



Our Corporate Governance

Governance



Effective governance is at the core of Absa's ability to navigate the volatile and complex operating environment successfully.

Absa's Board of Directors ("the Board"), ultimately responsible for governing the Company, believes that good corporate governance and strategic decision-making are inextricably linked.

The Board is committed to the highest standards of corporate governance, which it believes are critical to achieving the business objectives and maintaining the trust of its investors, customers and other stakeholders.

Please refer to **pages 81-109** of our 2023 Integrated Annual Report for a detailed discussion of our governance practices. [\(link to the report\)](#)

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In keeping with the Global Reporting Initiative, detailed information on our Board and subcommittees is reported in our 2023 Integrated Annual Report on **pages 96-100**.

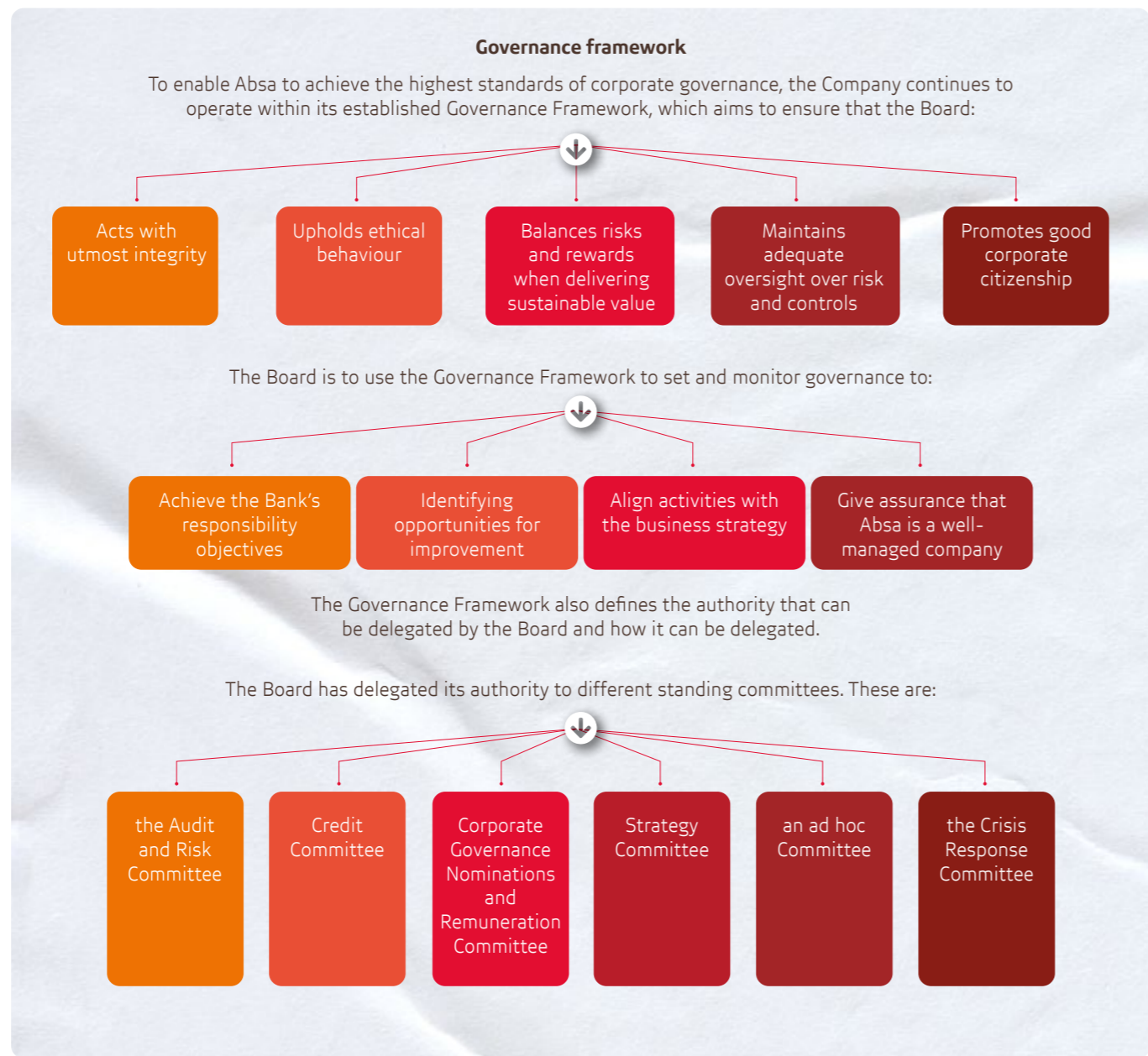
The Absa Board reported no conflicts of interest during the financial year ended 31 December 2023.

The Board evaluates its performance, that of its committees, individual directors, the Board Chairman, the Managing Director and the Company Secretary every year as required by the Central Bank of Kenya (CBK), regional regulators and the Capital Markets Authority (CMA).

The evaluation is facilitated externally every two years. Subsidiary board evaluations are also performed bi-annually.

In the years when an external facilitator is not engaged, such as was the case in 2022, the Chairman leads the assessment of the Board and each Director, with the coordination of the Company Secretary.

Further information can be found in the Integrated Annual Report on **pages 95-99**. To understand the context in which Absa's governance of ESG and climate risks exist, it is necessary to highlight the excellent guidance provided to the sector by the Central Bank of Kenya (CBK), Nairobi Securities Exchange (NSE) and Kenya Bankers Association (KBA).



The Board has also delegated the responsibility for the day-to-day management of the Company to the Managing Director, who leads the Country Management Committee.

The Managing Director is responsible for recommending strategy to the Board, steering the Country Management Committee and making and implementing operational decisions.

Once the Board has set and approved the strategy, it implements it by approving the annual budget and by regularly monitoring the performance of the Managing Director and Country Management Committee against it.

The Company regularly reviews its Governance Framework and practices to ensure that they are continuously evolving. As part of the review, the Board evaluates the Company's existing policies and their efficacy in describing the roles and challenges for the Board looking forward.

The review process involves identifying emerging global governance best practices, legal and regulatory developments, sustainability imperatives and stakeholders' expectations.

The Governance Framework takes into account the guidelines of ESG governance as published by the Nairobi Securities Exchange (NSE).

The NSE believes that ESG reporting provides a framework through which investors, owners of capital and the public at large can have a more comprehensive view of the company's activities and performance, beyond its financial numbers.

Through these guidelines, the NSE aims at improving and standardising ESG information reported by listed companies in Kenya.

The Board's oversight role in sustainability

As the highest decision-making body with the overall responsibility for oversight over the management of the Bank, the Absa Board demonstrated its continued commitment to people, planet and profit by approving the implementation of its 13 sustainability commitments. These sustainability commitments align with the Sustainable Development Goals,

the Paris Climate Agreement and the UN Global Compact Principles, among others.

The Corporate Governance, Nominations and Remuneration Committee is responsible for monitoring the progress made in implementing these commitments as well as alignment to the Central Bank of Kenya's requirements to assess and manage climate-related risk identified across the Bank's portfolio.

The Audit and Risk Committee's sole mandate is to oversee the quality and integrity of the Bank's financial, non-financial and regulatory reporting.

Board Corporate Governance, Nominations and Remunerations Committee

The Board's Corporate Governance and Nominations and Remunerations Committee as per the Enterprise Risk Management Framework and in line with the Strategic, Sustainability and Reputational Risk (SSR):

- Ensures that sustainability and climate-related risks are considered when developing the Bank's business objectives and Enterprise Risk Management Framework.
- Ensures that the Bank's exposure to sustainability and climate-related risks arising from its various lines of business are assessed, quantified and reported to the committee alongside other material risks such as credit, market, operational risks, etc.
- Oversees development and implementation of the sustainability and climate risk strategy.
- Approves necessary resources, human, financial, etc. required for effective implementation of the sustainability and climate-related risk strategy and framework.

- Exercises oversight over the Bank's exposure and responses to sustainability and climate-related issues, including adequately embedding climate-related risks into the Bank's risk management framework.
- Ensures effective implementation of the sustainability and climate strategy, by playing an active role in overseeing the development and implementation of the Bank's sustainability and climate risk objectives and reporting, including:
 - a) Setting the Bank's sustainability and climate-related financial risk appetite and obtaining assurance that the risks are effectively managed and controlled.
 - b) Cultivating a risk culture from the top that embeds sustainability and climate-related considerations into the business activities and decision-making process.
 - c) Conducts an annual review of the regulatory reports and periodic review of any regulatory submissions, e.g. Sustainability Report, TCFD reports and Central Bank submission on climate risk implementation.



Audit and Risk Committee

The Committee ensures the integrity of financial and non-financial reporting and audits and oversees the maintenance of sound internal control and risk management systems.

The Committee's work involves approving the workplan of the internal auditor, considering the adequacy of the scope of the external audit plan, the effective adoption of a combined assurance approach by the responsible business units and oversight of the Bank's sustainability programme.



Country Management Committee


Our sustainability agenda is spearheaded by the Country Management Committee (CMC) in our day-to-day operations. To strengthen our commitment to sustainability, we have established a dedicated Sustainability Steering Committee that reports directly to the CMC. Clear KPIs for all facets of the operation have been set and are driven by the Sustainability Steering Committee to ensure the realisation of our sustainability commitments.




Strategy Committee

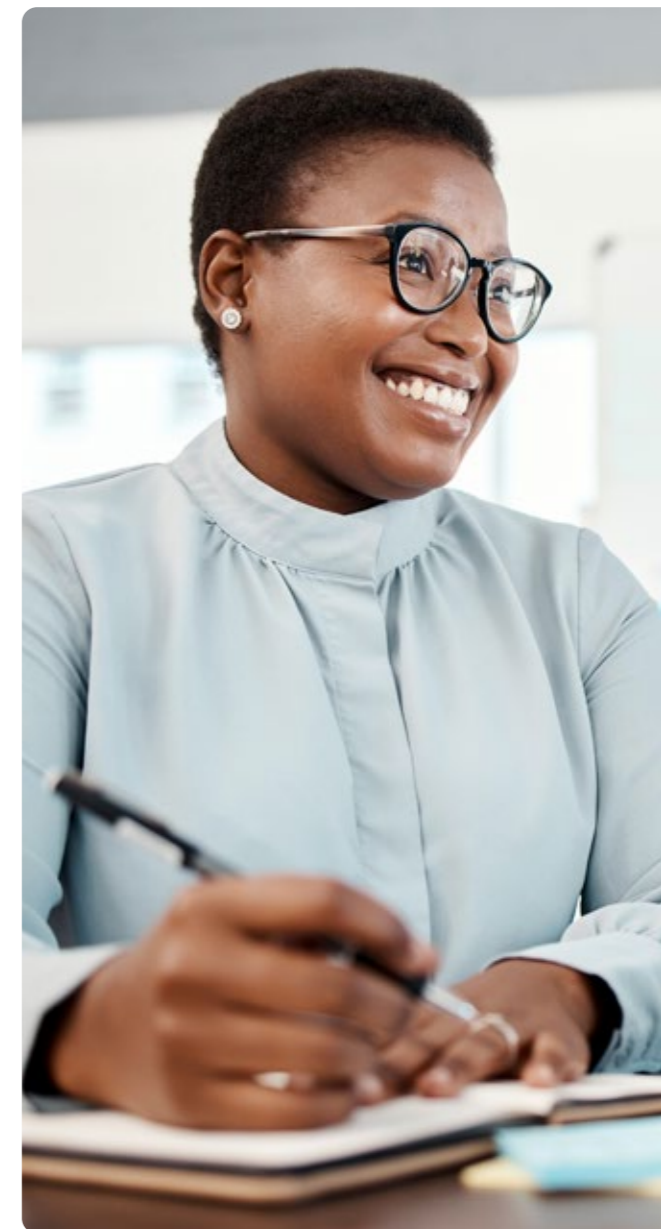
In addition to the work conducted by the Corporate Governance and Nominations Committee, the Strategy Committee, in conjunction with the Bank's senior management:

- Ensures that bank-wide risk discussion and management are key components of the strategic planning process, including consideration of risk and opportunities relating to the economy, the environment, ethics, finance, leadership, operations, politics, reputation, strategy, competition, technology and other matters.
- Ensures that deep dives are conducted on behalf of the Board in areas of key strategic significance, including but not restricted to product and process innovation, sustainability, the investments required and the timing of deployment of such investments to support implementation, and measures put in place to bring customer obsession to life.
- Ensures that sustainability (ESG) elements are considered when developing the Bank's overall strategy as per the Enterprise Risk Management Framework and in line with the Strategic, Sustainability and Reputational Risk (SSR).
- Approves the sustainability and climate strategy recommended by senior management, having regard to relevant local, regional and global developments (including economy-wide, nation-wide and internationally agreed goals).
- Reviews regular reports from the Sustainability Steering Committee on its activities and the progress of the Bank's sustainability practices.
- Oversees the Bank's disclosures relating to sustainability (e.g. in the annual Sustainability Report and regulatory submission).
- Oversees developments and compliance with emerging best practice approaches to sustainability and provides insight against the Bank's strategy.
- Holds the senior management to account for sustainability performance as a fiduciary responsibility to stakeholders.



Sustainability Steering Committee

The Committee's primary responsibility is to implement, progress and develop the Absa Kenya Sustainability Strategy, including overseeing the Bank's most material sources of sustainability risk and opportunities, associated actions and reporting.



Sustainability Team

Lead and oversight implementation of the sustainability agenda.

Business and Enterprise Function

Support by executing sustainability agenda.