the needs of all communities, promoting long-term, sustainable economic growth.

Advancing financial inclusion through consumer financial education

Knowledge is key to financial empowerment. We equip individuals and businesses with the skills to make informed financial decisions through targeted financial literacy initiatives. By promoting responsible money management, digital banking awareness, and investment education, we help build a financially confident and resilient society.

Our approach to financial inclusion continued

Inclusive products and services

Through our range of products, we provide equitable access to financial services for underbanked communities. Our offerings encompass transactional banking, credit, insurance and wealth accumulation, providing comprehensive financial solutions tailored to the diverse needs of our clients across different segments and sectors.

Corporate and Investment Bank (CIB)

We manage cash flow and help South African businesses access the funds they need to grow. Our investment banking solutions like property finance and infrastructure provide capital and opportunities for growth, supporting wider economic participation and empowering communities.

Relationship Banking

Through our business bank segment, we support commercial and SME clients with services like commercial asset finance, property finance, term lending and Islamic banking.

Retail SA

We offer a wide range of services to meet the diverse financial needs of individuals and businesses in South Africa. For personal banking, we provide home loans, vehicle and asset finance, life and non-life insurance, and personal loans, along with credit cards, transactional banking and deposits.

Absa Regional Operations (ARO)

We provide accessible and inclusive financial solutions across various markets, including retail banking for individuals, business banking for SMEs and insurance products like life and non-life coverage. These services are designed to support financial inclusion, help businesses grow, and empower communities across the regions where Absa operates.

For a detailed list of products and services

Diving deeper: *Integrated Report, Our structure, products and services*

Inclusive accessibility

We aim to enhance accessibility to banking products and services, particularly in underserved segments and areas, through ongoing innovation. This includes the adoption of digital technologies that enable greater access and affordability for those seeking financial services. We strive to ensure that all clients have access to suitable and cost-effective financial solutions. Our approach involves leveraging the expertise within our diverse businesses and partnerships to identify opportunities for maximising impact and developing products and services that are relevant to the communities we serve. We continuously develop and enhance programmes, products and services that promote financial inclusion, building on new initiatives, as well as refining those introduced in previous periods.

Inclusive accessibility is fundamental to ensure all individuals, regardless of their physical abilities, financial income and literacy, or technological access, can fully access financial products and services. Our commitment to inclusive accessibility is about empowering underbanked communities, fostering financial inclusion, and removing barriers that may hinder individuals from wealth creation.

We have forged the concept of branchless banks through our mobile banking pods, which are designed to deliver a comprehensive range of banking services in remote and underserved areas, with basic transactions to more intricate financial consultations. Our objective extends beyond merely providing a service; we aspire to foster financial literacy and independence within the communities we serve.

Our commitment to delivering best value for money banking solutions has led to meaningful improvements for our customers. This is reflected in the findings of the Solidarity Research Institute's (SRI) 2025 Bank Charges Report who have rated Absa Transact as the best value for money entry level account in South Africa.

Real value for money has long been a key consideration for South African consumers, shaping how they choose and engage with banks. We welcome the findings of the SRI's Report, which reflect our commitment to offering customers the best value for money in banking.

For South Africans seeking a basic banking account, Absa's Transact Account meets everyday banking needs, at the cost of just R6.50 per month including R5 000 life cover, unlimited card swipes and withdrawals at POS and one free Cash Send per month.

Our goal is to ensure that customers experience real value every day while building long-term financial security and importantly, this offering underscores our commitment to the promotion of financial inclusion, and our role as a primary partner to our clients.

Our approach to financial inclusion continued

2024 signature financial inclusion products and services

Below are some of our key financial inclusion products and services that were launched or enhanced in 2024.

Bounce Back Energy Scheme (BBES)

Absa participates in BBES as it aligns with our renewable energy and lending strategy. As part of BBES, we assist customers with preferential rates that make solar funding more accessible.

BBES was launched by National Treasury and is administered through the SARB to support the resilience of businesses and households. The scheme addresses difficulties resulting from unreliable power supply or loadshedding. In addition, it supports the country's sustainable development goals towards a just energy transition and low-carbon economy, as well as the renewable energy value chain where quality jobs are being created.

The scheme aims to incentivise the generation of an additional 1 000MW of power through solar photovoltaic installations.

Absa's Islamic Banking solutions

Absa's Islamic Banking solutions promote an alternative and inclusive approach to banking, aligning with our commitment to responsible financial practices.

A recent addition to the offering includes the Islamic Depositor Plus. This product offers superior returns to customers with a fully digital onboarding process, eliminating the need for physical travel, and allowing customers to save following their beliefs while minimising their environmental footprint. Furthermore, in line with our commitment to financial inclusion, market-leading returns are available from the first R100 invested.

Additionally, recognising the needs of the Entry Level Inclusive Banking (ELIB) segment, we reduced pricing on the Islamic Savings Account to make it more affordable and accessible to all. This low-cost transactional account provides customers with essential banking services with electronic funds access, a debit card, and convenient cash withdrawal options. By integrating ethical principles into our products and services, Absa Islamic Banking continues to contribute to a more inclusive, equitable, and sustainable financial ecosystem.

Digital life insurance partnerships

We entered strategic partnerships with fintechs and others to expose more people to life insurance. Our Employee Care Plan is a digital Group life solution for small- and medium-sized enterprises. It offers an end-to-end digital sales and service process covering the employees of small businesses for death, disability and family funeral cover. The cover is affordable and often the only life insurance these employees will have to protect the legacy of future generations.

Furthermore, we offer free embedded life insurance through a partnership to transform the taxi industry into a digital cashless environment. The solution gives previously underserved lower-income customers access to life insurance for free.

Our approach to financial inclusion continued

Case Study

Digitising ecosystem banking with the Wezesha Stock finance solution

Many entrepreneurs in Kenya run SMEs that have not been properly registered and lack formal documentation for their businesses and operations. Bigger companies require secure, user-friendly, and swift digital platforms to manage stock and working capital. Both challenges presented an opportunity to expand Absa Bank Kenya's market share and provide tailored financial services.

We partnered with a fintech to build a digital solution called Wezesha Stock. This solution targets fast moving consumer goods (FMCG) companies and SMEs, automating stock financing to complement their financing need, while creating efficiencies and scaling up.

The platform manages stock orders and requests for loan facilities. It also makes payments as a step towards providing unique financial services to our corporate customer segment.

Key features of our solution

- Opportunity to unlock new sources of finance and liquidity for many SMEs
- Offering a more customer-centric solution in supplying core working capital finance by closely aligning financing to the physical supply chain
- Responding to the need of our corporate clients to manage supply chain risks holistically and enhance their efficiency and liquidity.

Key benefits of our solution

- Retailers can increase their sales turnover innumerably since they have access to credit limits as and when they require
- The entire supply chain ecosystem has access to various value-added benefits such as bank guarantees, asset financing, bancassurance, working capital, liquidity management, and building business primacy.

Retail financing in Kenya is estimated to be over KES2 trillion (R270 billion), with financial players providing solutions for less than 20%. We are committed to lending over KES100 billion (R13.5 billion) to these customers in the next three years.

Africa faces various challenges, including poverty, a cost-of-living crisis, global recession, climate crisis and growing inequality. As part of Absa's active force for good strategic pillar, we are interested in partnering with our clients and providing innovative solutions that will address these socio-economic and environmental issues.

Absa Bank Botswana identified Norsad Capital as a partner for positive impact. Norsad Capital is an impact investor and a regional private credit firm that offers medium- to long-term risk capital to mid-market growth companies across sub-Saharan Africa.

Absa provided Norsad Capital with R400 million in sustainability-linked funding to fund investee companies that drive financial inclusion and food sustenance while creating sustainable jobs for women and youth.

Transformation through financial inclusion

A truly inclusive financial system requires systemic change, and our commitment to transformation ensures that financial services are both accessible and equitable, driving sustainable economic growth. In line with South Africa's Broad-Based Black Economic Empowerment (B-BBEE) Act and the Amended Financial Sector Code, our financial inclusion initiatives directly contribute to this transformation, underpinning Absa's B-BBEE Level 1 status rating since 2021.

This is enabled by our corporate citizenship approach, which includes a strategy centred on financial inclusion through entrepreneurship (FITE). This drives our transformation intent beyond South Africa to our ARO. It enables access and usage of the full spectrum of financial services and products (transactional, credit, insurance, and savings) by individuals and enterprises, relevant to their different stages of operations. Our strategy is particularly targeted at those individuals and enterprises traditionally excluded from the financial system, to leverage entrepreneurship to access financial services, build assets, and achieve economic sustainability.

Our approach to financial inclusion continued

The FITE strategy is delivered through four strategic pillars

Financial inclusion and consumer education

Access for all
Ensure that everyone, regardless of their background, has easy access to essential financial services and digital banking solutions.

Financial empowerment
Promote financial education and literacy to empower individuals and small businesses to make informed financial choices.

Inclusive growth
Foster inclusive economic growth through entrepreneurship and financial access, with a focus on youth and women.

Entrepreneurship, education and employability

Youth empowerment
Equip young people with skills and opportunities for successful careers and employability.

Entrepreneurial growth
Nurture entrepreneurship by providing a supportive ecosystem for aspiring and existing entrepreneurs.

Empowering women
Focus on the advancement of women in business through funding and mentorship programmes.

Corporate community support

Colleague volunteerism
Colleague volunteerism at Absa, involves all employees in volunteering initiatives, enabling employees to make a difference in their communities by being a force for good in action.

Social impact response
The Group provides immediate relief assistance to communities that have been affected by natural or human disasters.

Policy influence, applied measurements and thought leadership

Policy influence and advocacy
Influence policymaking to create an enabling environment for small businesses, startups, and initiatives supporting financial inclusion.

Applied measurements and impact assessment
Regularly assess the effectiveness of our programmes and investments, focusing on key performance indicators and outcomes.

Thought leadership and knowledge sharing
Share insights, research, and best practices with industry peers, stakeholders, and the public. Contribute to the discourse on sustainable development.

Supporting enterprise development

We aim to grow emerging small and medium black-owned businesses and prepare them for absorption into our supply chain and access to other corporate clients within our value chain. Our programmes consist of various small initiatives vital for revitalising economic activity in the local communities where we are present.

Enabling small, medium, and micro enterprises (SMMEs) to access corporate supply and delivery chains is a highly effective way for established companies to foster sustainable entrepreneurial growth. By leveraging our purchasing power, we advance our transformation agenda and support black-owned SMMEs through our enterprise and supplier development programmes.

For eligible entities, we:

- Offer financial assistance through preferential rates for projects funded by our supplier development initiatives
- Provide non-financial support via business development guidance, utilising technology to manage and report on growth strategies for sustainability.
- Use secured supply or service contracts as a basis for funding to ensure responsible financing.

Our Preferential Procurement Programme allows an increasing number of small black-owned and black female-owned businesses to supply us with goods and services. In 2024, we enhanced our efforts to facilitate market access and funding opportunities, providing business development assistance customised to their specific growth requirements. R33 million was allocated to enterprise development programmes in 2024, a decrease from R40 million in 2023.

Absa secured a R2.6 billion (USD150 million) trade financing facility with the United Kingdom's development finance arm to boost small businesses on the continent. The transaction with British International Investment (BII) aims to help ease the trade financing gap in Africa, estimated at between USD100 billion and USD120 billion. The funds will provide liquidity to small- and medium-sized businesses in Africa in agriculture and health care sectors. The Group and BII have been working together for the past five years to provide much-needed trade liquidity in countries such as Nigeria, Kenya and others to support over USD1 billion in trade volumes. This partnership has now been extended through the provision of a USD150 million investment to Absa, ring-fenced and purposefully designed toward markets where there is a high need for trade finance but not as much coverage from other commercial sources.

Our approach to financial inclusion continued

Advancing inclusive agriculture

Our approach to fostering inclusivity in agriculture is to connect people and resources in these marginalised areas to mainstream value chains. We achieve this through strategic partnerships focused on capacity building, market linkages, financing and skills development. We have grown advances in developing agriculture to over R199 million in 2024 and have set ambitious targets for the near future. We intend to support these ambitions through our collaborative partnerships to address the limitations to access to finance.

Most agricultural business micro enterprises operate outside the banking system due to their size and rural or peri-urban locations. Where possible, we support them by providing financial literacy training, and programmes to improve business management. In 2024, we trained over 2 200 smallholder farmers and farm workers in financial literacy.

Our efforts to drive climate impact in South African agriculture have focused on raising awareness, particularly around carbon emission measurement and reporting. As part of this initiative, we continued our collaboration with Grain SA through their technical research roadshows, where we integrated carbon-related issues within a financing context for Grain SA members. Absa also partnered with Blue North on a carbon calculator proof of concept to enhance agricultural producers' ability to measure their carbon emissions. The data collection and engagement phase will take place from the last quarter of 2024 to the first quarter of 2025 to engage 30 agricultural producers across various subsectors.

Moving forward, we plan to build on the awareness and measurement capabilities developed in 2024 to refine reporting on Absa's scope 3 emissions in agriculture and foster partnerships to create sustainability-linked financial products tailored to the sector.

With our strategic partners, we have embedded solutions that enable us to finance clients who would not typically meet standard commercial lending criteria. Some of the key initiatives are:

Market linkage: We partner with Khula! App, an ecosystem of three platforms that address challenges across the agricultural value chain. The Fresh Produce Marketplace links farmers and distributors with buyers, fostering connections from production to retail. The Input Marketplace streamlines procurement, enabling farmers to access essential products and services effortlessly. This initiative could open the cultivation of over 3 000 hectares of cropping land under traditional authorities.

Ability to raise own contribution: Absa agreed to implement the Blended Finance Scheme with the Department of Agriculture in May 2024. In the agreement, the Department has allocated R200 million per annum for five years (i.e. R1 billion) as grant funding to be blended with Absa loans and enable black-owned agri businesses to access finance.

Shortfall on security: Absa and Sefa's Khula Credit Guarantee Scheme (KCG) has an agreement for an indemnity facility of R160 million since 2018. The facility enables Absa to cover up to 80% shortfall on security for loans of up to R20 million. The beneficiaries should be at least 51% black-owned businesses. We have paid out R334 million against the guarantee scheme.

Affordable housing

We play an active role in the affordable housing market by providing relevant and appropriate financial solutions to investors, developers, and the communities we serve. It is an area we see potentially going forward as South Africa seeks to implement reforms in the sector that will enable Absa to play a more prominent role in driving affordable housing.

Our home loan products have directed R191.7 billion (2020–2024) to our overall home loan offerings, of which 6.7% was towards affordable housing loans, enabling more women to have decent housing. In South Africa, R13 billion was directed towards affordable housing registration between 2020 and 2024. This contributed to financial inclusion, benefiting 24 443 customers, of which 67% are women. Our commercial property finance product offers financing solutions across the full affordable housing range from fully and partially subsidised units as well as the conventional market.

Our commitment to the affordable housing market transcends mere business strategy. It stands as a testimony to our unwavering commitment to societal advancement and financial inclusivity. We strive to bridge the gap in home ownership by offering customised financial solutions to investors, developers, and the communities we serve. We have evolved our offerings and strengthened our partnerships for the benefit of our customers.

738
families received funding assistance with the government housing subsidy, first home finance
(2023: 480)

R123 million
of financing was unlocked through collaboration with government for households classified within the affordable housing "gap market"

3 430
clients were empowered with borrower education on financial management, property maintenance and the importance of sustainable home ownership
(2023: 4 004)

R1.8 billion
was allocated to buildings with societal impact, of which R560 million was to green buildings
(2023: R2.5 billion)

Affordable housing loans to the value of
R400 million
have been registered during the first half of the year, benefiting 809 customers, of which 69% are women

7%
growth in the total value of our affordable housing home loan book and 19% growth in the total value of our commercial property finance book (2023: 6% and 17%)

Our approach to financial inclusion continued

	2024	2023
Affordable home loan clients	4 097	3 491
Home loans to affordable housing clients	R2.3 billion	R1.9 billion
Total affordable housing home loan book	R19 billion	R17.8 billion

In 2024, our focus on affordable housing transformed the lives of many in the communities we serve through:

- Innovative financing solutions
- Partnerships with industry stakeholders and government
- Leveraging digital to scale understanding of home ownership
- Harnessing the wisdom of subject matter experts to empower our clients with borrower education knowledge
- Unlocking financing that addresses the needs and friction points that many face when making one of their most important financial decisions.

South Africa's affordable housing reforms present both challenges and opportunities. Subsidy expansions, a stronger rental focus, and efforts to resolve the title deed backlog could reshape mortgage finance, requiring us to reassess credit risk and lending models. Absa sees this as a chance to strengthen its role in affordable housing and will assess short-term opportunities while defining a strategic roadmap.

In partnership with industry, we will continue granting title deeds and expanding property ownership. Our focus on scalability drives us to tackle affordability and transaction costs through innovative financial solutions. Beyond banking, we support property rights, financial education, and inclusive policy development through platforms like the Banking Association of South Africa. Through ongoing collaboration with developers and government, we will provide competitive, sustainable financial solutions that meet evolving community needs.

Sustainable finance – Social (Rm)	2024	2023
EB	439	428
PSC	2 289	1 936
ARO RBB	9 381	7 038
Total	12 109	9 402

Diving deeper: ***Integrated Report***

Case Study – Low-carbon buildings

In 2024, we secured funding through two landmark partnerships to accelerate progress.

The African Development Bank package

According to data from Lightstone, two thirds of the residential property market in South Africa could be classified as affordable or entry-level housing at the end of 2023. The demand from women for affordable housing is significant, with most of our home loan funding flowing to female buyers. For many South Africans, residential property represents the largest portion of household asset wealth.

We want to stimulate growth in the market segments that represent the largest portion of the South African nation to drive financial inclusion.

To this end, Absa Home Loans participated in a landmark agreement with the African Development Bank to increase funding for underserved segments across South Africa and the continent. The target audience includes women-owned businesses, youth entrepreneurs, and SMEs. Absa will contribute by granting home loans to the value of R2 billion to women within the affordable housing segment over the next four years.

Customers entering the residential property market through these funds also gain access to our Free Borrower Education Programme to ensure they extract value from their homeownership. They can apply for a home loan of up to 105% of the property value to cover additional costs and may qualify for a 50% discount on attorney bond registration costs.

Expanding with the International Finance Corporation

Green buildings represent a significant low-carbon investment opportunity as they can save electricity and reduce water consumption. Although the supply of green buildings in the country is growing, the green building market is still at a developing stage.

To grow this market, Absa secured a R4.5 billion investment from the International Finance Corporation (IFC) and blended finance support in the form of performance-based incentives (PBI) from the Market Accelerator for Green Construction (MAGC) Programme.

The PBI allows Absa to finance developers with a rebate of up to 4% on their loan amount for the construction of green buildings. It also allows Absa to finance eligible green home end users or buyers with a rebate of up to 3% on their loan amount.

The IFC has estimated that the combined investments will help to reduce over 12 000 tons of emissions annually, supporting South Africa's Nationally Determined Contribution targets under the Paris Agreement.

SA targets annual GHG emissions in the range of Mt CO_2

- 398-510 Mt CO_2 by 2025
- 398-510 Mt CO_2 by 2030.

The IFC is supporting Absa with advisory services to improve our capacity to originate and manage loans for the development or retrofits of certified green buildings.

The R4.5 billion investment builds on the IFC's R2 billion loan in 2022, to support Absa's growth in affordable housing finance.

Our approach to financial inclusion continued

Case Study Green, social, and sustainable bonds

Botswana faces the challenge of achieving its Nationally Determined Contribution targets to mitigate the effects of climate change. Increasing climate vulnerabilities, such as droughts and extreme temperatures, impact local communities. Therefore, urgent intervention is needed. The private sector, particularly financial institutions, is crucial in driving this agenda by channelling capital toward green and social projects that align with climate and sustainability goals.

Recognising this, Absa Bank Botswana updated our P2 billion Medium Note Programme to include green, social, and sustainable bonds. This initiative marked a turning point in the bank's history and the broader financial sector in Botswana. A key component was introducing the Sustainable Finance Issuance Framework (SFIF). This comprehensive guideline enabled the bank to originate and raise instruments for green, social, and sustainable finance.

The culmination of these efforts was the successful issuance of Botswana's first-ever sustainable bond, a pioneering achievement listed on the Botswana Stock Exchange. Earlier this year, a tap issuance was done on the bond, increasing the value to P80 million. The sustainability bond adheres to international best practices and was awarded the Silver Category in the IFC's Global SME Sustainability Bond of the Year Awards.

Absa Bank Botswana's sustainable bond issuance has led to tangible environmental and social impacts across the country.

The primary allocation was earmarked to finance the construction of affordable housing units. This project will provide access to decent, cost-effective housing for 1 240 individuals and create 280 jobs over the construction period.

The proceeds were also allocated towards funding a local potato farm in a sun-drenched region to install solar panels, resulting in annual electricity savings of P600 000 for the farmer. Additionally, the solar panels' capacity is 270 megawatts, which results in 740 gigawatt hours of output being generated. Through these projects, Absa Bank Botswana drives direct environmental benefits, creates jobs, and contributes to a more resilient local economy, demonstrating the transformative potential of sustainable finance.

Advancing financial inclusion through consumer financial education

By harnessing innovative delivery channels and endorsing financial literacy initiatives, we contribute to a more inclusive economy and bolster societal financial wellness. Our interventions in consumer financial education empower individuals to make informed choices and enhance their lives through responsible personal financial management.

183 945
people were provided with financial education and tools for long-term financial health
(2023: 105 337)

152
students were supported through the Absa Fellowship Programme
(2023: 122)

R300.2 million
in financial education through our corporate citizenship strategy

By offering essential financial literacy tools, we empowered individuals to understand their rights and responsibilities in the financial services space. Our programmes, delivered by accredited partners, focus on school learners, the unemployed, and those earning below R250 000 annually, helping us achieve our goal of boosting financial literacy and extending financial services to underserved communities. We made essential financial services more accessible through digital engagement and interactive financial literacy tools.

38 261
young people were provided with education, skills and experiences to access income-generating opportunities
(2023: 37 659)

4 762
entrepreneurs were provided with education and support (i.e., developing an entrepreneurial mindset and overall general business management) including small and medium enterprises and/or smallholder farmers (2023: 2 940), helping create employment for 3 722 individuals
(2023: 3 302)

23 437
young people were reached through our ReadyToWork Programme (2023: 26 859), preparing them for the workforce

We invested **R142.4 million** in entrepreneurship education and youth employability. We significantly expanded our reach, benefiting 33 983 individuals (2023: 40 599) through entrepreneurship, education, and youth employability interventions. We aim to enable youth to become economically active and transition them to sustained earning opportunities through entrepreneurship and ultimately contribute to economic growth and social change.

Our initiatives focused on transforming mindsets into actionable skills, enabling individuals to turn ideas into economic growth and job creation. We are dedicated to fostering an entrepreneurial ecosystem that provides aspiring and existing entrepreneurs with essential resources and networks. We aim to empower young people and women entrepreneurs to overcome barriers and realise their potential, recognising entrepreneurship as a key driver of economic growth.

Our entrepreneurial pipeline begins with education at schools, TVET colleges, and universities as part of our corporate citizenship initiatives. This creates a foundation for entrepreneurs to expand their ventures into formal enterprises structured for business growth. This collaborative approach equips young entrepreneurs and small businesses with the resources, networks, and mentorship needed to move from training to income generation. By addressing critical gaps in training and support for informal entrepreneurs, we are helping them scale sustainably and fostering inclusive economic growth across Africa.

Our approach to financial inclusion continued

Case Study — Women in business financial solutions

The gender finance gap in South Africa is estimated at $5 billion by the SME Finance Forum. This means there are women in business who cannot access financial solutions to start, run and grow their businesses. Women in business represent 22% of total businesses.

Therefore, access to suitable financial solutions is critical to ensure the growth of the sector and the South African economy.

We designed a banking solution targeting women and youth with the following features:

- Secured a USD600 000 grant to waive initiation fees for overdrafts, term loans and asset finance from the African Development Bank (AfDB). This will enable 3 000 women and youth to access financing for their businesses.
- Non-financial support grant of USD500 000 secured from the AfDB for financial readiness, networking and business support interventions.
- Free membership of the National Small Business Chamber, which includes webinars, workshops, and networking opportunities to unlock new markets.
- 12 months' access to Udemy business-related training courses on the online learning and teaching platform.
- Access to the Absa Business Evolve account with the first six months' monthly fees waived. This includes the Shari'ah-compliant account and Islamic Depositor Plus with competitive profit share earned when maintaining a minimum balance of R100.
- Clients are eligible for up to 35% discount on short-term insurance premiums.
- Clients can convert an android mobile device into a PoS through an easy online sign-up process on Absa Mobile Pay. They can sign up with Absa Merchant Evolve and have the first month's device rental waived and benefit from tiered pricing as transaction values grow.
- An Absa business credit card with a pre-approved limit and initiation and monthly card fees waived for the first six months.
- Financial planning and protection through free financial advice focusing on creating a will, which includes Shari'ah-compliant wills.
- An Absa business overdraft accessible through an easy online application process, with the initiation fee waived.

Our relationship banking solution delivered solid impacts:

- 2 083 new business transactional accounts were opened
- An estimated 1 500 business owners were trained on funding readiness through the Absa Funding Readiness Webinar Series
- 30 women SMEs, including Visa She's Next finalists, participated in the Absa SME Business School in partnership with the Frankfurt School of Finance and Management.

Our support demonstrates Absa's commitment to contributing to the UN SDGs by enabling gender equality, decent work and economic growth, reducing inequalities and creating partnerships for the SDGs. Absa entered into a five-year commercial agreement with Visa to deliver the inaugural South African version of Visa's flagship She's Next Programme. Aimed at empowering women entrepreneurs and to foster inclusive economic growth, the Visa She's Next Programme was first initiated in 2019 across the Commonwealth of Independent States and Europe, Middle East and Africa regions. It recently expanded to sub-Saharan Africa, launching in Kenya earlier in May 2024 and in South Africa in July 2024. Visa will contribute USD1 million by 2028 and will disburse portions to Absa for the developmental aspects of the programme. With its focus on entrepreneurship and women, the programme aligns with the Absa's strategic intent of being an active force for good in everything we do. The initiative also reinforces Absa's identity as a pan-African bank with a dual focus, encompassing our commercial proposition as the "Bank of the Entrepreneur" and our social ambition of promoting "financial inclusion through entrepreneurship". We received 784 applications from women-owned businesses across South Africa after the launch. We selected 30 businesses for a tailored acceleration programme that included mentorship, investor pitch preparation, and skill-building workshops led by industry experts. The top three businesses received prizes totalling R1 million. One business that addresses critical societal issues received a social impact award.

Looking forward

We have made strides in community development and financial inclusion through our unwavering commitment to advancing key social imperatives. These initiatives exemplify our dedication to social responsibility, enhancing our impact and reputation within the communities we serve. Our efforts have particularly focused on the unbanked and underserved communities, with a special emphasis on women and youth. We have continued to enhance access to formal banking services, diverse payment options and financial education, empowering individuals with the tools for effective financial management.

We are continuously evolving our financial inclusion strategy and are developing a strategy maturity framework. This framework will guide our approach to advancing our efforts, enabling us to continuously assess the maturity of our financial inclusion initiatives over time.

Climate

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Our climate approach

In 2023, we committed to reaching net zero greenhouse gas emissions by 2050 across scope 1, 2, and 3 emissions. Achieving the goals of the Paris Agreement of limiting global warming to well below 2°C, with an ambition of 1.5°C, requires collective action, innovative energy solutions, and sustainable practices.

Our four-tier climate strategy remains the key enabler in driving our priority of contributing to Africa's transition in a way that is just and fair to all.

Our priority

Contribute to Africa's transition in a way that is just and fair to all.

Our goals

1. Net zero achieved by 2050
2. Absa established as Africa's leader in sustainable finance
3. Maintain leadership in renewable energy finance.

Climate pillars:

1. Promoting sustainable decarbonisation efforts
2. Lead the transition to green solutions
3. Partnering for decarbonisation
4. Enhance governance and climate risk processes

1. Promoting sustainable decarbonisation efforts

In promoting our sustainable decarbonisation efforts, our priority is balancing environmental care, social equity, economic growth and emissions reduction.

Our objectives

- Proceed with the extension of our sector specific baselining
- Commence documenting and setting sector-specific reductions pathways
- Expand coverage to insured and facilitated emissions
- Complete climate transition plan.

As a financial institution, we recognise our dual responsibility to address both the emissions financed through our business activities and our direct operational emissions. Our commitment to decarbonisation requires dedicated efforts to reduce emissions across our portfolio while actively managing our own operational footprint. By integrating climate considerations into our business strategy, we aim to support a just transition, drive sustainable economic growth, and contribute to a low-carbon future.

Sectoral baselining and decarbonisation pathways and targets setting

We have gained valuable insights in developing sectoral baselines, pathways, and targets. We have identified the following sectors as carrying heightened climate-related risks: real estate, transport and logistics, agriculture, manufacturing, mining and quarrying, construction, water, electricity, coal, oil, and gas.

Throughout the year, we have focused on expanding our sectoral emissions baselining to enhance and expand our coverage of the road transport, real estate and agriculture sector.

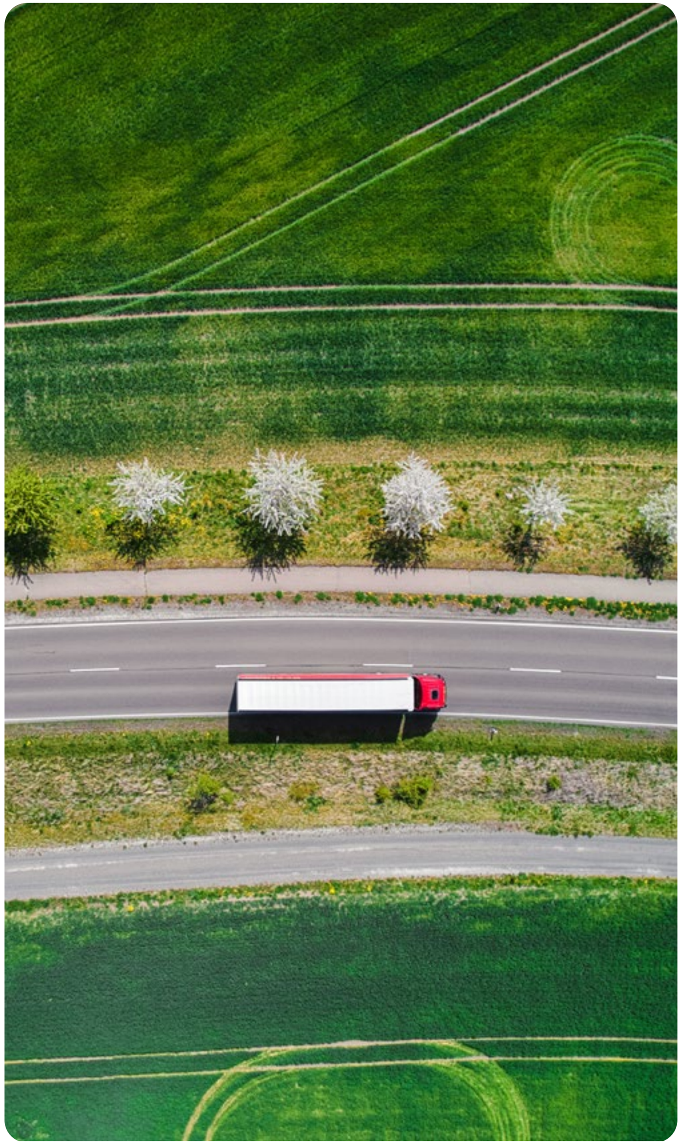
Decarbonisation pathways are in development beyond fossil fuels, with a particular emphasis on the road transport sector as the next focus area. The commitment to this additional pathway will be formally communicated shortly, as we navigate the complexity of emissions baselining and target setting, which relies heavily on data availability, sector-specific carbon regulations, and engagement with key stakeholders, including clients and regulators. A pragmatic approach is required to ensure we set ambitious, yet achievable targets to guide our actions within our scope of influence and the market context.

We are encouraged by the valuable insights gained during this process and remain committed to leveraging these learnings to advance our climate transition plan towards achieving net zero ambition by 2050, underpinned by transparency, practicality and accountability.

Partnership and collaboration across multiple stakeholders are crucial in supporting sector decarbonisation

Our ability to develop decarbonisation pathways is influenced by various factors, including government policy, customer acceptance, technological advancements, and economic assumptions. Identifying and addressing these dependencies is essential. We have engaged with multiple stakeholders, including the Presidential Climate Commission (PCC) and the National Business Initiative (NBI) in South Africa, and have collaborated with leading local research companies to gain a comprehensive understanding of the impacts of decarbonisation on specific sectors.

Our sectoral engagements foster industry-wide solutions by considering the perspectives of various stakeholders. We employ targeted strategies to guide these discussions and identify opportunities for collaboration.



Fossil fuel financing and our net zero commitments

As part of our transition plan, we took steps to materialise our commitment to net zero by 2050, setting interim targets to reduce coal financed emissions by 25% and oil and gas financed physical intensity by 9% by 2030. These targets are included in our short-term or long-term incentive scorecards, as appropriate, ensuring accountability throughout the Group.

Coal pathway

Scope 1, 2, and 3 emissions from thermal and metallurgical coal declined by 11% year-on-year. The emissions data is based on a PCAF score of 1.

Coal financed emission reduction pathway

Sector	2022 (base year)	2023	2030 target
Coal	**1 896 677 tCO_2e**	1 685 831[LA-EA] tCO_2e	25% reduction from 2022 baseline to 2030

Oil and gas pathway

Scope 1, 2, and 3 emissions intensity increased by 2% from oil and gas, year-on-year. The emissions data is based on a PCAF score of 3.

Oil and gas financed emission reduction pathway

Sector	2022 (base year)	2023	2030 target
Oil and gas	**79 gCO_2e/MJ**	81[LA-EA] gCO_2e/MJ	9% reduction from 2022 baseline to 2030

Note: Financed emissions are reported once a year and have a delay of one year before they are made available hence the 2023 figures for fossil fuel emissions performance.

Natural gas as a "crucial transition fuel"

Natural gas currently plays a transitional role in supporting energy security and enabling a shift toward a low-carbon economy – particularly in emerging markets. While natural gas has lower emissions intensity compared to coal and oil, its role must be carefully managed in the context of long-term decarbonisation goals.

In the African context, where energy reliability remains critical for inclusive development, natural gas continues to complement renewable energy expansion and grid stability. However, we recognise the evolving expectations from regulators, investors, and civil society, and we remain committed to refining our financing approach in alignment with global climate targets and national just transition pathways.

Enhancing climate-sensitive sector disclosures

As part of our evolving climate risk approach, enhancements to sector classification and exposure tracking are underway. These improvements will strengthen the accuracy of our disclosures and further align with IFRS S2 recommendations.

Climate performance, financed emissions, and sector exposure

We continue to enhance our approach to monitoring and disclosing climate-related performance, particularly with respect to scope 3 financed emissions, sustainable finance mobilisation, and sectoral exposure to climate risk. These metrics are key inputs to our climate strategy, risk management framework, and net zero transition planning.

Our focus is on improving the transparency of our lending to sectors that significantly contribute to greenhouse gas emissions. These include transport and logistics, oil and gas, mining and metals, manufacturing, and real estate. These sectors are prioritised for financed emissions tracking, climate risk analysis, and client engagement.

Climate-sensitive and fossil fuel sector exposure

As at 31 December 2024, climate-sensitive and high-emission sectors represented 47.9% of Group gross loans and advances, with transport and logistics comprising 10.3% of that total. Exposure to fossil fuel-linked sectors including coal, oil and gas accounted for a combined 1.1%. The remainder is distributed across mining, metals, and manufacturing.

These exposures are monitored on a quarterly basis and form a critical input into our climate scenario analysis, sectoral engagement strategy, and transition planning roadmap. They inform both risk-based capital allocation decisions and targeted client decarbonisation support efforts.

While our exposure to oil and gas has increased, this is carefully aligned with our emissions reduction glidepath. In specific cases, increased financing enables clients to accelerate decarbonisation through investments in renewable energy, operational efficiency, and cleaner technologies. This reflects our commitment to enabling responsible financing as part of a just transition.

1. Promoting sustainability decarbonisation efforts continued

Climate-sensitive sector

In aggregate, priority sectors below constitute 47.9% of our total gross loans and advances. However, excluding our sizeable real estate loan book, which is primarily retail home loans, the sectors represent 20.9% of our total loans, with the transport and logistics portfolio which is inclusive of the vehicle and asset finance portfolio at 10.3%, and our well-diversified agriculture portfolio at 4.3% as the most significant components.

Sector	Drawn exposure 2024 Rbn	% of total group loans and advances	Drawn exposure 2023 Rbn (restated)	% of total group loans and advances
Agriculture	69	4.3	68	4.7
Construction	11	0.7	10	0.7
Electricity[1]	6	0.4	5	0.4
Manufacturing	53	3.3	53	3.7
Mining and quarrying[2]	31	1.9	22	1.5
Real estate	437	27.0	420	28.9
Transport and logistics	166	10.3	165	11.3
Water[3]	0	0.0	0	0
Total	773	47.9	743	51.2

1 Excluding renewables.
2 Excludes fossil fuels for upstream activities.
3 The drawn exposure for water for the 2024 period is R112 million.

High-emission sector

We monitor our drawn exposure to sectors with generally high emissions every quarter. These sectors represent over 15% of our total Group loans, with transport and logistics the largest at 10.3%.

Sector	Drawn exposure 2024 Rbn	% of total group loans and advances	Drawn exposure 2023 Rbn (restated)	% of total group loans and advances
Electricity	6	0.4	5	0.4
Manufacturing	53	3.3	53	3.7
Mining and quarrying	31	1.9	22	1.5
Transport and logistics	166	10.3	165	11.3
Total	256	15.9	245	16.9

Fossil fuel sector

Managing fossil fuel financing within our transition strategy

As part of our commitment to transparency and responsible financing, we disclose our total exposure to coal, oil, and gas. This disclosure reflects our approach to balancing financial support for clients in transition while ensuring alignment with our emissions reduction strategy.

In 2024, total fossil fuel financing limits increased by 3% to R29 billion (2023: R28.2 billion), driven by an expansion in oil and gas facilities, while coal financing remained unchanged. Our lending strategy remains anchored in our emissions reduction glidepath, prioritising support for clients with credible decarbonisation plans.

	Rbn 2024	2023	Movement	% of group loan 2024	2023
Coal					
Limit	2.1	2.1	0.0	0.1%	0.1%
Drawn exposure	0.4	0.5	(0.1)	0.0%	0.0%
Oil					
Limit	19.3	18.6	0.7	1.2%	1.3%
Drawn exposure	16.8	14.6	2.2	1.0%	1.0%
Gas					
Limit	7.6	7.5	0.1	0.5%	0.5%
Drawn exposure	2.1	1.0	1.1	0.1%	0.1%

This increase reflects transitional dynamics within the energy sector and does not indicate a shift away from our long-term decarbonisation trajectory. We continue to engage with clients to accelerate credible transition pathways.

Key trends in fossil fuel financing

As part of our role in supporting a responsible and inclusive energy transition, we continue to engage clients across energy-intensive sectors to help align their business models with a low-carbon future. The following trends reflect the transitional dynamics shaping our fossil fuel financing profile in 2023:

Coal sector financing remained unchanged in 2023. This is in line with our approach to restrict new lending to the coal sector, while continuing to work with existing clients to facilitate credible transition pathways and reduce long-term emissions intensity.

Oil sector financing increased, with total credit limits rising by R0.7 billion and drawn exposure up R2.2 billion. This growth is linked to clients securing working capital and infrastructure finance to maintain operational stability during energy market volatility. While these activities support short-term energy security, we continue to engage clients on transition planning and science-aligned decarbonisation targets.

Gas sector financing remained relatively stable in approved limits (+R0.1 billion) but drawn exposure more than doubled—from R1.0 billion to R2.1 billion. This shift reflects growing investment in infrastructure upgrades and system efficiency. In the African context, natural gas plays a transitional role; however, we assess all exposures against our net-zero ambition and the evolving expectations of regulators and stakeholders.

We recognise that fossil fuel financing presents reputational, transition, and climate-related risks. As such, we apply enhanced due diligence, emissions tracking, and climate risk assessments to all financing decisions in these sectors. Our ambition remains to decarbonise our portfolio in a just and responsible way, aligned with both international best practice and the developmental needs of the regions in which we operate.

1. Promoting sustainability decarbonisation efforts continued

Our climate metrics and progress

The table below outlines our progress against key climate-related indicators. These metrics support transparency, performance benchmarking, and alignment with stakeholder expectations under frameworks such as IFRS S2, TCFD, and emerging regulatory guidance.

Metric	2023	2024	Status
Cumulative sustainable finance (since 2021)	R84.2bn	R121.1bn	Exceeded
Own carbon emissions	32.7%	33.2%	On track

We continue to strengthen the granularity of our emissions and exposure tracking. In future reporting cycles, we aim to expand disclosures to include sector-level carbon intensity metrics and alignment pathways. These will support our broader climate transition plan and provide greater clarity on our trajectory toward net zero.

Aligning financing with decarbonisation

While our financing exposure to oil and gas has increased, this is carefully aligned with our emissions reduction glidepath. The relationship between lending and portfolio emissions intensity is not strictly linear. Increased financing can, in some cases, accelerate emissions reductions as clients invest in low-carbon technologies, operational efficiency improvements, and renewable energy shifts.

Looking forward, our focus is on balancing energy security with responsible financing, ensuring that our lending supports a managed transition towards a lower-carbon economy.

Financed emissions

Our carbon emissions are primarily driven by indirect emissions linked to our financing activities. To better understand these emissions, we apply PCAF methodology, which calculates the greenhouse gas emissions associated with the lending activity and determines the "attribution factors" for each client. Our financed emissions calculations include the following asset classes: coal, oil and gas, commercial real estate (commercial property finance), real estate (mortgages), agriculture and road transport.

Financed emissions methodology and integration into transition planning

Our approach to financed emissions disclosure follows the PCAF Global GHG Accounting and Reporting Standard, which provides a structured methodology to attribute emissions to financial institutions based on their exposure to specific asset classes. This disclosure forms part of our broader climate risk framework and supports scenario analysis, client engagement, and strategic decision-making.

We currently disclose financed emissions for five key asset classes:

- Commercial real estate
- Residential real estate (mortgages)
- Road transport (vehicle and asset finance)
- Oil and gas
- Coal mining.

These sectors have been prioritised due to data availability, materiality to our portfolio, and exposure to climate transition risk.

	Financed emissions ($tc0_2e$)	
Sector	**2024**	**2023**
Real estate (mortgages)[1]	**1 080 927**[LA-EA]	1 119 867
Commercial real estate (commercial property finance)[2]	**1 511 494**[LA-EA]	1 664 848
Passenger cars	**619 324**	637 306
Vans	**312 496**	318 547
Trucks	**56 995**	54 171
Agriculture	**5 701 621**	6 048 880

[1] Real estate emissions have shifted structurally in 2023 as a result of updated data and enhanced methodology of the emissions baseline calculations.
[2] Real estate (CPF) emissions have shifted structurally in 2023 as a result of updated data and enhanced methodology of the emissions baseline calculations.

The above disclosure represents a partial view of our overall scope 3 financed emissions. Other sectors are currently in scope for data refinement and will be added in future disclosures.

Financed emissions serve as a foundation for assessing the carbon intensity of our lending portfolio, prioritising sector-level decarbonisation pathways, and guiding internal capital allocation decisions.

They also support:

- The development of climate-aligned products and targets
- Client engagement strategies across high-impact sectors
- Alignment with our 2050 net zero commitment

As we improve our emissions tracking capability, we will use these insights to inform our climate scenario planning, portfolio alignment goals, and sector engagement frameworks. This work is fully integrated into our Climate Risk Strategy and Group Transition Plan Roadmap.

1. Promoting sustainability decarbonisation efforts continued

Insured and facilitated emissions

Insured and facilitated emissions constitute a significant component of our scope 3 insured emissions. While these activities offer a different perspective compared to lending, integrating both approaches allows for the development of strategies and product designs that can facilitate a more effective transition within our asset finance businesses. These calculations are currently being developed to supplement our climate transition plan.

Our own carbon emission

We are committed to achieving a 51% reduction in our own carbon emissions by 2030, using 2018 as our baseline year. Our corporate real estate team, in partnership with key business units such as procurement, information technology, travel, and building management, continuously assesses and manages our environmental impact. Through our environmental action plan, we are committed to minimising our direct environmental footprint by enhancing resource efficiency, reducing emissions, and promoting sustainable operations.

This plan includes defined targets that support our decarbonisation journey, as outlined below:

Indicator	Year-on-year change	Change from 2018 baseline	2030 target (2018 baseline)
Energy	(13.12%)	(40.16%)	30% reduction
Carbon (greenhouse)	(0.52%)	(33.20%)	51% reduction
Water saving[1]	27 million litres	259 million litres	100m litres saved
Waste recycling[2]	18.88%	31.61%	80% waste recycled
Paper	5.23%	84.66%	50% reduction
Renewable energy usage[3]	3.63%	–	10% increase
Travel	(42.90%)	(52.65%)	20% reduction
Green-certified spaces	23.88%	23.88%	33% increase

1 18 867 million litres were saved from grey water systems and 8 135 million litres from the use of smart toilets.
2 Waste diverted from landfill amounted to 1 259 tonnes.
3 Renewable energy is not measured against baseline but measured on a year-to-year basis.

We actively manage our operational emissions by focusing on four key areas: energy consumption, carbon emissions, waste management, and water usage. Detailed insights into each of these areas are provided below.

Energy consumption

We operate a vast network of branches and Automated Teller Machines (ATMs) that require energy for lighting, heating, and cooling, along with energy-intensive data centres and corporate sites to support our operations.

We are committed to reducing and monitoring our energy consumption throughout our portfolio in accordance with our sustainability objectives. At present, 40% of our electricity data is obtained from smart meters, while the remaining 60%, which includes data from our ARO, is derived from modelled estimates. We have made substantial progress since 2018, when we established a goal to reduce energy consumption by 30% by 2030. We have surpassed our in-year energy consumption reduction target of 3% by achieving a 13.12% in-year reduction by end of December 2024. Furthermore, we have successfully reduced our energy consumption by 40.16% in comparison to the 2018 baseline, significantly surpassing our 30% target by 2030 as evidenced by the data available from January 2024 to December 2024. In 2024, we replaced fluorescent lighting with LED lighting at 50 retail sites. This initiative contributed significantly to our efforts to achieve a sustained reduction in our energy consumption. In addition, our multi-year energy optimisation programme in our data centres also contributed to achieving this significant reduction in energy usage. In the past, our business continuity measures necessitated a significant dependence on diesel backup generators, which resulted in an increase in both our fuel consumption and environmental impact. Nevertheless, the necessity for diesel generators has diminished considerably in 2024 as a result of a reduction in power interruptions. This has enabled us to redirect our attention to the utilisation of renewable energy sources.

Energy type	2024	2023	2022	2021	2020
Renewable	**4 139 460**LA-EA	3 960 003LA-EA	1 833 851LA-EA	1 687 208LA-EA	1 857 332
Solar photovoltaic (kWh)	**4 025 552**	3 763 394	1 638 504	1 494 069	1 791 801
Gigajoule (GJ)	**14 492**	13 548	5 899	5 379	6 450
Wind (PPA) (kWh)	**113 908**	196 609	195 347	193 139	65 531
Gigajoule (GJ)	**410**	708	703	695	236
Non-renewable	**189 238 131**LA-EA	218 609 776LA-EA	214 129 164LA-EA	223 972 412LA-EA	222 735 993
Gas (kWh)	**31 229 321**	36 383 299	34 423 152	35 405 866	34 369 589
Gigajoule (GJ)	**112 426**	130 980	123 923	127 461	123 731
Diesel (kWh)	**9 551 483**	43 434 402	22 175 521	8 529 873	6 669 681
Gigajoule (GJ)	**34 385**	156 364	79 878	30 708	24 011
Grid electricity (kWh)	**148 457 327**	138 792 075	157 530 491	180 036 673	181 696 723
Gigajoule (GJ)	**534 446**	499 651	567 110	648 132	654 108
Total (kWh)	**193 377 591**LA-EA	222 569 779LA-EA	215 963 015LA-EA	225 659 620LA-EA	224 593 325
Gigajoule (GJ)	**696 159**	801 251	777 513	812 375	808 536
Energy intensity (kWh/m²)[1]	**218**	234	293	285	261

1 Gigajoule conversions are based on IPCC Default Calorific Values.

1. Promoting sustainability decarbonisation efforts continued

Our energy consumption reduction initiatives

Electricity and water smart metering

Our energy management approach relies on accurate measurement and deep understanding of our consumption patterns. Our first focus is on making investments in dependable measuring and monitoring instruments so that we may better understand our energy consumption trends. These tools helps us identify inefficiencies and target areas of improvement. This proactive approach supports our sustainability goals as well as improves operational efficiency throughout our portfolio.

In 2024, we increased our smart electricity and water meter coverage by installing an additional 30 electricity smart meters and 64 water smart meters at a cost of R4.45 million. This has ensured that 82% of our South African portfolio has smart electricity meters and 44% has smart water meters installed.

Efficient lighting rollout

Sustainable building operations 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 greenhouse gas emission 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 fluorescent light fittings with energy efficient LED lighting. In 2024, 50 retail sites were retrofitted with LED lighting at a cost of R22 million. 78% retail sites and 80% corporate sites of our portfolio is currently retrofitted with LED lights. Where possible, we will continue to drive energy efficiency within our operations.

Renewable energy

The current target is to increase our renewable energy usage by 10% by 2030 from 2018. We have solar photovoltaic plants installed at six of our corporate sites and 50 retail branches. Two retail branches located in Nelson Mandela Bay Metro utilise wind energy sourced through a Power Purchase Agreement (PPA) with PowerX. To date, we have achieved an increase of 4% against our 10% 2030 target.

Greenhouse gas emissions

We aim to reduce our own carbon emissions by 51% by 2030, using 2018 as the baseline. As at end of December 2024, we have achieved a 0.52% reduction in carbon emissions, against our in-year target of 5%. While the reduced reliance on generators contributed to lower direct emissions, the increased availability of grid electricity led to a higher dependency on grid-supplied power, which has its own carbon footprint.

As we continue our journey to sustainably reduce our carbon emissions, the following factors have negatively impacted our efforts. Firstly, an increase in Eskom's carbon emission factors has contributed to a higher emissions intensity for the electricity we consume, reducing the overall benefits of shifting away from diesel generators. Secondly, delays in obtaining Small Scale Embedded Generation (SSEG) approval from municipalities from our solar photovoltaic installations have hindered our ability to integrate more renewable energy into our operations, limiting the extent to which we could offset emissions from grid reliance.

Additionally, the reactivation of non-essential equipment that was previously offline due to power disruptions, such as air conditioning systems running at full capacity, increased operational energy consumption. As a result, the net carbon target was below the in-year target of 5%.

However, despite not meeting the in-year target, we are on track to achieving our 2030 target of 51% carbon emissions reductions. Our Energy-Efficient Lighting Programme and ongoing efforts to reduce and optimise our portfolio have significantly contributed to emissions reductions efforts. To date, we have successfully achieved an overall 33.2% reduction in carbon emissions, demonstrating strong progress towards our long-term sustainability commitments. Our ongoing efforts to reduce and optimise our portfolio have significantly contributed to emission reductions efforts. Moving forward, we will implement enhanced energy efficiency measures, drive employee awareness campaigns, and accelerate our renewable energy adoption strategy to mitigate increased grid dependency and ensure sustained progress towards our 2030 target.

Greenhouse gas emissions (tonnes CO_2e)

	2024	2023
Scope 1	**12 049**[LA-EA]	21 859[LA-EA]
Gas	6 327	7 370
Company cars	3 159	2 834
Diesel	2 564	11 655
Scope 2	**127 801**[LA-EA]	112 516[LA-EA]
Real estate (national grid electricity)	127 801	112 516
Scope 3	**11 108**[LA-EA]	17 375[LA-EA]
Travel[1]	6 867	14 722
Transmission and distribution	4 241	2 653
Total greenhouse gas	**150 958**[LA-EA]	151 750[LA-EA]

[1] Travel under scope 3 consists of air travel (5 330 tCO_2e; 2023: 12 449 tCO_2e), hired cars (96.47 tCO_2e; 2023:100 tCO_2e) and private cars (1440 tCO2e; 2023: 2 173 tCO_2e)

Certified green spaces

As part of our environmental action plan, we aim to achieve a 33% increase in our certified spaces across the Group by 2030, with a minimum three-star rating certification as the standard. As at the end of December 2024, 18 buildings (eight corporate buildings and 10 retail branches) have been certified as green spaces. We have surpassed our in-year target of 3% by achieving 8% as at end of December 2024. Two branches, namely Absa Cathedral Square and Absa Zeerust received certification awards from the Green Building Council South Africa (GBCSA) for Best Quality Submission in the Green Star Existing Building Performance category. We have been members of the GBCSA, since 2012 and the Kenyan Green Building Council since 2020.

Energy performance certificates

As at the end of December 2024, a total of 19 corporate and retail sites exceeding 2 000m^2 in size have obtained mandatory Energy Performance Certification (EPC) in accordance with the mandatory government regulations. In addition, nine retail branches ranging between 1 500m^2 and 2 000m^2 in size, obtained voluntary Energy Performance Certification.

1. Promoting sustainability decarbonisation efforts continued

Water and effluent management

Our objective is to reduce potable water consumption by 100 million litres by 2030, with a 9 million litres in-year target for 2024. Greywater recycling plants, which include greywater harvesting for flushing, are installed at three of our corporate offices in Botswana and South Africa. In the reporting year, we have saved 27 million litres from greywater systems and the use of smart toilets in comparison to our in-year target of 9 million litres.

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. In 2024, we reinstated the slow-flow systems within the restroom facilities at three corporate sites, effectively reducing water flow to taps by approximately 45% per handwash. To build on this momentum, we have scheduled similar installations at three additional corporate sites in 2025, ensuring sustained reductions in water consumption and reinforcing our commitment to sustainable water management.

Water consumption (kilo litres)

	2024	2023
Total water consumption	331 731 LA-EA	265 172 LA-EA
Water savings[1]	27 002 LA-EA	19 042
Water intensity (kl/m²)	0.4	0.3
Water intensity ratio (kl/FTE)	9.5	7.4

1 Water savings comprise of greywater systems (18 867kl LA-EA; 2023: 19 042) and smart toilets (8 135kl)

Material management initiatives – generated waste management

We aim to divert 80% of the waste produced within our facilities from landfills by 2030. Our integrated waste management strategy is a comprehensive and integrated approach that includes waste avoidance, waste minimisation through reduction, recycling or reuse, waste collection and transportation, waste treatment, and waste disposal, as a last resort. As of 2024, we have achieved an 89% waste diversion rate, exceeding our 2024 in-year target of 80%. Waste sent to landfill has decreased to 162 tonnes reduction from the 2018 baseline of 1 245 tonnes. During 2024, Absa achieved an impressive 89% waste recycling rate, in partnership with Iron Mountain playing a critical role in shredding and recycling 846 tonnes of paper. This achievement was largely driven by business clean-up initiatives. This facilitated the clearance of offices and secure document disposal, and general building clean-ups that ensured the environmentally responsible disposal of redundant documents and materials.

The decrease in waste generation across our facilities is driven by ongoing employee awareness, ensuring sustained engagement in waste separation practices. Additionally, at our five sites equipped with composters, waste separation for composting and organic waste recycling remains high because of effective waste sorting at the source. At our Pretoria Campus, landscaping teams use composted food and biodegradable waste for on-site soil enrichment, reducing the need for external compost purchases. Additionally, excess compost is donated to the City of Johannesburg's Parks and Zoo Department, supporting urban greening, farming and landscaping.

Waste management (tonnes)

	2024	2023
Recycled	1 259	468
Waste to landfill	162	204
Total waste	1 421 LA-EA	672 LA-EA
Recycled (%)	89	70
Recycling target (%)	80	75

Material management initiative – paper management

As part of our commitment to sustainability, we set a target to reduce office paper consumption by 50% by 2030, using 2018 as the baseline. As of 2024, we have achieved an 84.66% reduction, surpassing our 2030 target by 34.66%. The significant reduction is primarily driven by ongoing digitisation initiatives, which have minimised the reliance on paper across various business operations. However, certain business processes and critical customer documentation still necessitate paper use.

We are committed to further reducing our environmental impact while ensuring that any unavoidable paper use is managed responsibly. Our comprehensive recycling programmes continue to support sustainability objectives by diverting office paper waste from landfill, reinforcing our commitment to circular economy principles.

Clarifying emissions reduction reporting amid external grid factor changes

In the 2024 reporting period, Absa achieved an internal carbon emissions reduction of 5.4% against a targeted 5% reduction, reflecting tangible performance improvements driven by operational interventions.

However, primarily due to changes in the Eskom national grid emission factor published in December 2024, the externally assured emissions reduction is reported at 0.52%. This variance reflects an external adjustment beyond our control unrelated to our operational activities.

To maintain transparency and accountability, we have included a reconciliation ("bridge") below between our internally tracked performance (applicable within the Organisational Health component of our incentive arrangements) and the externally reported figure (used for assurance and regulatory disclosure).

Description	Emissions reduction (%)	Notes
Target reduction (internal – target)	5.00	Internal target for 2024
Achieved reduction (internal – actual)	5.40	Internal reduction prior to application of revised emission factor
Impact of changes in grid factor adjustment	-4.88	Retrospective change applied to full year emissions calculations
Final assured reduction (external reporting)	0.52	Deloitte-assured using updated Eskom factor; aligned with IFRS S2 and JSE disclosure guidance

2. Lead the transition to green solutions

In leading the transition to green solutions, our priority is to empower clients to finance green solutions and adopt sustainable practices.

Our objectives

- Continue expanding our share of the market for green product offerings
- Mobilise a cumulative R100 billion in sustainable finance (including renewable energy) from 2021 to 2025
- Enhance client understanding and awareness of the climate-related products and services we offer.

We are one of Africa's largest financiers of renewable energy. Our lending and expertise in this sector directly support both energy decarbonisation and the closure of the African energy poverty gap. We are proud to be one of the main financiers of South Africa's Renewable Energy Independent Power Producer (REIPP) Programme – having arranged financing for more than 50% of all projects closed to date.

- Since inception, we have mobilised and arranged more than R115 billion to support over 50 different projects, resulting in us adding over 5GW of clean energy infrastructure.
- Regulatory and policy reforms have further accelerated growth in this sector. Among these are regulatory steps to allow power wheeling by independent power producers, across the grid, to power users wherever they are connected.
- This very important step resulted in an exponential increase of new projects, where power is sold by IPPs, power aggregators and power traders, to consumers across the grid.
- In a short space of time the Group arranged financing for close to 2GW of captive power projects in SA.

Additionally, we have helped our clients with approximately R40 billion in sustainability-linked products and solutions, enabling them to accelerate their sustainability journeys. Furthermore, we have leveraged international capital flows through our R4.5 billion International Finance Corporation (IFC) Market Accelerator for Green Construction (MAGC) facility. This facility includes a grant component which provides developers and first-time homeowners of green certified buildings with cash back (total benefit to clients of c. R180 million).

Sustainable finance

In March 2021, we became the first bank on the continent to publicly announce sustainable financing targets. At the time, we aimed to mobilise R100 billion in sustainable financing by December 2025. We have achieved the R100 billion sustainable target a year ahead of plan. As a direct result of our efforts, we have driven measurable impact across several areas.

Notable 2024 sustainable finance deals

R1.5 bn
Issuance of the first sustainability-linked facility in the packaging and paper industry in South Africa to a company that provides materials made from wood fibre-based renewable resources in Europe, North America, and South Africa.

Sappi Ltd

Renewable energy Independent Power Producer Procurement Programme (REIPPPP)
Acted as the guarantees issuing bank, joint mandated lead arranger, agent bank, joint hedge provider, and lender on a milestone deal and financed ENGIE's two solar photovoltaic power plants to generate up to 150MW of renewable, affordable and reliable electricity over 20 years.

Engie

R1.1 bn
Lender and sustainability coordinator for green and sustainability-linked loans directed to Retail Real Estate Investment Trust's solar PV project.

Vukile Property Fund Ltd

R2.68 bn
Acted as a joint mandated lead arranger and joint hedge provider for a Battery Energy Storage Systems project with a total investment of R6.95 billion, with Absa contributing a significant R2.68 billion.

EDF

As part of our commitment to mobilising sustainable finance at scale, we continue to prioritise investments that drive measurable impact in clean energy, infrastructure, and social development. Our approach aligns with global best practices and supports the transition to a lower-carbon and more resilient economy. These efforts have positioned Absa as a key enabler of Africa's sustainability transition.

2. Lead the transition to green solutions continued

Our product and services supporting our net zero targets

Absa is committed to driving the transition to a net zero carbon economy by providing innovative financial solutions that support sustainability. Through tailored products and services, we help clients navigate their journey to a low-carbon future. By leveraging our expertise and capital, we empower businesses to reduce their environmental impact, manage climate risks, and seize opportunities in the green economy.

Our products and services supporting our net zero target	Relationship Banking	Everyday Banking	Absa Regional Operations	Product Solutions Cluster
Sustainability-linked finance Incentivised products for customers to achieve sustainability targets	☑	☑	☑	
Green deposits The green deposits encompass two offerings: the Absa Fixed Deposit and the Absa Access Deposit Note	☑			
Green home loan financing Incentivising developers and consumers to embrace sustainable building practices				☑
Financing of climate-related products for individuals Providing financing solutions that promote the adoption of renewable energy sources by making them more accessible and flexible	☑	☑	☑	☑
Raising awareness on climate-related risk Integrating sustainability factors and analysis into engagements	☑			☑

For CIB business, we were able to progress our products and service offering and tailor it to our market

	Investment banking	Global markets	Transactional banking assets	Transactional banking liabilities
Green products	• Green loans • Green bond	• Trading of green bonds loans • Trading of carbon credits	• Green trade finance • Green trade loan	• Green deposit
Social products	• Social loans • Social bonds	• Trading of social bonds and loans	• Social trade loan	
Sustainability products	• Sustainability loans • Sustainability bonds			
Sustainability-linked products	• Sustainability-linked loans • Sustainability-linked bonds	• Trading of sustainability-linked bonds and loans	• Sustainability linked trade and working capital	
Transition finance	• Transition loans • Transition bonds			

Mobilising R100 billion for climate action and a just transition

Financing Africa's sustainable future

As a pan-African financial institution, Absa is committed to empowering Africa's tomorrow by enabling sustainable investments that drive climate resilience, energy security, and inclusive economic growth. Recognising that climate change presents both risks and opportunities, we continue to play a pivotal role in mobilising capital to support businesses, communities, and individuals on their transition journey.

In March 2021, we set a target to mobilise R100 billion in sustainable finance by 2025 to support investments in renewable energy, infrastructure, and social development. By the end of 2024, we surpassed this goal more than a year ahead of schedule, reinforcing our role in financing Africa's transition. Since 2021, we have cumulatively mobilised R121.1 billion in sustainable finance, with R37.1 billion deployed in 2024 alone.

This milestone reflects our broader ambition to integrate environmental, social, and governance (ESG) considerations into financial decision-making, ensuring that our capital deployment supports real economic transformation while maintaining financial stability and responsible risk management.

2. Lead the transition to green solutions continued

Delivering sustainable finance at scale

Sustainable finance is embedded across our business, supporting corporate clients, small businesses, and retail customers in accessing funding for climate-conscious and socially inclusive investments. The majority of this capital has been deployed through Corporate and Investment Banking (CIB), which accounted for R115.3 billion of the total mobilised since 2021. In 2024 alone, CIB financed R35.2 billion in sustainable investments, reinforcing its role as a leader in financing large-scale renewable energy projects and corporate transition finance.

In addition to corporate investments, we continue to expand our Relationship Banking (RB) and Product Solutions Cluster (PSC) offerings, supporting households and small businesses in adopting energy-efficient solutions. Our retail renewable energy lending grew by 25% year-on-year, enabling more customers to invest in solar, battery storage, and energy efficiency upgrades.

Sustainable finance – climate mobilised by business unit (Rbn, cumulative impact included)

	2024	2023	2022	2021	Cumulative total
CIB	35.2[1]	31	30.5	18.6	115.3
RB	1.4	1.1	0.6	0.5	3.6
PSC	0.5	0.4	0.7	0.6	2.2
Total	37.1	32.5	31.8	19.7	121.1

1 CIB includes R796 million of social financing

Having exceeded our initial cumulative sustainable finance mobilisation target, we are in the process of reviewing our forward targets to reflect evolving market dynamics. This includes consideration of shifting capital flows, pricing pressure in certain green asset classes, and project delays in the regional gas sector. Scaling transition finance remains a priority, balanced by ongoing evaluation of portfolio-level trade-offs and opportunities to ensure a responsible approach.

Supporting energy security and clean power

Aligning with global sustainability frameworks

Our sustainable finance strategy aligns with international sustainability and climate disclosure standards, ensuring transparency, accountability, and long-term value creation.

Task Force on Climate-related Financial Disclosures (TCFD)

We integrate climate risk governance, physical and transition risk management, and scenario analysis into our lending decisions.

Global Reporting Initiative (GRI)

Our reporting provides measurable impact data, such as carbon emissions avoided, renewable energy financed, and access to sustainable housing.

Principles for Responsible Banking (PRB)

Our financing strategy is aligned with the UN SDGs:

- SDG 7 (Affordable and clean energy) - Expanding access to renewable power
- SDG 13 (Climate action) - Supporting corporate decarbonisation and transition finance.

International Capital Market Association (ICMA) sustainability bond guidelines

Our approach aligns with industry-recognised frameworks for green, social, and sustainability-linked financing.

Renewable energy financing

	Rbn			Total limit		
	2024	2023	2022	2024	2023	2022
Drawn exposure – as at 31st December	37.2	28.0	23.0	2.3%	1.9%	2.0%

Sustainable finance as a percentage of our gross loans and advances

	Rbn	Allocation %
Gross loans and advances	1 403	
Cumulative sustainable finance normalised by gross loans and advances	121.1	8.6%
Annual sustainable finance normalised by gross loans and advances during 2024	37.1	2.6%

Our normalised sustainable finance show that we have mobilised 2.6% for the year, and cumulatively 8.6% compared to gross loans and advances for the year ending 2024.

A significant portion of the 2024 mobilisation supports financing aligned to internationally recognised environmental objectives–particularly those focused on climate change mitigation, climate adaptation, and the promotion of resource efficiency. Our internal processes are evolving to improve the classification, validation, and impact tracking of these financing activities, in line with global good practice and emerging regulatory expectations. Going forward, we aim to provide additional insight into how these activities contribute to environmental outcomes and to improve classification consistency.

2. Lead the transition to green solutions continued

Expanding access to sustainable and affordable housing

In addition to energy financing, we continue to support inclusive and climate-resilient housing solutions. In 2024, we financed over 1 500 new affordable homes, contributing to urban resilience and financial inclusion.

Through the R4.5 billion IFC Market Accelerator for Green Construction (MAGC), we have funded 4 600 energy-efficient homes and 600 student accommodation beds, helping to improve access to sustainable housing while promoting energy efficiency.

Demonstrating impact through sustainable finance

Key area	Impact
Renewable energy financed	7GW of clean energy capacity
Households powered	3 million homes in South Africa
Carbon emissions avoided	Estimated 12 million tonnes CO_2 annually
Affordable housing financed	1 500 homes in 2024
Sustainable student housing	600 green student beds
Sustainability-linked finance mobilised	R32 billion

Sustainable finance impact – allocation and outcomes

As part of our commitment to driving sustainable and inclusive economic growth, Absa's sustainable finance mobilisation has resulted in:

- R45 billion in renewable energy financing, supporting Africa's transition to cleaner power
- R20 billion in social and affordable housing, improving access to climate-resilient living solutions
- R32 billion in sustainability-linked finance, enabling businesses to achieve measurable ESG targets.

Category	Investment (Rbn)	Key impact
Renewable energy financing	45	7GW clean energy capacity, 3 million homes powered
Affordable and student housing	20	4 600 green homes, 600 student beds
Sustainability-linked corporate finance	32	500+ businesses supported in transition
Other green projects	3	Climate adaptation initiatives

These investments directly contribute to Absa's broader sustainability strategy, reinforcing our dedication to driving financial innovation that supports a just transition.

Diving deeper: *Sustainable finance – climate mobilised by business unit (Rbn, cumulative impact included)*

Looking forward

As we look beyond the R100 billion milestone, we are focused on financing solutions that drive long-term impact while ensuring financial resilience.

Our priorities for 2025 and beyond include:

- Scaling renewable energy financing, supporting businesses and individuals investing in energy security
- Expanding transition finance, helping high-emission industries move towards lower-carbon business models
- Enhancing funding for sustainable housing and urban infrastructure, ensuring long-term climate resilience
- By continuing to align capital with sustainability objectives, Absa remains a key enabler of Africa's transition to a more inclusive, resilient, and sustainable future.

3. Partnering for decarbonisation

A just and inclusive transition

Achieving a sustainable, low-carbon future requires collaboration across industries, financial institutions, and policymakers. At Absa, we are committed to supporting businesses, employees, and supply chain partners in their transition by offering financing solutions, technical guidance, and engagement opportunities. Our approach ensures that decarbonisation is inclusive, economically viable, and socially responsible, helping businesses and communities move forward without being left behind.

A balanced approach to climate action

A just transition is essential to ensuring that climate action does not come at the expense of economic development and social stability. Businesses, communities, and economies must transition at a sustainable pace, balancing environmental responsibility with financial resilience. Absa plays a key role in facilitating this shift by working with stakeholders, financing credible transition plans, and providing technical support to businesses adapting to new sustainability requirements.

Supporting clients in their transition

High-emission industries, small- and medium-sized enterprises (SMEs), and emerging sectors face unique challenges in the shift to a low-carbon economy. Absa actively works with these businesses to help them transition responsibly. Our approach includes:

- Offering sustainability-linked loans, green bonds, and transition finance to support investments in cleaner technologies.
- Engaging with clients to assess their transition plans, share industry best practices, and provide insights into emissions reduction strategies.
- Collaborating with businesses in energy, manufacturing, and transportation to establish tailored decarbonisation roadmaps.

By prioritising both economic resilience and environmental responsibility, we ensure that businesses remain competitive while adapting to climate-related regulations and market shifts.

Applying a responsible lending framework

As part of our commitment to sustainable finance, Absa integrates environmental and social risk considerations into lending decisions. Through our Environmental and Social Management System (ESMS), we assess risks across all financing activities to:

- Align lending with just transition principles
- Support clients in adopting sustainable business models
- Ensure that financial decisions contribute to equitable economic growth and climate resilience.

Our approach aligns with the Equator Principles, reinforcing our commitment to financing projects that minimise environmental harm while promoting social wellbeing.

Integrating Africa's development needs in fossil fuel target setting

A just transition in Africa requires a pragmatic, regionally sensitive approach. To ensure our fossil fuel financing targets align with both climate goals and economic realities, we have adopted the Africa Announced Pledges Scenario (APS) as our benchmark. This framework ensures that:

- Energy transition strategies take into account Africa's energy security, infrastructure needs, and economic development priorities
- Our financing approach enables gradual, well-managed transitions rather than abrupt disruptions to key industries
- Climate goals are aligned with the realities of emerging markets, balancing sustainability with development objectives.

By using APS, we reinforce our commitment to an inclusive transition strategy that helps businesses and communities adapt to a changing energy landscape.

Building internal capability for climate action

Transitioning to a low-carbon economy requires expertise across all levels of the organisation. Absa provides comprehensive sustainability training to ensure employees are well-equipped to support clients, manage climate risks, and integrate ESG factors into financial decision-making.

In 2024, over 40 000 employees participated in foundational climate risk training, with an additional 2 814 completing targeted programmes. Internal engagement initiatives, such as the Basel Climate Risk Programme's "Green Day" and workshops on the South African Reserve Bank's climate risk stress testing, have strengthened regulatory alignment and improved climate risk management across business divisions.

To further embed sustainability expertise, Absa provides targeted ESG training for key roles, including frontline and credit staff, and partners with organisations such as Chapter Zero to enhance executive-level sustainability competency.

Collaborating with suppliers for low-carbon solutions

Our supply chain plays an important role in advancing sustainability and reducing operational emissions. Absa collaborates with suppliers to ensure that:

- They adopt sustainable business practices in line with responsible procurement standards
- We support suppliers leading in low-carbon innovation, particularly in renewable energy, energy-efficient technologies, and sustainable materials
- ESG considerations are integrated into supplier selection and contracting processes, ensuring alignment with long-term climate goals.

Looking forward

As we deepen our partnerships for decarbonisation, our priorities include:

- Expanding transition finance solutions to help businesses shift towards low-carbon technologies and sustainable operations
- Strengthening industry collaborations to accelerate innovation in green financing and transition risk assessment
- Continuing internal capability-building efforts to ensure our teams remain at the forefront of climate risk management and ESG integration.

By fostering collaboration, financing sustainable initiatives, and sharing expertise, Absa is committed to ensuring that climate action is both responsible and inclusive. As we move forward, we will continue to align our financial decisions with sustainability objectives, creating long-term value for clients, communities, and investors.

3. Partnering for decarbonisation continued

Our impact, across the continent

Case Study — Promoting green buildings in Africa

In 2024, Absa provided over R4.9 billion in green building financing across Africa. One of the standout projects is Kenya's first EDGE-certified green garment factory, which Absa helped refinance. This factory uses repurposed marine shipping containers, setting a new benchmark for sustainable industrial development in the region. The project demonstrates how innovative, resource-efficient designs can drive both environmental and economic growth.

In addition to industrial projects, Absa is also prioritising green affordable housing. A minimum of 50% of the bank's MAGC allocation is dedicated to financing environmentally sustainable housing solutions for low-income communities. This commitment to affordable green housing aligns with Kenya's growing need for urbanisation that supports equitable access to quality living environments.

Absa's Commercial Property Finance product provides financing solutions for a range of affordable housing projects, from fully subsidised units to those in the conventional market. In 2024 alone, the bank allocated R2.8 billion towards buildings that not only have a social impact but also meet green certification standards. These buildings are designed to promote occupant wellbeing by enhancing indoor environmental quality, reducing waste, and conserving critical resources such as water and energy.

Case Study — Powering electricity distribution and the just energy transition

South Africa's integrated resource plan envisages an additional 29 500MW in electricity capacity by 2030, led by renewables. The issue of ageing network infrastructure remains a concern as it compounds the supply and limits South Africa's ability to expand electricity access.

Enel Green Power South Africa, a subsidiary of Enel Green Power SpA, aims to facilitate the addition of 120km of high-voltage transmission lines to strengthen South Africa's electricity grid, improving stability and distribution. This project is a critical step towards a cleaner energy mix for South Africa, demonstrating the power of partnerships in transforming the continent's energy landscape.

Absa supported Enel Green Power South Africa in closing a R5.1 billion green loan for three 110MW wind projects in the Eastern Cape. These projects are part of a more extensive 900MW corporate procurement programme, with Sasol and Air Liquide as joint off-takers in an arrangement facilitated by Eskom.

Absa acted as the joint mandated lead arranger, lender, FX and interest rates hedge bank, sole project guarantees issuing bank, and joint equity guarantee issuing bank during this transaction. The successful close of these 330MW wind projects contributes to South Africa's renewable energy targets and broader energy transition, fostering economic growth and reducing carbon emissions. The transaction demonstrates our commitment to renewable energy projects, expanding South Africa's clean energy capacity, and advancing universal access to reliable and sustainable power. These wind projects cut carbon emissions, drive the transition to renewables, and support the Paris Agreement's climate goals.

This financing supports a just energy transition by ensuring a socially inclusive shift to low-carbon energy. It also creates accessible job opportunities and drives community upliftment initiatives, delivering economic and social benefits.

3. Partnering for decarbonisation continued

Case Study — Powering sustainable manufacturing

Absa Bank Kenya provided a USD650 000 green loan for Kenya's first green-certified repurposed warehouse to Modular Real Estate EPZ Limited. To date, Absa has committed KES60 billion towards investments and initiatives that accelerate climate transition and promotes inclusive growth. This innovative concept supports EDGE-certified structures that conserve resources, create jobs, and set a new standard for sustainable warehousing in Africa.

Modular Real Estate EPZ Limited, a subsidiary of Container Technology Limited (CONTECH), is transforming end-of-life shipping containers into high-value, eco-conscious structures for both domestic and commercial construction. These containers are being used as prefabricated warehouses for Export Processing Zone (EPZ) licence holders, offering tax benefits and streamlined customs procedures for companies engaged in manufacturing and processing for export. This upcycling approach reduces waste, conserves resources, and lowers carbon emissions.

This initiative not only supports environmental goals but also creates jobs and solidifies Modular Real Estate's position as a leader in modular construction across East and Central Africa. The success of this project showcases the growing demand for green infrastructure and positions the company to attract an ESG-conscious client base, setting the stage for future sustainable developments across the continent.

Case Study — Sustainable neighbourhood deal

The V&A Waterfront is a benchmark for real estate sustainability in Africa, demonstrating how a thriving urban precinct can integrate environmental responsibility into every aspect of its operations. Through ambitious initiatives in water conservation, waste management, and renewable energy, the V&A has set a new standard for sustainable urban development.

However, its industry-leading sustainability efforts presented an unexpected challenge in securing sustainable debt. Many financing structures incentivise companies transitioning toward greener practices rather than those already operating at best-in-class standards. With much of the market focused on funding sustainability improvements, identifying financial instruments that recognised and rewarded the V&A's existing environmental leadership required innovative structuring. Absa supported the V&A Waterfront's vision of becoming a sustainable neighbourhood.

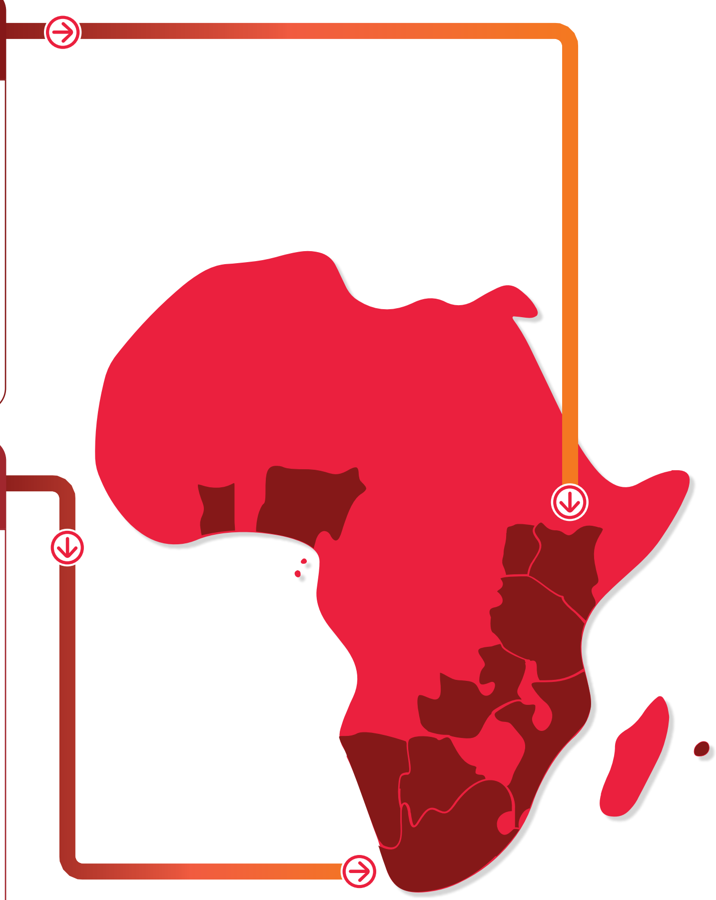
We realised the sustainable finance market must adapt to meet the V&A where it is on its pioneering journey, rather than allowing traditional financing models to stifle its ambitions. Absa successfully coordinated an innovative sustainable finance solution for the V&A Waterfront, raising R1.75 billion in sustainable finance and committing R900 million as a lender.

This was achieved through a market-first Sustainable Neighborhood Framework, which designates the V&A precinct as an evergreen sustainable neighbourhood upon meeting various performance thresholds.

We took a substance-over-form approach in assessing whether the V&A qualifies as a sustainable enterprise. Rather than applying conventional sustainability criteria, we recognised the V&A's leadership in environmental performance, ensuring that sustainable finance serves as an enabler of its ambitions, not a barrier.

By using sustainable construction practices, the precinct demonstrated how commercial development can go hand in hand with sustainability. The efficient use of energy, water, and waste resources reflected a strong commitment to reducing its environmental footprint, showcasing responsible consumption practices and minimising waste.

This market-leading transaction represents the next evolution in sustainable finance within the real estate sector. Achieving sustainable neighbourhood status will recognise sustainability efforts across the precinct, reinforcing continued investment in technologies that enhance operational resilience, drive efficiency, and significantly reduce environmental impact.



4. Enhance governance and climate risk processes

Our focus on enhancing governance and climate risk processes prioritises the active management of current and emerging climate-related risks within a strong risk management framework while strengthening board expertise and oversight.

Our objectives

- Keep abreast of new Prudential Authority requirements and utilise them to enhance our processes and governance
- Align with applicable standards to ensure best practice and strengthen our climate risk management.

To reinforce our commitment to net zero, we are dedicated to enhancing our governance and climate risk processes, ensuring we effectively identify, assess, and manage climate-related risks and opportunities in alignment with our sustainability objectives.

Our climate risk management is embedded within the ERMF.

Diving deeper: ***Enterprise Risk Management Framework***

Process for identifying and assessing climate-related risk

Because environmental risks are interconnected with social and governance risks, we apply our Group Risk Management Framework to identify, assess and manage our climate-related risks.

Diving deeper: ***Processes for identifying and assessing sustainability risks***

4. Enhance governance and climate risk processes continued

Basel climate risk programme key developments

The programme continues to support the development of our climate risk management capabilities through a comprehensive approach focused on embedding climate considerations across risk types. This holistic approach enables a deeper understanding of our climate risk exposure and strengthens our ability to manage these risks proactively. The programme was initiated at the beginning of 2023 aligning its scope with the Basel Committee of Banking Supervision's (BCBS) principles for the effective management and supervision of climate-related financial risks published in 2022.

In May 2024, the South African Reserve Bank (SARB) PA published guidance notices on climate-related governance, risk practices and disclosures for banks and insurers operating within its jurisdiction. The programme has subsequently aligned the scope to the risk management requirements contained in these guidance notes.

A key focus of 2024 was assessing the impact of climate change on our core business activities and financial performance. In 2024 our programme delivered several tools which evolved our climate-related risk identification and assessment capabilities. This includes a Business Environment Scanning (BES) initiative that formalised our research processes on climate-related matters specific to the regions in which we operate and relevant to our business model. The BES has been a valuable tool in supporting our risk functions with the identification of climate-related risk drivers and transmission channels most relevant to their portfolios, which served as critical inputs into our climate materiality assessment activities.

This involved conducting inaugural climate materiality assessments across the Group for risk types impacted by climate. The approach for our materiality assessments was for each risk type to identify climate-related risk drivers and transmission channels, followed by a fit for purpose materiality determination process to identify the most materially impacted segments of the respective portfolios.

Key observations from our climate risk materiality assessments

The development of our climate risk materiality assessment methodology and inaugural assessment of our credit, operational and resilience, compliance, liquidity and market risk portfolios has enabled us with results to focus our attention on further assessment and integration activities on those segments determined to be most vulnerable to climate-related risk drivers and likely to be impacted.

As the materiality assessments were delivered through the programme workstreams, the exposures considered in each assessment aligns to the initiation dates. As we embed this capability into business process, we will align our assessment periods with reporting periods.

Credit risk: Through the development and implementation of sector-specific climate risk vulnerability heatmaps for South Africa, we assessed our CIB and Business Banking lending portfolios covering R569 billion drawn exposures over a six-month period. The results have enabled us to steer our prioritisation for the implementation of capabilities to enable more granular assessment of these impacts, including climate risk scorecards and client questionnaires on the most vulnerable segments of our lending portfolio. The assessment identified 23 sectors as extremely and highly vulnerable to either or both transition and physical risk drivers.

Our materiality assessment results will further support and enrich the Group's view of our climate-sensitive sectors together with directing our focus on the most vulnerable segments that we need to strengthen our capacity and capability.

Operational and resilience risk: The materiality assessment was approached from two primary analysis with a focus on climate risk on our people and in the second instance we consider the impact of extreme weather events in the regions where the group operates to identify where Business Continuity Management (BCM) processes should be enhanced to mitigate anticipated climate impacts. The analysis to determine the impact on people considered the primary residence and place of work locations of 16 000 employees including employees in positions deemed critical for BCM. The results allow us to determine how vulnerable employees are to physical hazards arising from wildfires, heatwaves, flooding, and water security based on hazard intensity and probability ratings associated with the employee's physical location.

Our assessment of extreme weather events primarily focused on understanding the impacts historical events had on operational resilience in all regions of our operations. In total, 50 events were identified because of wildfires, floods, storms, droughts, and landslides and critically assessed by considering both the weather-related data of the specific event, and any available financial data of the impacted region. Botswana emerged as our least impacted region, with Uganda, South Africa and Kenya experiencing the most severe impacts from extreme weather events during the assessment period spanning 2022–2023. To better understand the impact of climate-related events on our corporate real estate portfolio and suppliers in South Africa, we are developing a physical hazard prediction tool to enable forecasting capabilities in the future assessment of climate vulnerability and resilience.

Compliance risk: Materiality assessments were conducted on both reputational and conduct risk. The results from the reputational risk assessment highlighted that climate driven events could result in adverse impacts on the Group's reputation, considering regulatory, investor, and client expectations regarding the organisation's climate-related commitments and resilience, especially considering elements linked to our strategy and climate resilience. For conduct risk, the highest impact was identified to fall within the regulatory engagements sub-risk category. The material risks identified through these assessments has contributed to the implementation of the Absa Group Greenwashing Policy.

Insurance risk: In the past year, Absa Financial Services (AFS) conducted a qualitative materiality assessment across its product range, covering Life Insurance, Non-Life Insurance, Sovereign Investments, and Reinsurance. The assessment identified material impacts on various lines of business within our Non-Life Insurance portfolio, as physical risk has an increasing effect on insured assets, particularly in the homeowner's portfolio segment. The business has began assisting and addressing these material impacts across underwriting, pricing, reinsurance options, and exclusions.

From an investment perspective, the assessment also noted potential impacts for investments with sovereigns and direct property exposure; however, the size of the exposure is considered not to be material. AFS is working toward implementing sustainable investing standards in 2025, aiming to balance financial performance, prudent risk exposure, and ESG-aligned investment practices.

4. Enhance governance and climate risk processes continued

By embedding ESG principles into its investment decisions, AFS seeks to enhance portfolio resilience, capitalise on sustainable sector opportunities, and contribute to long-term value creation.

For the life business, the impacts are not expected to be significant; however, further analysis of the most vulnerable offerings (funeral and group schemes) is planned for 2025 to assess potential impacts at a more granular level and identify any required responses.

Furthermore, in 2025, AFS intends to refine its flood modelling through an improved physical risk model and expand customer awareness initiatives to strengthen climate risk preparedness. We plan to present climate-related policies to the Board for approval, alongside the implementation of Key Risk Indicators (KRIs) to improve risk monitoring and mitigation across materially impacted areas. Sustainability risk policies and Business Continuity Plans (BCPs) will be updated to incorporate climate risk considerations and localisation adaptation strategies, helping to provide a robust response to evolving environmental challenges.

Through these initiatives, AFS reaffirms its focus on climate resilience, regulatory compliance, and sustainable business growth. By integrating climate risk into its core strategy and operations, AFS aims to foster long-term value creation for stakeholders while contributing to a more resilient and sustainable financial system in an evolving regulatory and environmental landscape.

From an investment's perspective, the assessment also revealed potential impacts for investments with sovereigns and direct property exposure, however, the size of the exposure is not deemed to be material. Investment approaches are being assessed for the integration of ESG (and specifically climate-related) aligned portfolio targets.

Liquidity risk: The programme established the liquidity risk workstream towards the end of 2024. The workstream commenced with the work to identify risk drivers and transmission channels for the purpose of conducting materiality assessments. Scenarios pertinent to the Group's liquidity risk profile will be used to quantify the impacts and to implement appropriate risk mitigation strategies policies and standards. The coordinated review supported the development of an approach for the continuous incorporation of climate-related factors through embedded annual review processes.

Furthermore, **market risk** has outlined a plan to integrate climate-related factors into its risk framework. In 2024, we developed a guidance document for climate risk stress testing to determine the impact of physical and transition risk scenarios on our trading book in the short-term (less than five years) and across the various asset classes. Baseline scenarios were applied to the trading book.

Three transition risk scenarios were considered for their short-term impacts on the trading book, excluding long-term effects. Two physical risk scenarios were analysed, focusing on their short-term impacts without considering the long-term increase in frequency and severity due to climate change. Further work has commenced on enhancement of the baseline scenarios and to identify solutions for data quality improvement where data has been identified as a limiting factor in the 2024 analysis.

Elevating data management for climate risk

We recognise that high-quality data is fundamental to effective climate risk management. In 2024, the programme prioritised enhancing our understanding of climate-related data requirements and challenges.

This involved a comprehensive evaluation of data quality, coverage, and granularity, along with an assessment of existing and emerging data sources and processing capabilities. By proactively addressing these data challenges, the Group is building a strong foundation for informed decision-making and transparent disclosure. To support robust measurement and reporting of climate-related risks, the programme initiated a comprehensive data gap analysis. Guided by standards from SARB PA, BCBS, and IFRS S2, we analysed key data needs for qualitative and quantitative climate risk reporting. The initial phase of the data gap assessment, covering credit risk, operational and resilience risk, and compliance risk, was completed in 2024, enabling the development of data sourcing strategies.

In addition to the above, the programme focused on enhancing governance and oversight of climate-related risks through a coordinated review across our risk management frameworks, policies and standards. The coordinated review supported the development of an approach for the continuous incorporation of climate-related factors through embedded annual review processes.

How we assess climate-related risks

Other significant tools delivered are our Climate Risk Sector Vulnerability Heatmaps for South Africa, Kenya and Mauritius. We are planning on expanding this capability to our other regions during 2025. We have also endeavoured to develop a methodology to assess transition risk at a client level through an initiative where we analysed our understanding of clients considered to be high emitters within South Africa. Furthermore, we have also developed climate risk scoring tools for physical and transition risk, which will be integrated into our credit analysis processes in a phased approach aligned to the outcomes of our credit risk climate materiality assessment.

4. Enhance governance and climate risk processes continued

Sector vulnerability heatmaps

The heatmaps help the Group assess and manage the financial risks associated with climate change. The heatmaps were developed through the application of qualitative assessment techniques to first define the rating criteria for each risk driver on a scale of low to extreme vulnerability, and to then rate each sector and sub-sector against the risk drivers based on sector-specific economic activities but relative to the context of the country of operation. By highlighting sectors with high exposure to climate-related threats, these heatmaps prioritise risk management efforts and is intended to lay the foundation for further assessments to inform lending decisions and identify opportunities.

To baseline our sector vulnerability risk ratings, we conducted the assessment across all sector groups we have exposure to in our CIB and RB lending portfolios for physical and transition risk. Where we have significant exposure to a sector, we conducted the assessment at a sub-sector level. The heatmaps are developed at a country level and consider the specific sectors applicable to our regional exposure.

The introduction of portfolio-level monitoring against these sector vulnerability climate risk ratings in quarterly reporting has enhanced climate-related oversight and directly support decision-making.

The Basel Climate Risk Programme is an ongoing initiative that is integral to the Group's strategic response to climate change. We are dedicated to aligning our climate risk management capabilities to regulatory expectations and contribute towards the Group's long-term climate resilience and the transition to a sustainable future.

ESG risk	Climate risk drivers rated in heatmaps
Transition risk	• Stricter policies and regulations • Technology change • Consumer behaviour and preference • Reputational events
Physical risk	• Acute hazards • Chronic hazards

Economic sector groups covered in the SA heatmap as per Standard Industrial Classification (SIC)

- Agriculture, hunting, fishing and forestry
- Mining and quarrying
- Electricity, gas and water supply
- Construction
- Manufacturing
- Transport, storage and communication
- Wholesale and retail trade
- Financial institutions, insurance, real estate and business services
- Community, social and personal
- Private and other

4. Enhance governance and climate risk processes continued

How we manage environmental and social risks

We apply both our ESMS and Equator Principle standards to support our clients while minimising credit risk and balancing our portfolio for sustainable development. This allows us to effectively manage the environmental and social impacts of our lending activities.

Assessing and screening environmental and social risks

As part of our commitment to being an active force for good, we have adopted rigorous due diligence processes for projects-related finance transactions. This includes comprehensive reviews to ensure alignment with our principles and the development of action plans to address any gaps, ensuring projects not only comply with our standards but also contribute positively to the communities they impact.

This includes the following components:

- Customer-facing employees and credit analysts review of individual transactions for environmental and social risks as part of the credit review and approval process, guided by our specialist environmental credit risk management teams and designated environmental and social officers in the ARO.
- Credit analysts consider environmental and social risks when providing credit facilities, as environmental credit risk is embedded into the credit risk process. They document applicable material risks and propose mitigating actions.
- 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, using several considerations as guided by our sensitive sector financing 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. Identified gaps regarding environmental and social risks are included in action plans and covenanted in facility agreements, where appropriate.

An environmental and social risk automated assessment tool was integrated into credit systems during 2023. The tool was developed to improve efficiencies during the screening and assessment of environmental and social risks. The tool allows us to capture and identify potential positive impact activities, underlying risk identification and management, as well as understanding climate risk vulnerability beyond just greenhouse gas emission management.

The Environmental and Social Risk team has grown over the year, with over 213 employees across the CIB in South Africa and ARO receiving Environmental and Social Risk Assessment tool learning and development during 2024.

Equator principles

We conduct environmental risk assessments for all transactions that fall within the Equator Principles thresholds, encompassing project finance, project-related corporate loans, and project-related refinancing. Since 2009, each transaction under the Equator Principles undergoes scrutiny by our environmental credit risk management team in collaboration with our business and legal departments to ensure compliance and sustainability.

Diving deeper: ***Pillar 3 Risk Management Report***

Projects under the Equator Principles are classified according to the IFC's environmental and social categorisation system, with projects assigned to categories A, B, or C based on the anticipated scale 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 are in accordance with the guidelines outlined in Equator Principles IV, which were implemented in 2020. In 2024, 16 project finance deals and three project-related corporate loans successfully reached financial close. A total of 183 (2023: 263) general transactions (non-equator principles projects) were screened by the Environmental and Social Credit Risk team during 2024 across the CIB in South Africa and ARO.

Equator principles continued

General transactions

General transactions are non-equator principles projects. A total of 183 general transactions were screened by the Environmental and Social Credit Risk team during 2024 across the CIB in South Africa and ARO.

	Project finance						Project-related corporate loans						Project-related refinance					
	2024			2023			2024			2023			2024			2023		
Equator Principle transactions	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
Sector																		
Mining and metals	1	–	–	–	–	–	3	–	–	–	–	–	–	–	–	–	–	–
Infrastructure	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–
Oil and gas	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Power and generation	–	13	–	–	8	–	–	–	–	–	1	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Region																		
Americas	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Europe, the Middle East and Africa	1	13	–	–	8	–	4	–	–	–	1	–	–	–	–	–	–	–
Asia Pacific	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Country designation																		
Designated country	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Non-designated country	1	13	–	–	8	–	4	–	–	–	1	–	–	–	–	–	–	–
Independent review																		
Yes	1	13	–	–	8	–	4	–	–	–	1	–	–	–	–	–	–	–
No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	1	13	–	–	8	–	4	–	–	–	1	–	–	–	–	–	–	–

General transactions	2024 A	2023 A	2022 A	2021 A
Mining and metals	32	44	33	24
Infrastructure	29	74	35	14
Oil and gas	26	23	31	21
Power generation	2	12	10	3
Power generation (renewable energy)	22	22	14	7
Agriculture and fisheries	8	14	10	5
Chemicals and pharmaceuticals	2	0	6	0
Manufacturing	30	38	45	7
Services	32	43	38	8
Utilities and waste management	0	2	4	4
Transportation	0	0	1	
Region				
Americas	0	0	0	0
Europe, the Middle East and Africa	183	263	227	93
Asia pacific	0	0	0	0

Biodiversity

According to the World Economic Forum (WEF), more than half of the world's economic output is highly or moderately dependent on nature and biodiversity. Biodiversity underpins the provision of natural assets on which the economy relies, entailing financial risks that the Group understands it must manage. Biodiversity brings many business opportunities and the conservation of nature.

We proactively manage climate change and biodiversity risks and opportunities and provide innovative products and solutions. The Group's strategy and Group ESG Risk Policy aligns with SDG 15: Life on Land. This 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 ESMS, we encourage clients to identify, assess, manage/mitigate and monitor their environmental and social risks and impact, including biodiversity risks and opportunities. We are exploring various screening tools to further our understanding of our biodiversity footprint and natural capital dependencies and to better understand our exposure to biodiversity risks and opportunities in our lending portfolios.

We participated in a pilot project with the SARB and Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) to assess the exposure of South African banking agricultural portfolios to physical nature-related risks. The outcome of the pilot will allow for further investigation 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. We still need a deeper understanding and knowledge of this new topic to disclose meaningful information to our stakeholders.

Allocation and impact report

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Allocation and impact report

Group Treasury sustainable finance initiatives

The Absa Group Treasury partners with investors who support our strategy to be an active force for good. This partnership is underscored by the Absa Sustainable Finance Issuance Framework (SFIF) which is aligned to the best practices articulated by the International Capital Market Association and Loan Markets Association principles and guidelines as well as bilaterally concluded fund-raising initiatives. Treasury has raised numerous ESG bonds, loans and deposits aligned to the SFIF since 2021.

Leading up to 2024 the Group achieved several key milestones, including frequent issuances of green and social bonds listed on the JSE, Green and Social loans with Development Finance Institutions (DFIs) and a USD Sustainability Linked Syndicated loan (SLL). This loan encouraged the Group to undertake KPIs to reduce our own dependence on the Eskom grid as well as fund an additional 2GW of green generating capacity projects (wind and solar). The syndicated SLL of USD400 million was repaid in November 2024.

Additionally, funding was raised through a bilateral green building loan with the IFC, supported by a grant from the UK government which results in the Absa Home Loan clients and Commercial Property Finance (CPF) clients benefiting from cash back incentives.

The Group's sustainability focus continued in 2024 with the issuance of senior green bonds totalling R3.3 billion and the Group's first Social Tier 2 bond of R1 billion, with the use of proceeds (UoP) being allocated to affordable housing loans for women. Bilateral loans with DFIs and a syndicated green loan of USD300 million (R5.442 billion) as detailed in the tables below, contributed to the sustainable liabilities raised in 2024 of R12.4 billion with an aggregate exposure of R25.5 billion at our 2024 financial year end.

Allocation under the SFIF

The allocation and impact reporting are aligned to our SFIF and reflects the percentage of proceeds allocated to eligible assets

Instrument	Bond code	ISIN	Issuance date	Maturity date	Amount (R)	Allocation %
Bonds						
Senior unsecured	ABGN01	ZAG000187436	27 June 2022	27 June 2025	439 000 000	100%
Senior unsecured	ABGN02	ZAG000187428	27 June 2022	27 June 2027	1 098 000 000	100%
Senior unsecured	ABGN03	ZAG000187410	27 June 2022	27 June 2029	1 032 000 000	100%
Green Tier II	AGLG01	ZAG000189580	15 September 2022	16 September 2032	1 916 000 000	100%
Green Tier II	AGLG02	ZAG000198334	25 August 2023	26 August 2033	2 158 000 000	100%
Senior unsecured	ABGN04	ZAG000207275	26 July 2024	26 July 2027	1 217 000 000	100%
Senior unsecured	ABGN05	ZAG000207283	26 July 2024	26 July 2029	798 000 000	100%
Senior unsecured	ABGN06	ZAG000207267	26 July 2024	26 July 2031	1 257 000 000	100%
Social Tier II	AGLS01	ZAG000207291	30 July 2024	30 July 2034	1 000 000 000	73%
Subtotal sustainable bonds					**10 915 000 000**[LA-EA]	

Allocation and impact report continued

Sustainable loans (UoP)

The green syndicated loan was negotiated as a UoP with 100% of proceeds being used to refinance the CIB renewable energy assets.

Instrument	Amount (USD)	Issuance date	Maturity date	Amount (R)[1]	Allocation %
Syndicated Green Loan	300 000 000	27 November 2024	27 November 2027	5 442 000 000	100%[LA-EA]
Subtotal sustainable loans				**5 442 000 000**[LA-EA]	

1 Exchange rate on date of execution – R18.14.

Sustainable deposits

The Group launched its first green wholesale corporate deposit offering in 2023. The Green Deposit continues to attract interest in the market and reached a peak of R1.5 billion in 2024, the proceeds of which were allocated to Solar PV assets.

Instrument	Opening balance (R)	Issuance date	Closing balance (R)	Allocation %[2]
Absa Green Deposit	236 850 000	15 January 2023	995 524 045	100%[LA-EA]
Subtotal sustainable deposits			**995 524 045**[LA-EA]	

2 100% of our Peak Green Deposit of R1.54 billion was allocated to refinance CAF Solar PV.

Summary of allocation of proceeds

Total ESG proceeds allocated to eligible assets (R)	**17 080 810 245**
Green - Balance of unallocated proceeds	Nil
Percentage of net proceeds of green funding allocated to eligible assets (%)	100%
Percentage of refinancing from allocated green bonds proceeds (%)	100%
Percentage of refinancing from allocated green deposit proceeds (%)	100%
Percentage of refinancing from allocated green loan proceeds (%)	100%
Social - Balance of unallocated proceeds[3]	271 713 800
Percentage of new financing from allocated social bond proceeds (%)	100%
Syndicated Green Loan	100%

3 The proceeds from the social bond earmarked for affordable housing for women will be utilised over the next three years, with the unallocated portion being invested in High Quality Liquid Asset.

Allocation and impact report continued

Impact report

The impact is aggregated based on the total project design with no apportionment for partial funding of projects.

Impact report for green assets

	Project category	Installed capacity (MW)[1]	Production in GWh[2]	CO_2 avoidance (tCO_2/year)[3]
Issuance type	Renewable energy			
Green Bonds and Loans (CIB)[4]	Concentrated solar power	400	1 156	1 167 560
	Wind	1 867	4 259	4 301 590
	Solar photovoltaic	173	376	379 760
Green Deposits (CAF)	Solar photovoltaic	78	140	141 089
	Total[5]	**2 518**	**5 931**	**5 989 999**

Notes:

[1] Measurement of the installed capacity is against Group's Funded projects for which the Group has exposure in the form of different facility types. The calculation for this measure reflects the aggregate size of the capacity of useable renewable energy produced by the plants and delivered to the grid. No apportionment has been applied according to the respective roles or proportion of funding provided by the Group for each project.

[2] Production only included for projects that have reached commercial operating date. Capacity Factors: CSP 0.248; Wind 0.336; Solar 0.33. Calculation based on the following formula: Installed Capacity (MW) × Capacity Factor (Per Renewable Energy type) × Hours in a Year ÷ 1 000.

[3] Based on the 2023 Eskom emissions factor of 1.01 tonnes per MWh. Calculation based on the following formula: Production in GWh × Eskom Emissions Factor ×1 000.

[4] The total impact is over-resourced by c. 18% due to Sustainable Asset balances exceeding liabilities at reporting date.

[5] Total impact is reflected at the installed capacity at deal origination.

Impact report for social assets

Type of issuance	Project category	Total number of affordable housing loans granted to women for 2024	Value of affordable housing loans granted to women for 2024	Total affordable housing	% of affordable housing to women measured against total value of affordable housing loans
		Number	Amount (R)	Amount (R)	%
Social bond	Affordable housing to women	1 267	728 286 200	1 083 419 845	67%

Other sustainable fund-raising initiatives

The information below is reflective of the South African treasury bilateral ESG loan agreements that were entered into with DFIs.

Instrument	Execution date	Maturity date	Amount (R)
IFC social loan	29 June 2022	15 June 2027	2 000 000 000
IFC green MAGC loan	29 June 2023	29 June 2028	4 500 000 000
AFDB tier 2 SLL	27 September 2024	27 September 2034	1 700 000 000
Subtotal sustainable liabilities – bilateral			**8 200 000 000**

Social Tier 2 sustainability-linked loan of R1.7 billion was a first for South Africa. This loan included a non-financial support package, equivalent to R18 million in capacity building and technical assistance support as well as potential grant funding to support women small- and medium-sized enterprises (SMEs), when the Group meets the KPIs for extending finance to women SMEs.

Abbreviations

Absa	Amalgamated Bank of South Africa
AIC	African Indian and Coloured
AI	Artificial Intelligence
AFS	Absa Financial Services
APRM	African Peer Review Mechanism
APS	Announced Pledges Scenario
ARO	Absa Regional Operation
ATM	Automated Teller Machine
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
BBES	Bounce Back Energy Scheme
BCBS	Basel Committee on Banking Supervision
BCM	Business Continuity Management
BES	Business Environment Scanning
BUSA	Business Unity South Africa
CBAM	Carbon Border Adjustment Mechanism
CIPS	Chartered Institute of Procurement and Supply
CIB	Corporate and Investment Bank
CDP	Carbon Disclosure Project
COP 29	Conference of Parties 2029
CPF	Commercial Property Finance
CRST	Climate Risk Stress Test
DFIs	Development Finance Institutions
EDGE	Excellence in Design for Greater Efficiencies
ELIB	Entry Level Inclusive Banking
ENCORE	Exploring Natural capital Opportunities, Risks and Exposures
EP	Equator Principles
EPC	Energy performance Certificate
ERMF	Enterprise Risk Management Framework
ES	Environmental and Social
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
ESRA	Environmental and Social Risk Assessment
FMCG	Fast Moving Consumer Goods
FITE	Financial Inclusion Through Entrepreneurship
FI	Finance Inclusion
FTE	Full Time Employees
FSB	Financial Stability Board
G20	The Group of Twenty
GBCSA	Green Building Council South Africa
GBV	Gender-Based Violence
GHG	Greenhouse Gas
GJ	Giga Joules
GRI	Global Reporting Initiative
GW	Giga Watt
HQLA	High-Quality Liquid Asset
HR	Human Resources
IEA	International Energy Agency
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IPCC	Intergovernmental Panel on Climate Change
IR	Integrated Report
ISSB	International Sustainability Standards Board
ISAE	International Standard on Assurance Engagements
ITC	International Trade Centre
JASA	Junior Achievement South Africa
JSE	Johannesburg Stock Exchange
KPIs	Key Performance Indicators
kWh	Kilo Watt hour
KYC	Know Your Customer
LED	Light Emitting Diodes
LGBTQ+	Lesbian, Gay, Bisexual, Transgender and Queer
MAGC	Market Accelerator for Green Construction
NBC	National Bank of Commerce
NBI	National Business Initiative
NDCs	Nationally Determined Contributions
NGFS	Network for Greening the Financial System
NGOs	Non-Governmental Organisations
NZBA	Net Zero Banking Alliance
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
PCAF	Partnership for Carbon Accounting Financials
PCC	Presidential Climate Commission
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PRB	Principles for Responsible Banking
PSC	The Product Solution Cluster operating segment of the Group
PV	Photovoltaic
PwC	PricewaterhouseCoopers Inc.
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme
RB	Relationship Banking
SA	South Africa
SARB	South African Reserve Bank
SBTi	Science-Based Targets Initiative
SFIF	Sustainable Finance Issuance Framework
SIC	Standard Industrial Classification
SLL	Sustainability-Linked Loans
SMEs	Small, medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
SDG	Sustainable Development Goals
SSEC	Social, Sustainability and Ethics Committee
SSEG	Small Scale Embedded Generation
SSR	Strategic, Sustainability and Reputational Risk
SSRRMF	Strategic, Sustainability and Reputational Risk Management Framework
TOC	Theory of Change
TCFD	Task Force on Climate-related Financial Disclosures
UNGC	United Nations Global Compact
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund
USD	United State Dollars
UWASA	Urban Water Supply and Sanitation Authority
VNR	Voluntary National Review
WEF	World Economic Forum
WTO	World Trade Organisation
YES	Youth Employment Service

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Annexures 1: Methodologies and terms

Attribution factor

Is calculated by dividing the total share in the company outstanding by the "total debt + equity" of the company. This attribution factor is then multiplied by the emissions of the borrower or investee. For the fossil fuels reduction pathways, attribution factors were calculated based on our limits, consistent with Partnership for Carbon Accounting Financials methodology.

Carbon offsetting project types

Carbon avoidance is the prevention of future carbon emissions being released into the atmosphere. Carbon removal is the elimination of existing carbon emissions, by absorption, after it has entered the atmosphere.

Climate-related risk

Is an exposure to potential loss events from physical or transition risks caused by or related to climate change.

Coal

Our coal portfolio uses a combination of reported emissions and physical activity data of the portfolio companies' production to calculate the financed emissions. This approach has enabled us to calculate our emissions with a PCAF score of 1.1 (scope 1, 2 and 3). Environmental or nature-related risk: Is an exposure to potential loss related to environmental degradation. Oil and gas: We acquired the financed emissions data for our oil and gas portfolio from a third-party data supplier. The emissions were estimated based on production data, resulting in a PCAF score of 3.0 for scope 1, 2, and 3 emissions. We will use company reported emissions in the future as companies in the portfolio begin to report their emissions. Physical risks: Are threats to assets and communities caused by extreme weather events and long-term climate changes. Scenario analysis: A method used to assess the potential impacts of different future scenarios on an organisation's operations, finances, or other aspects. It involves developing and analysing a range of plausible future scenarios, each representing a different set of conditions or assumptions, to understand how these scenarios may affect the organisation and its objectives. This analysis helps organisations identify risks and opportunities associated with different future states and develop strategies to mitigate risks and capitalise on opportunities (TCFD, 2017).

Scope 1 emissions

Refers to direct greenhouse gas emissions from sources that a company owns or controls. For us, this includes emissions from the use of diesel fuelled generators, company cars and natural gas in our South African operations.

Scope 2 emissions

Are those associated with purchased electricity and include 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 Greenhouse Gas Protocol's Scope 2 Guidance.

Scope 3 emissions

Are linked to upstream and downstream activities. These include business air travel and vehicles used in South Africa only, including private and hired cars. We account for scope 3 transmission and distribution loss-related emissions for all buildings across the portfolio.

Social risks

Are mostly those which materialise due to poor standards of respecting elementary rights, inclusiveness, ineffective labour relations and unfair, not transparent or malus customer practices. Social risks materialise mostly through damages in reputation, inefficient or even disrupting operations or loss of critical labour force, and finally through financial claims and liabilities due to improper practices.

Stress testing

In the context of climate risk management, stress testing involves assessing the resilience of financial institutions, companies, or portfolios to various climate-related scenarios. This process helps identify potential vulnerabilities and evaluate the potential impact of climate-related risks on financial performance, asset values, and overall business operations. Stress tests typically involve modelling different climate scenarios, such as changes in temperature, extreme weather events, or transition risks associated with shifts to a low-carbon economy, and evaluating the implications for financial stability and long-term sustainability.

Transition risks

Refer to risks associated with transitioning to a low carbon economy. We have used the following approaches:

- Commercial real estate (commercial property finance) and real estate (mortgages): Estimated building energy consumption per floor area based on building type and location-specific statistical data and the floor area (Option 2b). In our calculations, we considered emissions per financed property, using client property area.

Double materiality

Combines financial and impact materiality to provide a holistic view of sustainability-related material matters.

Financial materiality

Focuses on sustainability-related risks and opportunities that impact enterprise value and future cash flows, influencing decisions of investors, lenders, and creditors.

Impact materiality

Highlights the organisation's significant impacts on society, the environment, and the economy, guided by environmental thresholds, social priorities, and legal requirements.

Annexures 1: Methodologies and terms continued

Climate risk

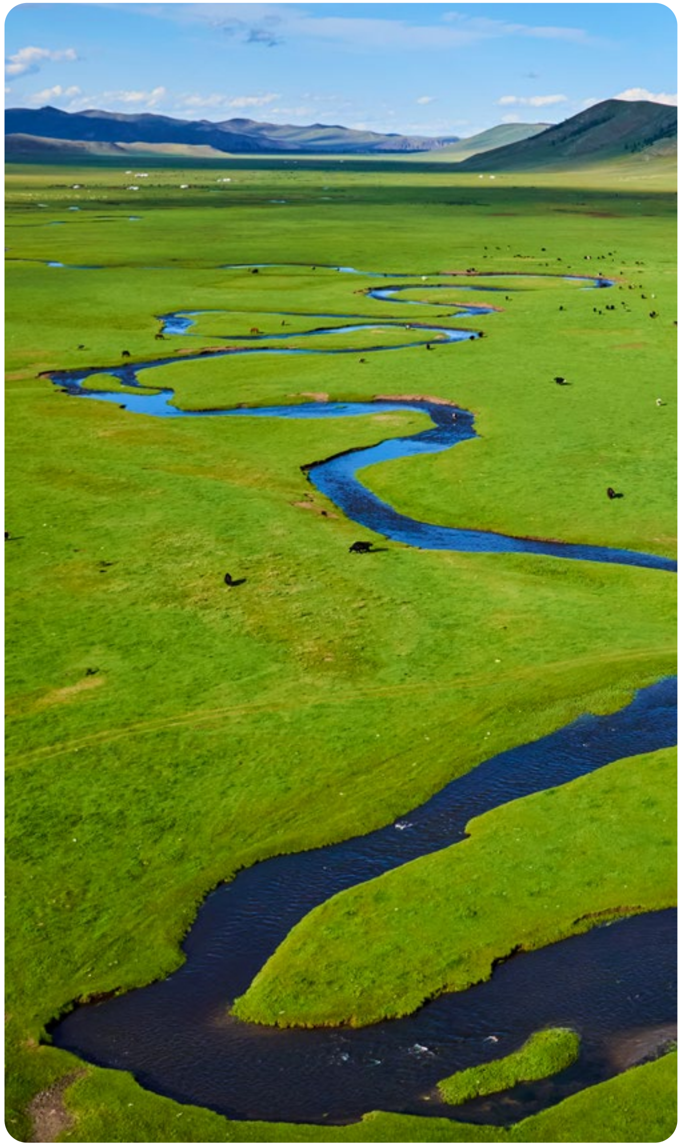
With its risks and financial implications, climate change has been identified as an important issue, and we are putting processes in place to manage the impact on our business activities. Business Environment Scanning (BES) provides the Group with essential input for the assessment of climate change risks and developments within its operational environment(s). It identifies and analyses emerging trends related to the economy, industry, regulatory and competitive landscapes, with the aim of providing valuable insights that could inform strategic decision-making and enhance the Group's resilience in the face of climate change related challenges and risks. Through the Group's internal risk identification process, climate risk continues to be designated as a cross-cutting risk that can manifest through existing risks. Climate risk drivers can impact each of the risk categories in our risk taxonomy. Climate-related risks is an exposure to potential loss events from physical or transition risks caused by or related to climate change. It refers to the potential negative impacts of climate change on an organisation and its clients and it include the potential for adverse effects on lives, livelihoods, health status, economic, social and cultural assets, services and infrastructure due to climate change. Climate change consists of physical and transition risks. This risk are categorised as:

Climate-related physical risks are potential losses from natural disaster events, which can be seen as acute or the slow build-ups of natural hazard events, which are defined as chronic.

- Acute hazards are more frequent and severe climate events like flooding, droughts, hailstorms, tornados and cyclones. Damage on assets disrupts the production process, leading to additional costs and loss of revenue. Frequent and systemic damages might impact insurance policies, market prices of commodities and the liquidity situation of companies or the market. Examples of acute hazards include extreme weather events like heatwaves, droughts, floods, hail, thunderstorms and wildfires.
- Chronic hazards with long-term changes in weather impacting living conditions, productivity and economic viability of certain sectors. On a systemic level, it might shift conditions for the economic growth of countries, access to capital markets and sovereign debt. Examples of chronic hazards include sustained higher temperatures, sea level rise, changing precipitation patterns) that may cause sea level rise or chronic heat waves.

Climate-related transition risks mean higher operating costs, loss of revenue, or liability for damages typically coming from the following events:

- Stricter policies that affect customers' operating model and technology compliance or increase operating costs due to carbon pricing. Further investments are needed to ensure compliance.
- Technology changes impacting crucial production processes, increasing capital expenditures and rising company costs. Technology upgrade investments are needed, or assets become stranded. Higher costs lead to higher prices and potentially lower turnover.
- Changing consumer preference and behaviour tuned toward lower emission products and leading to falling revenues from conventional technologies or possible climate litigation.
- Reputational events due to the disregard or lack of adaptation to climate-mindful policies and processes. More public and regulatory scrutiny results in additional costs and potential loss of revenues. The Group roles and responsibilities are outlined in the additional sustainability disclosures on governance.



Annexures 2: Principles for Responsible Banking 2024

Principle 1: Alignment	Principle 2: Impact and target setting
Briefly describe your bank's sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.	Briefly describe the bank's most significant impact areas and the steps taken to identify, measure and manage them—including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the bank's transition/action plan, and progress made. Explain how the bank addressed interlinkages between impact areas where possible.

Our sustainability strategy prioritises six UN Sustainable Development Goals (SDGs): SDG 5, SDG 7, SDG 8, SDG 10, SDG 13, and SDG 16. The integration of these SDGs into our approach is outlined in our strategy, Sustainability Framework, and sustainability-related material matters, as detailed in our latest Sustainability and Climate Report.

Our Sustainability and Climate Report:

Complies with:

- Companies Act, No. 71 of 2008 (as amended)
- Banks Act, No. 94 of 1990
- Johannesburg Stock Exchange (JSE) Listing Requirements
- JSE Sustainability and Climate Disclosure Guidance
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)
- Principles of the Financial Sector Guidance
- United Nations Global Compact Principles

Aligns to:

- Global Reporting Initiative (GRI) Standards
- Greenhouse Gas (GHG) Protocol

Considers:

- International Financial Reporting Standards (IFRS) S1
- International Financial Reporting Standards (IFRS) S2
- Corporate Sustainability Reporting Directive

Absa's most significant impact areas are defined within our sustainability strategy, which is structured around three strategic pillars and two enablers: Financial inclusion; diversity, equity, inclusion and belonging; and climate. These are designed to support meaningful societal and environmental impact while enhancing long-term organisational resilience. Our Sustainability Framework outlines key goals and priorities under each pillar and enabler. Impact areas are identified and assessed through an annual materiality assessment, applying a double materiality lens to evaluate financial and impact material matters.

Progress on our commitments, key developments, and trade-offs is detailed in the Sustainability Progress in 2024 section of our latest Sustainability and Climate Report. Further details are provided in sections dedicated to each pillar and enabler.

We track several key performance indicators (KPIs), which are integrated into the Group balanced scorecard and monitored at the highest levels of governance, including executive oversight.

KPIs with externally published targets:

KPI	Target	Baseline	Status
Cumulative sustainable finance	R100bn by 2025	2021	Exceeded (R121.1bn)
Own carbon emissions reduction	51% by 2030	2018	On track
Scope 3 financed emissions – coal	25% absolute reduction in financed emissions by 2030: tCO_2e	2022	On track
Scope 3 financed emissions – oil and gas	9% physical intensity: gCO_2e/MJ by 2030	2022	On track

Other KPIs:

- Employee experience index
- Women in leadership (%)

Other KPIs are monitored outside the Group balanced scorecard. Additionally, select KPIs, such as sustainable finance and own carbon emissions reduction, are integrated into executive remuneration incentives to strengthen accountability.

We continue to refine our transition and action plans on this journey, aiming to enhance alignment with regulatory requirements, stakeholder expectations, and broader sustainability ambitions.

Links and references (Principle 1)

Sustainability and Climate Report 2024: About this report

Sustainability and Climate Report 2024: Our Group sustainability strategy

Sustainability and Climate Report 2024: Our Group sustainability strategy – Our Sustainability Framework

Sustainability and Climate Report 2024: Our sustainability-related material matters

Links and references (Principle 2)

Integrated Report 2024: Group strategic balanced scorecard

Remuneration Report 2024: Organisation Health

Sustainability and Climate Report 2024: Sustainability progress in 2024

Sustainability and Climate Report 2024: Our Group sustainability strategy

Sustainability and Climate Report 2024: Our Group sustainability strategy – Our Sustainability Framework

Sustainability and Climate Report 2024: Our sustainability-related material matters

Sustainability and Climate Report 2024: Diversity, equity, inclusion and belonging – Employee benefits

Sustainability and Climate Report 2024: Diversity, equity, inclusion and belonging – Women career progression

Sustainability and Climate Report 2024: Climate – Lead the transition to green solutions: Our own carbon emission

Sustainability and Climate Report 2024: Climate – Lead the transition to green solutions: Sustainable finance

Sustainability and Climate Report 2024: Climate – Financed emissions

Sustainability and Climate Report 2024: Climate – We remain committed to our fossil fuel targets

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 2: Principles for Responsible Banking 2024 continued

Principle 3: Clients and customers	Principle 4: Stakeholders
Briefly describe how the bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes and engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.	Briefly describe how the bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partnerships that contribute to addressing significant impacts. Note any changes in the reporting year.
Our external commitment to reaching R100 billion in sustainable finance by 2025, based on a 2021 baseline, was driven by our sustainable product offerings across three business clusters: Relationship Banking (RB), Product Solutions Cluster (PSC), and Corporate and Investment Banking (CIB), with CIB contributing the largest share, supporting us in reaching and exceeding this target this year. The products and services offered across these clusters align with our net zero strategies, as detailed in our latest Sustainability and Climate Report. Our Environmental and Social Management Systems Sustainability Risk Standard (ESMS) provides a framework to identify, assess, manage, and monitor the environmental and social risks of loans on an ongoing basis. Additionally, our Environmental and Social Risk Assessment manual offers a structured approach to evaluating, tracking, and documenting clients' environmental and social performance throughout the credit lifecycle. More details on both frameworks are available in our latest Sustainability and Climate Report, and we will continue to refine them as our risk management capabilities evolve. As a signatory to the Equator Principles since 2009, we remain committed to responsible financing. Our latest Sustainability and Climate Report provides comprehensive disclosures on our adherence to the Equator Principles.	Our stakeholder approach balances the needs, interests, and expectations of all material stakeholders to support the Group's long-term success. Stakeholder management is embedded across the organisation, with all employees responsible for effective engagement. Multiple feedback channels enable stakeholders to raise concerns, including civil society inquiries, shareholder activism, annual general meeting feedback, complaints resolution, fraud and whistleblowing hotlines, industry indices, media, regulators, employee insights and investor interactions. Through our Group Strategy and Sustainability Office, we have established a dedicated channel to process open engagement from our stakeholders in our digital platforms: sustainabilitymatters@absa.africa. We are committed to supporting businesses, employees, and supply chain partners in their transition by offering financing solutions, technical guidance, and engagement opportunities. Our approach ensures that decarbonisation is inclusive, economically viable, and socially responsible, helping businesses and communities move forward without being left behind. Progress on this approach is provided in our latest Sustainability and Climate Report. More details about our approach and management of stakeholders can be found in our latest Sustainability and Climate Report and Integrated Report.
Links and references Sustainability and Climate Report 2024: Climate – Lead the transition to green solutions: Our product and services supporting our net zero targets Sustainability and Climate Report 2024: Climate – Lead the transition to green solutions: For CIB business, we were able to progress our products and service offering and tailor it to our market Sustainability and Climate Report 2024: Risk Management – Risk identification, assessment and mitigation Sustainability and Climate Report 2024: Climate – Equator principles	**Links and references** Sustainability and Climate Report 2024: Our stakeholders Sustainability and Climate Report 2024: Climate – Partnering for decarbonisation Integrated Report 2024: Our stakeholders' needs and expectations Sustainability and Climate Report 2024: Diversity, equity, inclusion and belonging – Sustainable procurement

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 2: Principles for Responsible Banking 2024 continued

Principle 5: Governance and culture	Principle 6: Transparency and accountability
Briefly describe the key governance structures in place (Board and executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports your bank's management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning and development). Note any changes or progress in the reporting period.	Provide reference to additional relevant reports, if not listed as references with P1–P5. Briefly note whether/where assurance of sustainability information has been undertaken (optional).
The Absa Board of Directors holds ultimate responsibility for overseeing the Group's governance approach and comprehensive risk management frameworks, including the integration of sustainability and climate-related risks and opportunities into business operations. Several Board committees provide targeted oversight and guidance on these matters, including the Social, Sustainability and Ethics Committee (SSEC), Group Risk and Capital Management Committee, Group Remuneration Committee, Group Audit and Compliance Committee, and Group Credit Risk Committee. The Board also conducts an annual review and approval of the Group's Enterprise Risk Management Framework (ERMF), which identifies, evaluates, and manages key risks within the Group's defined risk appetite. Supporting the Board, eight Executive Committees are responsible for implementing approved policies and ensuring that sustainability initiatives align with strategic goals and risk management practices. These committees also assess the rollout of products and initiatives to customers and stakeholders. Further details on sustainability governance and risk management can be found in our latest Sustainability and Climate Report, with additional governance insights in the latest Integrated Report. Absa recognises that transitioning to a low-carbon economy requires expertise across all levels of the organisation. To support this, we provide comprehensive sustainability training, equipping employees to assist clients, manage climate risks, and integrate ESG factors into financial decision-making. Updates on progress in sustainability capability building are disclosed in the latest Sustainability and Climate Report. Additionally, we have embedded Organisational Health metrics into our incentive scorecards, accounting for 20% of the total score, with 10% specifically linked to sustainability-related metrics. For an overview of our Organisational Health outcomes, including sustainability measures within the 2024 short-term incentive and the 2022 long-term incentive, refer to the latest Remuneration Report.	The following additional reports provide more sustainability-related information: Sustainability and Climate Report 2024 – Assurance Definition Sustainability and Climate Data Sheet 2024 Sustainability and Climate Report 2024 – Assurance Practitioner's Limited Assurance Report on Selected Information, outlines the full scope of work, procedures, responsibilities, and assurance conclusions.
Links and references Sustainability and Climate Report 2024: Our sustainability and climate governance structure Sustainability and Climate Report 2024: Risk Management – Risk identification, assessment and mitigation Sustainability and Climate Report 2024: Climate – Partnering for decarbonisation: Building internal capability for climate action Remuneration Report 2024 Integrated Report 2024: Protecting value through strong governance	Links and references **Limited assurance report:** Sustainability and Climate Report 2024, Annexure, Management assurance report

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 3: Policies/Standards

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 (client) 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
Third Party 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 Acquisition Policy
Promotion Standard
Remuneration Policy
Retrenchment and Reassignment Standard
Sexual Harassment Standard
Staff Expense Policy and Business Travel Standard

Environmental and social management
Absa-Sustainable-Finance-Issuance-Framework
Corporate Real Estate Solutions Environmental Management Standard
Environmental and Social Risk for Lending Standard
Group Environmental, Social and Governance Policy
Summary Agriculture Financing Standard
Summary Coal Financing Standard
Summary Environmental and Social Management System Summary Manufacturing Standard
Summary Mining, Metals, Minerals and Precious/semi-Precious stones Financing Standard
Summary Oil and Gas Financing Standard
Summary Real Estate and Construction Financing Standard Summary Transport Financing Standard Sustainability Policy
Sustainability Principal Risk Framework

Citizenship
Citizenship Policy
Group Citizenship Standard
Sponsorship Standard
Stakeholder Engagement Policy

Risk and compliance
Business Continuity Management
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

Annexures 4: Alignment with sustainability disclosure standards

Our reporting is informed by a number of international standards and frameworks. The table below outlines how this report aligns with globally accepted sustainability and climate disclosure practices.

Standard / framework	Relevant sections	Alignment status
IFRS S2 – Climate-related disclosures	Strategy, Risk and Scenario Analysis , Governance	Broadly aligned; quantitative disclosures to be expanded
Integrated thinking principles (King IV)	Governance, risk, metrics	Fully integrated
ESRS – Materiality & climate disclosure concepts	Strategy, stakeholder engagement, climate metrics	Strong alignment with double materiality and scenario planning concepts
TCFD (legacy reference)	Governance, strategy, risk, metrics	Principles carried forward under IFRS S2 structure

Annexures 5: King IV principles reference table

Leadership and organisational ethics		GRI Index
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

Stakeholder relationships		GRI Index
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		GRI Index
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

Risk governance		GRI Index
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		GRI Index
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 value creation.	2-12

Technology and information governance		GRI Index
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		GRI Index
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

Delegation to management and committee		GRI Index
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

Annexures 5: King IV principles reference table continued

Board's primary role and responsibility		GRI Index	Remuneration governance		GRI Index
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		**GRI Index**	**Board and committee performance evaluation**		**GRI Index**
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/*	

Annexures 6: United Nations Global Compact Index

Human rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Page 43
Principle 2	Make sure that they are not complicit in human rights abuses	Page 43
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Page 50
Principle 4	The elimination of all forms of forced and compulsory labour	Page 50
Principle 5	The effective abolition of child labour	Page 50
Principle 6	The elimination of discrimination in respect of employment and occupation	Page 50
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	Page 21-22
Principle 8	Undertake initiatives to promote greater environmental responsibility	Page 100
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	Page 78
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Page 45

Annexures 7: Johannesburg Stock Exchange guidance

G Governance metrics		
G1 Board composition		
G1.1	Board diversity GRI Index	GRI Index 2-9
G1.2	Board competence	GRI Index 2-9
G1.3	Board independence	GRI Index 2-9
G2 Remuneration		
G2.1	Remuneration practices	Remuneration Report
G3 Ethical behaviour		
G3.1	Anti-corruption	GRI Index 205; GRI Index 2-25
G3.2	Lobbying and political contribution	GRI Index 415-1
G4 Compliance and risk management		
G4.1	Incidents	GRI Index 2-27
G4.2	Fines and monetary loss	GRI Index 2-27
G5 Tax transparency		
G5.1	Tax paid and estimated tax gap	GRI Index 207

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 7: Johannesburg Stock Exchange guidance continued

S Social metrics		
S1 Labour standards		
S1.1	Diversity and inclusion	GRI Index 2-7 and Data sheets; GRI Index 406-1; GRI Index 2-23
S1.2	Pay equality	GRI Index 2-21; Remuneration Report: Implementation report
S1.3	Wage level and living wage	GRI Index 202-1; Remuneration Report: Implementation report
S1.4	Freedom of association and collective bargaining	GRI Index 2-30
S1.5	Characteristics of employees and workers in workforce	S R – Absa at a glance; GRI Index 2-7; GRI Index 2-8; Data sheets
S2.2	Skills for the future	GRI Index 404
S2.3	Employment and wealth creation	GRI Index 401-1
S2.4	Economic contribution	GRI Index 201-1; GRI Index 201-4; GRI Index 203-1; GRI Index 203-2; GRI Index 204-1
S3 Health and safety		
S3.1	Workplace health and safety	GRI Index 403
S4 Customer responsibility		
S4.1	High-risk products and services	N/A
S4.2	Product innovation	GRI Index FS 7; FS8
S4.3	Customer data privacy	Integrated Report; GRI Index 418-
S5 Supply chain		
S5.1	Supply chain	GRI Index 2-6

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 7: Johannesburg Stock Exchange guidance continued

E Environmental		
E1 Climate change		
E1.1	GHG emissions	GRI Index 305-1 to 305-3
E1.2	Energy mix	GRI Index 302
E1.3	Science based targets	GRI Index 305
E1.4	Just transition	Sustainability and Climate Report 2024
E2 Water security		
E2.1	Water usage	GRI Index 303
E3 Biodiversity and land use		
E3.1	Biodiversity footprint	GRI Index FS7
E4 Pollution and waste		
E4.1	Solid waste	GRI Index 306
E4.2	Single-use plastic	GRI Index 306
E4.3	Atmospheric pollution	GRI Index 305
E4.4	Water pollution	GRI Index 303
E5 Supply chain and materials		
E5.1	Supply chain	GRI Index 2-6
E5.2	Materials of concern	–

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference

Absa Group Limited has reported with reference to the GRI Standards for the period 1 January to 31 December 2024.

GRI 1: Foundation		
2 General disclosure		
1 The organisation and its reporting practices		
2-1	Organisational details	Sustainability and Climate Report 2024: Absa at a glance; Back page Integrated Report 2024: Absa at a glance
2-2	Entities included in the organisation's sustainability reporting	Sustainability and Climate Report 2024: About our Sustainability Report Annual Consolidated and Separate Financial Statements 2024
2-3	Reporting period, frequency and contact person	Sustainability and Climate Report 2024: About our Sustainability Report
2-4	Restatement of information	Annual Consolidated and Separate Financial Statements 2024: Accounting policies 1.1 and Reporting changes 1.21
2-5	External assurance	Sustainability and Climate Report 2024: About our Sustainability Report Sustainability and Climate Report 2024: Independent Assurance Practitioner's limited Assurance report 2024 Principles for Responsible Banking Report 2024: Independent Assurance Practitioner's limited Assurance report 2024
2 Activities and workers		
2-6	Activities, value chain and other business relationships	Integrated Report 2024: Our structure, products and services Financial Results booklet 2024 – Segment performance Sustainability and Climate Report 2024: Diversity, equity, inclusion and belonging – Sustainable procurement
2-7	Employees	Integrated Report 2024: Absa at a glance Sustainability and climate data sheet 2024
2-8	Workers who are not employees	Additional sustainability disclosures on labour relations and Occupational Health and Safety

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

3 Governance		
2-9	Governance structure and composition	Sustainability and Climate Report 2024: Our Group governance structure Integrated Report 2024: Protecting value through strong governance Board committees: ***www.absa.africa/about-us/corporate-governance/*** Additional sustainability disclosures on Governance
2-10	Nomination and selection of the highest governance body	Integrated Report 2024: Protecting value through strong governance Absa Group Board of Directors Policy on Conflict of Interest: ***https://www.absa.africa/wp-content/uploads/2024/02/Board-of-Directors-Conflict-of-Interest-Policy-Approved-4-December-2023.pdf*** Absa Group Director Nomination Policy: ***https://www.absa.africa/wp-content/uploads/2024/02/Director-Nomination-Policy-Approved-4-December-2023.pdf***
2-11	Chair of the highest governance body	Additional sustainability disclosures on governance Integrated Report 2024: Protecting value through strong governance: ***https://www.absa.africa/wp-content/uploads/2024/02/Board-of-Directors-Conflict-of-Interest-Policy-Approved-4-December-2023.pdf*** ***www.absa.africa/about-us/board-and-management/***
2-12	Role of the highest governance body in overseeing the management of impacts	Integrated Report 2024: Protecting value through strong governance Integrated Report 2024: Rewarding value creation
2-13	Delegation of responsibility for managing impacts	Integrated Report 2024: Protecting value through strong governance Sustainability and Climate Report 2024: Governance / Group governance structure
2-14	Role of the highest governance body in sustainable reporting	Sustainability and Climate Report 2024: About this report; Our Group governance structure Integrated Report 2024: materiality determination process www.absa.africa/about-us/corporate-governance/ - Board responsibilities
2-16	Conflicts of interest	Integrated Report 2024: Protecting value through strong governance Absa Group Board of Directors Policy on Conflict of Interest: www.absa.africa/wp-content/uploads/2024/02/Board-of-Directors-Conflict-of-Interest-Policy-Approved-4-December-2023.pdf
2-16	Communication of critical concerns	Additional sustainability disclosures on governance
2-17	Collective knowledge of the highest governance body	Integrated Report 2024, Board performance evaluation Sustainability and Climate Report 2024: Our climate action deliverables and Board empowerment and capacity building Sustainability and Climate Report 2024: Sustainability skills development and capacity building Additional sustainability disclosures on governance
2-18	Evaluation of the performance of the highest governance body	Integrated Report 2024, Board performance evaluation

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

2-19	Remuneration policies	Remuneration Report 2024: Remuneration Policy
2-20	Process to determine remuneration	Remuneration report: Remuneration Policy The 2024 annual general meeting voting outcomes, ***https://www.absa.africa/wp-content/uploads/2024/04/Absa-Group-%E2%80%93-Notice-of-AGM-16-April-2024.pdf*** The 2025 annual general meeting voting outcomes will be published on www.absa.africa following the meeting that will be held on 03 June 2025.
2-21	Annual total compensation ratio	Remuneration Report 2024
4 Strategy, policies and practices		
45710	Statement on sustainable development strategy	Sustainability and Climate Report 2024: Chief Executive Officer's message
2-22	Policy commitments	Sustainability and Climate Report 2024: Human Rights Human Rights Statement: ***www.absa.africa/wp-content/uploads/2022/09/Absa_Human_Right_Statement.pdf*** The Absa Way Code of Ethics Handbook Sustainability and Climate Report 2024: Annexure 2 Sustainability and Climate Report 2024: Protecting value through strong governance Integrated Report 2024: An active force for good in everything we do, Protecting value through strong governance Additional sustainability disclosures on ethics and conduct
2-23	Embedding policy commitments	Additional sustainability disclosures on ethics and conduct The Absa Way Code of Ethics Handbook Our Human Rights Booklet: ***www.absa.africa/wp-content/uploads/2023/06/The-Absa-Group-Human-Rights-Booklet.pdf*** Integrated Report 2024: An Ethical bank
2-24	Processes to remediate negative impacts	Additional sustainability disclosures on ethics and conduct Integrated Report 2024: An Ethical bank Sustainability and Climate Report 2024: Promoting sustainability decarbonisation efforts
2-25	Mechanisms for seeking advice and raising concerns	Sustainability and Climate Report 2024: Ethics and empowering our employees and clients to do the right thing Integrated Report 2024: Protecting value through strong governance Additional sustainability disclosures on ethics and conduct
2-26	Compliance with laws and regulations	Additional sustainability disclosures on ethics and conduct Sustainability and Climate Report 2024: Ethics and empowering our employees and clients to do the right thing
2-27	Membership associations	Sustainability and Climate Report 2024: Annexure

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

5 Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainability and Climate Report 2024: Stakeholder engagement approach Integrated Report 2024: Protecting value through strong governance
2-30	Collective bargaining agreements	Sustainability and Climate Report 2024: Responsible employment and remuneration Remuneration Report 2024: Implementation Report Sustainability and climate data sheet 2024
3 Material topics		
3-1	Process to determine material topics	Sustainability and Climate Report 2024: Our sustainability-related material matters
3-2	List of material topics	Sustainability and Climate Report 2024: Our sustainability-related material matters
3-3	Management of material topics	Sustainability and Climate Report 2024: Our sustainability-related material matters
Economic performance		
201-1	Direct economic value generated and distributed	Integrated Report 2024: Economic value created and distributed
201–2	Financial implications and other risks and opportunities due to climate change	Sustainability and Climate Report 2024: Risk identification, assessment and mitigation
201–3	Defined- benefit plan obligations and other retirement plans	Annual Consolidated and Separate Financial Statements for the year ended 31 December 2024: Note 41 Retirement benefit obligation Additional sustainability disclosures on economic performance
201-4	Financial assistance received from government	Additional sustainability disclosures on economic performance
Market presence		
202–1	Ratios of standard entry-level wage by gender compared to local minimum wage	Remuneration Report 2024: Implementation Report
202-2	Proportion of senior management hired from the local community	Broad-Based Black Economic Empowerment Report 2024: Management control
Indirect economic impacts		
203-1	Infrastructure investments and services supported	Additional sustainability disclosures on financial services sector and membership associations
203–2	Significant indirect economic impacts	Sustainability and Climate Report 2024: Regulatory compliance: Strengthening governance and risk management Integrated Report 2024: Our external environment

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

Procurement practices		
204–1	Proportion of spending on local suppliers	Broad-Based Black Economic Empowerment Report 2024 Sustainability and Climate Report 2024: Ethics and empowering our employees and clients to do the right thing Sustainability and Climate Report 2024: Sustainable procurement Sustainability Data Sheet 2024: Social
Anti-corruption		
205	Management approach disclosures – Anti-corruption	Sustainability and Climate Report 2024: Anti-corruption and financial crime Additional sustainability disclosures on anti-corruption and anti-competitive behaviour
205–1	Operations assessed for risks related to corruption	Additional sustainability disclosures on anti-corruption and anti-competitive behaviour
205-2	Communication and training about anti-corruption policies and procedures	Sustainability and Climate Report 2024: Empowering our employees and clients to do the right thing Additional sustainability disclosures on anti-corruption and anti-competitive behaviour
205–3	Confirmed incidents of corruption and actions taken	Sustainability and Climate Report 2024: Empowering our employees and clients to do the right thing Sustainability Data Sheet 2024
Anti-competitive behaviour		
206–1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Additional sustainability disclosures on anti-corruption and anti-competitive behaviour
Tax		
207-1	Approach to tax	Tax Transparency Report 2024: The story behind our tax approach
207–2	Tax governance, control, and risk management	Tax Transparency Report 2024: Governance and risk
207-3	Stakeholder engagement and management of concerns related to tax	Tax Transparency Report 2024: Advocating for fair and equitable tax systems
207–4	Country-by-country reporting	Tax Transparency Report 2024: Country-by-Country Report | Consolidated AFS
Environment		
Materials		
203-1	Materials used by weight or volume	Sustainability and Climate Report 2024: Our carbon emissions – Materials
203–2	Recycled input materials used	Sustainability and Climate Report 2024: Our carbon emissions – Materials
Energy		
302–1	Energy consumption within the organisation	Sustainability and Climate Report 2024: Our carbon emissions – Energy
302–3	Energy intensity	Sustainability and Climate Report 2024: Our carbon emissions – Energy
302–4	Reduction of energy consumption	Sustainability and Climate Report 2024: Our carbon emissions – Energy

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

Water and effluents		
303–1	Interactions with water as a shared resource	Sustainability and Climate Report 2024: Our carbon emissions – water and effluents
303-2	Management of water discharge-related impacts	Sustainability and Climate Report 2024: Our carbon emissions – water and effluents
303–3	Water withdrawal	Sustainability and Climate Report 2024: Our carbon emissions – water and effluents
303-4	Water discharge	Sustainability and Climate Report 2024: Our carbon emissions – water and effluents
303–5	Water consumption	Sustainability and Climate Report 2024: Our carbon emissions – water and effluents
Biodiversity		
304–1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainability and Climate Report 2024: Managing climate risks – Biodiversity
Emissions		
305–1	Direct (Scope 1) greenhouse gas emissions	Sustainability and Climate Report 2024: Our carbon emissions – Emissions
305–2	Energy indirect (Scope 2) greenhouse gas emissions	Sustainability and Climate Report 2024: Our carbon emissions – Emissions
305–3	Other indirect (Scope 3) greenhouse gas emissions	Sustainability and Climate Report 2024: Financed emissions
305-4	Greenhouse gas emissions intensity	Sustainability and Climate Report 2024: Our carbon emissions – Emissions
305–5	Reduction of greenhouse gas emissions	Sustainability and Climate Report 2024: Our carbon emissions – Emissions
Waste		
306–1	Waste generation and significant waste-related impacts	Sustainability and Climate Report 2024: Our carbon emissions – Waste
306-2	Management of significant waste-related impacts	Sustainability and Climate Report 2024: Our carbon emissions – Waste
306–3	Waste generated	Sustainability and Climate Report 2024: Our carbon emissions – Waste
306–4	Waste diverted from disposal	Sustainability and Climate Report 2024: Our carbon emissions – Waste
306-5	Waste diverted to disposal	Sustainability and Climate Report 2024: Our carbon emissions – Waste
Employment		
401–1	New employee hires and employee turnover	Sustainability Data Sheet 2024
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability and Climate Report 2024: Employee benefits Sustainability Data Sheet 2024
401–3	Parental leave	Sustainability and Climate Report 2024: Employee benefits Sustainability Data Sheet 2024

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

Labour/management relations		
402–1	Minimum notice periods regarding organisational change	Additional sustainability disclosures on labour relations and Occupational Health and Safety
OHS		
403–1	Occupational health and safety management system	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403–2	Hazard identification, risk assessment, and incident investigation	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403–3	Occupational health services	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403–4	Worker participation, consultation, and communication on occupational health and safety	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403–5	Worker training on occupational health and safety	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403–6	Promotion of worker health	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403-7	Prevention and mitigation of OHS impacts directly linked by business relationships	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403–8	Workers covered by an OHS management system	Additional sustainability disclosures in labour relations and Occupational Health and Safety
403–9	Work-related injuries	Sustainability Data Sheet 2024
403–10	Work-related ill health	Sustainability Data Sheet 2024
Training and education		
404–1	Waste diverted from disposal	Sustainability and Climate Report 2024: Empowering our employees through learning and development Sustainability Data Sheet 2024
404–2	Waste diverted to disposal	Sustainability and Climate Report 2024: Empowering our employees through learning and development Sustainability Data Sheet 2024
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability and Climate Report 2024: Performance and career development reviews
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	Sustainability and Climate Report 2024: Embracing diversity and inclusion Integrated Report 2024: Protecting value through strong governance Sustainability Data Sheet 2024

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

Non-discrimination		
406–1	Incidents of discrimination and corrective actions taken	Additional sustainability disclosures on sustainable business matters
Security practices		
410–1	Security personnel trained in human rights policies or procedures	Additional sustainability disclosures on sustainable business matters
Public policy		
415	Political contributions	Additional sustainability disclosures on sustainable business matters
Customer health and safety		
416–1	Assessment of the health and safety impacts of product and service categories	Additional sustainability disclosures in labour relations and Occupational Health and Safety
416–2	Incidents of non-compliance concerning the health and safety impacts of products and services	Additional sustainability disclosures in labour relations and Occupational Health and Safety
Non-discrimination		
406–1	Incidents of discrimination and corrective actions taken	Additional sustainability disclosures on sustainable business matters
Security practices		
410–1	Security personnel trained in human rights policies or procedures	Additional sustainability disclosures on sustainable business matters
Public policy		
415	Political contributions	Additional sustainability disclosures on sustainable business matters
Customer health and safety		
416–1	Assessment of the health and safety impacts of product and service categories	Additional sustainability disclosures in labour relations and Occupational Health and Safety
416–2	Incidents of non-compliance concerning the health and safety impacts of products and services	Additional sustainability disclosures in labour relations and Occupational Health and Safety
Customer privacy		
418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Additional sustainability disclosures on sustainable business matters

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Annexures 8: Global Reporting Initiative (GRI) reference continued

Financial services sector disclosure		
FS1	Policies with specific environmental and social components applied to business lines	Additional sustainability disclosures on financial services sector and membership associations
FS2	Procedures for assessing and screening environmental and social risks in business lines	Sustainability and Climate Report 2024: Managing climate risk
FS3	Processes for monitoring clients' implementation of, and compliance with, environmental and social requirements included in agreements or transactions	Additional sustainability disclosures on financial services sector and membership associations
FS4	Processes for improving staff competence to implement the environmental and social policies and procedures as applied to business lines	Additional sustainability disclosures on financial services sector and membership associations
FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	Sustainability and Climate Report 2024: Our stakeholders Sustainability and Climate Report 2024: How we engaged with our stakeholders Integrated Report 2024: Our stakeholders' needs and expectations
FS6	Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/ large) and by sector	Financial Results for the reporting period ended 31 December 2023: Note 8 Financial Results booklet 2024 – Segment performance
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	Sustainability and Climate Report 2024: Our products and services
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Sustainability and Climate Report 2024: Managing climate risk
FS13	Access points in low-populated or economically disadvantaged areas by type	B-BBEE Report 2024: Access to financial services
FS14	Initiatives to improve access to financial services for disadvantaged people	B-BBEE Report 2024: Access to financial services
FS15	Policies for the fair design and sale of financial products and services	Additional sustainability disclosures on financial services sector and membership associations
FS16	Financial literacy	Integrated Report 2024: An active force for good in everything we do B-BBEE Report 2024: Access to financial services Sustainability and Climate Report 2024: Financial Inclusion

For additional information relating to the above links and references, please visit our website *https://www.absa.africa/investor-relations/*.

Independent Assurance Practitioner's Limited Assurance Report on Selected Key Information

To the Directors of Absa Group Limited

Report on selected information

We have undertaken a limited assurance engagement on selected information, as described below, and presented in the Sustainability and Climate Report 2024 of Absa Group Limited ("Absa") for the year ended 31 December 2024 (the Report). This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter

Limited assurance shall be provided on the following selected information marked with a LA-EA to be published in the Reports and to be prepared in accordance with the Bank's criteria for reporting supported by the Global Reporting Initiative ("GRI") Standards and self-determined reporting criteria ("reporting criteria"). The reporting criteria will be available on the Bank's website. The reporting criteria is available on ***https://www.absa.africa/wp-content/uploads/2024/03/Absa-Group-Limited-Sustainability-Report-Assurance-definitions.pdf***.

Key Performance Indicators	Unit of measurement	Boundary	Page No.
Total non-renewable energy use	kWh	Group	91
Total renewable energy use	kWh	South Africa	91
Total energy use	kWh	Group	91
Scope 1 greenhouse gas emissions	tCO_2e	South Africa	92
Scope 2 greenhouse gas emissions – location based	tCO_2e	Group	92
Scope 3 greenhouse gas emissions	tCO_2e	Group	92
Total greenhouse gas emissions	tCO_2e	Group	92
Total water consumption	Kl	South Africa	93
Recycled water (greywater)	Kl	South Africa	93
Water savings	Kl	South Africa	93
Total waste generated (Recycled waste + Landfill)	t	South Africa	93
Women in senior leadership	%	Group	11
Green deposit	R	Group	111
Syndicated green loans	R	Group	111
Sustainable bonds	R	Group	110
Scope 3 financed emissions: real estate, commercial property finance (CPF) (December 2024)	tCO_2e	Group	90
Scope 3 financed emissions: real estate, mortgages (December 2024)	tCO_2e	Group	90
Scope 3 financed emissions: fossil fuels, oil and gas (Dec 2023)	gCO_2e/MJ	Group	88
Scope 3 financed emissions: fossil fuels, coal (Dec 2023)	tCO_2e	Group	88
Qualitative information			
Principle for Responsible Banking • Principle 2: Impact and target setting, 2.1. Impact Analysis • Principle 2: Impact and target setting, 2.2. Target Setting • Principle 2: Impact and target setting, 2.3. Target implementation and monitoring • Principle 5: Governance and culture, 5.1. Governance structures for Implementation of the Principles	Narrative	Group	96

Independent Assurance Practitioner's Limited Assurance Report on Selected Key Information continued

Directors' responsibilities

The Directors are responsible for the selection, preparation, and presentation of the selected information in accordance with Absa's reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation, and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected information and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

The Greenhouse Gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality management

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

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Assurance practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the selected information based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and, in respect of greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

These Standards requires that we plan and perform our engagement to obtain limited assurance about whether the selected information are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Absa's use of its reporting criteria as the basis of preparation for the selected information, assessing the risks of material misstatement of the selected information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process.
- Inspected documentation to corroborate the statements of management and senior executives in our interviews.
- Performed a walkthrough processes and systems to generate, collate, aggregate, monitor and report the selected KPIs.
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria; and
- Evaluated whether the selected information presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Absa.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Absa's selected information have been prepared, in all material respects, in accordance with the accompanying Absa's reporting criteria.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained *and subject to the inherent limitations outlined elsewhere in this report*, nothing has come to our attention that causes us to believe that the selected information as set out in the Subject Matter paragraph above for the year ended 31 December 2024 are not prepared, in all material respects, in accordance with the reporting criteria.

Other matters

Our report includes the provision of limited assurance on Syndicated green loans (SFIF) and Sustainable bonds. We were previously not required to provide assurance on these selected KPIs.

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

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected information to the Directors of Absa in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Absa, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche

Deloitte & Touché
Registered Auditors
Per Jayne Mammatt
Chartered Accountant (SA)
Registered Auditor
Partner

31 March 2025

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South Africa

Commitments, associations and memberships

Associations and external initiatives	Absa participation
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 Johannesburg Stock Exchange 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. 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 Sustainable Development Goals	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 Environmental, Social and Governance 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 Johannesburg Stock Exchange /FTSE Russell FTSE4Good	Absa has participated since 2015. A non-binding assessment used to measure Environmental, Social and Governance 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 Environmental, Social and Governance solutions, is a voluntary sustainability index in which Absa has participated since 2020. The index considers the efficiency of managerial systems in implementing Environmental, Social and Governance objectives.
Corporate Knights Global 100	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	A company that rates the sustainability of listed companies, providing high-quality, analytical Environmental, Social and Governance research, ratings and data to institutional investors and companies. Absa has formed part of this analysis since 2019.
ISS-oekom	Absa has participated since 2020. A sustainability solutions assessment company that provides investors with information regarding the impact of a company's product and service portfolio towards the Sustainable Development Goals. It contains an aggregate assessment in the form of a Sustainability Solutions Score and more detailed information and data points regarding specific sustainability objectives.

absa.africa

Contact information

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Your story matters