



Environment and Biodiversity

Environment

KPI Summary

1 Reducing our environmental footprint and cost of operations



607,500 trees have been planted in partnership with Kenya Forest Service.

- A total of **728,095** trees were planted.
- Contributed **20,000** bamboo seedlings for Kiu Wetland.
- Contributed **10,000** seedlings for Kinale Forest Restoration.
- Over **25,000** mangroves planted at the coast

5 Biodiversity loss management

Contributed **20,000** bamboo seedlings for Kiu Wetland.

- Contributed **10000** seedlings for Kinale Forest Restoration.
- Over **25000** mangroves planted at the coast

2 Responding to climate risk



5 of our buildings have received EDGE certification.

6 Climate finance



KES 26 bn was allocated to support climate finance



84% uptake of **KES 22 billion** for climate financing.



KES 2.2 bn was allocated for climate-smart agriculture.

3 GreenHouse Gas (GHG) Emissions



Fuel consumption was at **241tCO2e** by the close of 2023.

- Emissions from water supply, paper, and business travel were valued at **0.52tCO2t**.

7 Green Projects

i) Green building

Announced the successful conclusion of a **KES 6.7 billion** financing agreement to support the development of a further **10** purpose-built student accommodation (PBSA) in partnership with Acorn Holdings.

ii) Climate-smart agriculture

KES 1.26 bn financing deal with Eco-Business Fund to support climate-smart agricultural practices.

4 Energy performance



85 sites were retrofitted with energy-saving technology.

- Absa won an energy management award.

8 Water Consumption and Management



Introduction of stand-alone water purification points in all the branches.

Environmental Impact

1. Reducing our environmental footprint and cost of operations

One of our main focuses is tree planting, recognising the immense benefits it brings to the environment. By the end of 2032, we have set a target to plant 10 million trees. This initiative serves multiple purposes: increasing the country's forest cover, reducing our carbon footprint, promoting biodiversity, and fostering environmental responsibility.

In 2023 alone, we made significant progress towards this goal by planting a remarkable 728,095 trees. The majority of these trees were planted through our partnership with the Kenya Forest Service (KFS), with a total of 607,500 trees planted through this collaboration.

Additionally, as part of the World Environment Week in 2023, we proudly planted over 100,000 trees in Njukiini Forest, Embu County. To further support ecosystem restoration, we contributed 20,000 bamboo tree seedlings for planting in Kiu Wetland through the State Department of Forestry. Moreover, we provided 10,000 seedlings to aid in the restoration of Kinale Forest.


Furthermore, we celebrated National Tree Planting Day by launching a KES 2 million tree-planting initiative. This initiative aims to plant more than 30,000 tree seedlings in the counties of Kiambu and Makueni.

In our relentless efforts to combat deforestation, we have developed a comprehensive digital strategy agenda to significantly reduce paper usage. Our ultimate goal is to make all our branch services accessible through our digital platforms.

We have already achieved a major milestone in our paperless journey by allowing customers to open accounts on our website and access their funds through our Absa banking app. Through these digital channels, customers can conveniently manage their finances while minimising the need for paper-based transactions.



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By embracing digital innovation, we are actively contributing to the reduction of deforestation and promoting a more sustainable future.

2. Responding to climate risk


Our successful progress on the 2040 decarbonisation journey can be attributed to several key factors, with one of the main drivers being Kenya's renewable energy mix. Over 80% of the energy in our national grid comes from clean and sustainable sources, including geothermal, hydropower, and wind energy. This abundance of clean energy plays a vital role in powering Absa's operations, ensuring that our electricity needs are met sustainably.

In line with our commitment to environmental responsibility, we have implemented policies to guide us in designing green properties. As a testament to our dedication, five of our buildings have received EDGE certification, a prestigious green certification system that focuses on enhancing resource efficiency. These certifications highlight our commitment to achieving net-zero status by 2040, aligning with our Group's target of 2050. Our aim is for all future Absa property designs to adhere to green building principles, further reducing our environmental impact.


Furthermore, we are actively managing the environmental risks within our portfolio. We classify assets into high, medium, and low-risk categories, and monitor climate-sensitive and high-carbon emission sectors closely. As part of our sustainability goals, we are striving to have at least 10% of our portfolio consist of green assets by 2025. This commitment reflects our dedication to supporting sustainable industries and transitioning towards a low-carbon economy.

3. Greenhouse Gas (GHG) Emissions


In 2022, we committed to publishing our carbon emission numbers annually as part of our ongoing efforts to become a net-zero emitter of greenhouse gases (GHG) by 2040. To ensure accurate and comprehensive reporting, we are currently working on incorporating robust tools that will provide a clear picture of our carbon emissions. As part of this process, we have mobilised relevant departments to gather data on Scopes 1, 2, and 3 emissions.



Scope 1 Emissions
Under Scope 1, we focus on emissions from sources that the Bank owns or directly controls. This includes our diesel-powered generators, company cars (especially those used by top leadership), and air conditioners. By the end of 2023, our company cars and fuel generator consumption resulted in emissions of 2.41tCO₂e.



Scope 2 Emissions
Scope 2 covers emissions that the Bank indirectly causes. In our case, we primarily focus on emissions from our electricity consumption. We collect data on our electricity consumption throughout the year and calculate emissions based on this data. By the end of 2023, our purchased electricity resulted in emissions of 1.14tCO₂e.




Scope 3 Emissions
Scope 3 emissions encompass emissions that are not produced by the Bank and are not the result of activities from assets owned or controlled by Absa. This includes emissions from piped water, paper consumption, and business-related travel (such as air travel or the use of taxis by our employees). Excluding financed emissions, emissions from water supply, paper, and business travel were valued at 0.52tCO₂e.

To calculate our carbon emissions, we use the Greenhouse Gas (GHG) revised edition protocol, primarily focusing on operational perspectives. It's important to note that we have not yet started measuring emissions from our portfolio. Additionally, we rely on the latest electricity factor published by the International Energy Agency to ensure accurate calculations.

4. Energy Performance

In 2022, we achieved a significant milestone by obtaining International Finance Corporation (IFC) certification for five of our Absa sites. Additionally, we retrofitted 85 of our sites with energy-saving technology, resulting in a remarkable 30% reduction in energy usage since the retrofitting initiative began in 2020. In 2023 alone, we achieved an energy-saving rate of 8.3% as a direct result of these retrofits.

To further enhance our energy efficiency, we implemented automatic switch sensors in all our lighting systems. These sensors ensure that lights are only activated when someone is present in the building, significantly reducing unnecessary energy consumption. Furthermore, we are in the process of



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installing smart metre readers to monitor energy consumption at our top energy-consuming sites, allowing us to identify areas for further optimisation.

In line with our commitment to sustainability, we are also replacing our existing generators with modern, energy-efficient models. This transition to more efficient generators aligns with our goal of reducing our carbon footprint. Additionally, we are extending the use of the latest energy-efficient technologies to our air conditioning systems, further contributing to our energy-saving efforts.

Our dedication to energy efficiency has not gone unnoticed. In 2022, we were honoured to receive an energy management award, recognising our commitment to sustainable practices and our achievements in reducing energy consumption.

5. Our contribution to mitigating climate risk in society.

At Absa, we are fully committed to embedding and promoting sustainable financing practices in line with our overall sustainability agenda. As part of our comprehensive climate-risk strategy, we have been actively assisting our customers, particularly those in high-emission sectors such as manufacturing, transport, and electricity, to transition towards low-carbon alternatives. Our focus is to provide training and awareness on climate-related risks and leverage climate finance solutions to support their shift to low-emission operations.

To further drive sustainability and support biodiversity conservation, we have partnered with the Eco-Business Fund (EBF), a Germany-based investment fund established in 2014. The EBF is a joint initiative aimed at strengthening the role of the private sector in biodiversity conservation, sustainable resource use, climate change mitigation, and adaptation.

In alignment with our growth plans, our Business Banking division is actively seeking partnerships to drive expansion in the agribusiness sector, which is a key focus area for us. Through a collaboration with Finance in Motion, we have secured long-term currency funding and are implementing capacity-building initiatives for our agri customers and colleagues across the Bank.

Through our partnership with Finance in Motion and the Eco-Business Fund, Absa Bank aims to support agribusiness and climate-related initiatives. A funding line of US\$10 million has been designated to enhance capacity-building efforts for our colleagues and customers, fostering growth in agribusiness and facilitating green lending.

As part of this collaboration, we have implemented a technical assistance programme focused on post-harvest loss management in key value chain sectors such as horticulture, dairy, and cereals. The programme has seen significant participation from various value chains, including carrot, avocado, fine beans, banana, macadamia, tomato, kale, and mango, among others.



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6. Climate finance

By the end of 2024, we are diligently working on developing a comprehensive climate strategy. We aim to leverage climate finance as a key driver of our performance, aligning our financial activities with sustainable practices. To ensure the successful implementation of this strategy, we have established a dedicated working group tasked with conducting climate risk stress testing and scenario analysis, in accordance with our established framework. This working group is committed to delivering results by December 2024.

KES 26.1 billion
In 2023, we allocated KES 26.1 billion specifically for climate financing, with an impressive uptake rate of 84%.

In 2023, we made a bold commitment to double our financing for sustainable finance, setting a target of KES 120 billion. This initiative, which is part of our broader sustainability commitment, aims to advance green and inclusive finance, support financially excluded groups, and reduce our carbon footprint. By the end of 2023, we had already advanced close to KES 60 billion in sustainable finance, incorporating both green and inclusive finance components.

Recognising the long-term challenges posed by climate-related financial risks, we have partnered with development organisations to unlock climate finance opportunities and support green and sustainable banking initiatives. These partnerships enable us to address emerging risks while promoting environmentally responsible practices in the financial sector.

In 2023, we allocated KES 26.1 billion specifically for climate financing, with an impressive uptake of KES 22.3 billion. Our focus within climate finance lies in energy efficiency, green buildings, and climate-smart agriculture. Notably, KES 2.2 billion has been allocated for climate-smart agriculture, reflecting our commitment to sustainable food production. Additionally, through the Timiza platform, we have disbursed KES 21 billion to support financially excluded groups, fostering financial inclusivity and empowerment.

7. Green projects

a) Absa SunKing

Absa Kenya, in collaboration with SunKing, embarked on a significant investment of KES2 billion towards the development of solar-powered projects in off-grid communities across Kenya. This initiative is part of a larger syndicated finance facility valued at KES 17.9 billion (\$130 million), which brings together various

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commercial banks and partners to promote financial innovations that channel funding towards environmentally friendly projects.

The transaction is structured to leverage payments for solar products from both current and future customers of SunKing, a leading off-grid solar energy company. These payments will be utilised to raise funds for future growth and expansion. As part of the agreement, customers' future payments for solar equipment purchased on credit will be securitised and funded by investors.

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It is estimated that approximately 30% of Kenyans currently live without access to electricity, resulting in off-grid households spending a significant portion of their income on polluting fuels and technologies for lighting and power. Solar energy presents a viable solution, offering clean and reliable energy while providing long-term cost savings for homes and businesses. However, the high upfront equipment cost often acts as a barrier preventing many Kenyan consumers from adopting solar energy.

Through our deliberate efforts, we are committed to promoting and driving sustainable financing for our customers, aligning with our overall sustainability agenda. The innovative pay-as-you-go service eliminates the upfront cost barrier, making solar energy systems accessible to a wider consumer base. This securitisation approach plays a crucial role in unlocking the substantial capital required to fund solar energy initiatives at the scale necessary to address the climate crisis. These pioneering financial mechanisms effectively transform global challenges related to energy access, social development, and climate action into compelling investment opportunities.

b. Green building - Our partnership with Acorn Holdings

Acorn Holdings Limited (AHL), the largest institutional rental housing developer in East Africa, along with Absa Group and Absa Bank Kenya, entered into a KES 6.7 billion financing agreement.