



Materiality Topics

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Materiality Topics

Our organisation focuses on the most significant environmental, social, economic, and governance issues that have an impact on us and our stakeholders. This section explains these important topics, how they affect us, and how we address them. In line with our dedication to the Sustainable Development Goals (SDGs), we have identified and included references to the SDGs that we prioritise and that are most applicable to each chapter.

The Global Reporting Initiative (GRI) updated its standards in 2023 to align with the new Universal Standards. The GRI Topic Standards have been revised, and the previous groupings of 200 (Economic), 300 (Environmental), and 400 (Social) were eliminated. Instead, there are now 31 separate Topic Standards that companies should follow when reporting on Material Topics.

The material topics for Absa Kenya have been prepared in accordance with the relevant GRI Topic Standards. These standards guide reporting material topics and disclosing the impacts identified through the materiality process. By following the GRI Standards, we are able to demonstrate our commitment to transparency and sustainability reporting.

“ The Global Reporting Initiative (GRI) updated its standards in 2023 to align with the new Universal Standards. ”



Materiality Topics - continued



Environmental & Social Risks

Climate Change Strategy and Approach

Absa Kenya has developed a comprehensive climate change strategy that guides our approach to managing climate risks and opportunities. The strategy aims to achieve emission reductions and create value through sustainable finance opportunities. The bank has set ambitious net zero targets aiming to achieve this by 2040 at operational and major outsourced arrangements, and by 2050 at the portfolio level.

To effectively manage climate-related risks, Absa has implemented a climate risk management strategy in line with the Central Bank of Kenya's Guidance on Climate-Related Risk Management published in 2021. We also have a sustainability risk policy that addresses most climate-related risks and we are in the process of developing a specific climate risk standard. Additionally, Absa utilises an Environmental Social Management system (ESRA) tool to assess both social and climate-related risks.

Loan Assessment and Climate Risks

In our loan assessment process, Absa has set a threshold of USD 5 million and loans with a tenure of 36 months to be assessed for climate risks. However, there are instances where we may request an assessment for facilities that are below this threshold, depending on the partner we are working with and the environmental and social risks involved.

Absa employs an Environmental and Social Management System (ESMS) as a tool to screen environmental and social risks. We have automated our ESMS tool to conduct a thorough assessment of climate risk exposure for customer loans.

Identified Climate Risks and ESG Considerations

We are looking at all the risks in general but within climate risk, we have identified eight sectors that carry the highest level of climate risk, including agriculture, manufacturing, real estate, transport, electricity, gas and water supply, construction and

communications as well as mining and quarrying. We have sustainability risk, with two sub-categories — sustainability risk and climate risk. Under sustainability risk, we are looking at environmental, social, and governance risks.

Secondly, we have identified Climate-related risks, which are physical (such as hurricanes, heat or cold waves or floods) and transition risks—which result from the uncertainty created by the global shift towards a more sustainable and net-zero economy.

For the physical risks, they are extreme weather conditions, which we also consider during our loan scoring and process, while in transitional risks, the clearest indicators we look for is the exposure to coal and to oil and gas.

Absa Kenya has trained customers on a just transition on climate finance, but we will be upscaling that in 2024 to train customers to transition to the net-zero carbon economy.

Furthermore, we are in the process of mapping out all environmental, social and governance risks and define their key performance indicators. But for the ones that we have identified like social risks, we have policies in place to mitigate their impact on our business.

Climate Risk- Capacity Building

In 2022, the bank conducted staff sensitisation programmes focused on climate risk concepts and expectations. This



Our long-term ambition is to become a net-zero carbon footprint company by 2040.

Materiality Topics - continued

effort aimed to raise awareness among employees about the significance of climate-related matters. Additionally, the Bank organised virtual meetings to provide training on climate risk assessment and opportunities.

To further enhance its climate resilience, Absa facilitated additional training through the Kenya Bankers Association (KBA) Sustainable Finance Initiative curriculum. Critical staff members received specialized training on climate finance, environment and social risk assessment tools, and ongoing policy embedment related to climate change.

The Bank recognizes the importance of continuous learning and has developed e-learning modules on climate-related matters. These modules are accessible through the KBA Sustainable Finance Initiative (SFI) curriculum, ensuring that employees can further educate themselves on climate related topics. Moreover, the Bank is actively working on developing internal e-learning modules to expand the knowledge base of their colleagues.

Climate Resilience Champions

Absa Kenya has nominated Climate Risk champions from critical departments and training is done every quarter to support reporting from their business functions. The champions are integral members of the Climate Risk and Sustainable Finance working groups, actively contributing to the Bank's efforts in building climate resilience.

Customer Education and Collaboration

Since October 2022, the Bank has partnered with the International Finance Corporation (IFC) to organise customer education and awareness programmes on climate risks and opportunities. This collaboration aims to develop both capacity and infrastructure for product development that considers and integrates climate risks and opportunities. The Bank has also leveraged external expertise by onboarding ESG experts, who provide valuable insights to enhance the Bank's proficiency in climate finance.



Alignment to the SDGs



SDG 9: Industry, Innovation, and Infrastructure:

Absa has employed an approach to managing climate risks and creating sustainable finance opportunities that align with SDG 9. The Bank promotes innovative solutions and sustainable infrastructure development that supports economic growth and environmental sustainability.



SDG 11: Sustainable Cities and Communities:

Absa's identification of climate risks in sectors such as real estate and data and communications supports SDG 11. We contribute to the development of resilient and sustainable cities, ensuring the well-being of urban communities.



SDG 12: Responsible Consumption and Production:

Absa's sustainability risk policy and focus on mapping environmental, social, and governance risks align with SDG 12. They promote responsible consumption



SDG 13: Climate Action:

Absa's comprehensive climate change strategy, climate risk management, and focus on emission reductions demonstrate our alignment with SDG 13. The Bank actively addresses climate risks and opportunities, contributing to global efforts to combat climate change.



SDG 17: Partnerships for the Goals:

Absa's collaboration with the Central Bank of Kenya (including aligning with the Guidance on Climate Risk Management) and other partners, reflects our commitment to SDG 17. We recognise the importance of partnerships in achieving sustainable development and work together to address climate-related risks.

Materiality Topics - continued

Diversity Equity & Inclusion

Equal Opportunity and Diversity at Absa

At Absa, we are committed to being an equal-opportunity employer that values and promotes diversity and inclusion. These principles are integral to our sustainability agenda and are deeply ingrained in our people's function policy. Beginning with the recruitment process, we strive to attract and onboard individuals from all backgrounds.

Inclusion of the Differently Aabled

In our efforts to foster inclusivity, we have actively encouraged differently-abled individuals to apply, increasing the number of differently-abled employees within our workforce. Currently, we are proud to have 29 colleagues with disability, accounting for approximately one percent of our entire workforce. However, our target is to achieve a **5%** representation of persons with disabilities (PWDs).

Gender Diversity Milestones

In terms of gender diversity, we have made significant strides. Among our total workforce, 51% are women and 49% are men. We are committed to maintaining gender balance at all levels of management, aiming for a 50% representation of women. We have already made progress in this area, with 51% of women in junior management roles, 47% in middle management, and 40% at the board level in 2023. Our ultimate goal is to achieve a 50% representation of women by 2025.



Case Study

Enhancing Financial Inclusion for Muslim Investors

Absa Bank Kenya is committed to promoting financial literacy among Muslim investors and asset owners. In line with this commitment, we have launched a range of new products specifically designed to meet their unique needs.

One of these products is the introduction of unsecured personal lending solutions, known as Tawarruq. These solutions are tailored for scheme customers working in both county and national governments. By offering sharia-compliant lending options, we aim to provide financial support to individuals while adhering to Islamic principles.

Absa Bank Kenya has also unveiled sharia-compliant investment products to cater to the needs of Muslim investors. These investments have been carefully developed to ensure compliance with Islamic finance principles. We recognize the importance of offering diversified investment options that align with our customers' beliefs.

Furthermore, we have taken a significant step in the market by launching Kenya's first sharia-compliant structured investment notes. These notes provide elite clients with offshore exposure and the opportunity to leverage potential upside profits while guaranteeing capital protection. This innovative offering addresses a market gap and provides a unique investment opportunity for our valued customers.



Materiality Topics - continued

Diversity in our Supply chain

Furthermore, we recognise the importance of supporting PWD-owned businesses. Currently, less than one percent of our suppliers are registered as PWDs. However, during the pandemic, we actively engaged with PWD-owned and operated firms by contracting them to produce masks. As part of our commitment to financial inclusion, we aim to increase the number of PWD-owned firms among our suppliers to reach **5%** by 2025.

PWD Roadmap and Accessibility Initiatives

In line with our dedication to accessibility, we launched our PWD roadmap in 2023. This initiative was influenced by the consolidated Roadmap for Digital Accessibility & Financial Inclusion of People with Disabilities released by the Kenya Bankers Association (KBA) in May 2022.

While we have maintained the five-pillar structure provided by the KBA, we have also developed our own unique roadmap for Absa Bank Kenya focusing on the following areas:

- KYC (Know your customer):** Mapping staff, clients, and stakeholders with disabilities.
- Access:** Ensuring physical access and creating strategies and policies for PWDs.
- E-banking:** Enhancing accessibility across all of the bank's digital channels.
- Support:** Providing training and capacity building to support PWDs.
- Information Access:** Improving documentation and signage to enhance information accessibility.



Commitment to Diversity and Inclusion

At Absa, we are dedicated to fostering a diverse and inclusive environment for both our employees and the broader community. We believe that by embracing diversity, we can drive innovation and create a more sustainable future for all.

Alignment to the SDGs:

SDG 5: Gender Equality: Absa is committed to achieving gender equality and empowering all women and girls. We have ensured women's full and effective participation & equal opportunities for leadership at all levels of decision-making.

SDG 8: Decent Work & Economic Growth: We have made our goal to create decent jobs and economic opportunities for everyone. Through this, we are promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SDG 10: Reduced Inequalities: At Absa, we have adopted policies that achieve greater equality such as the PWD Roadmap. We have also established programmes to incorporate greater representation of PWDs.

Employment & Wellbeing

Employee Wellness Initiatives at Absa

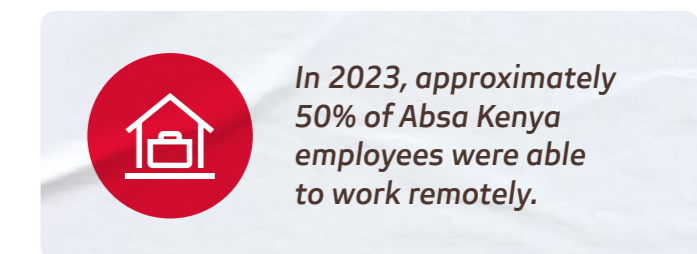
At Absa, employee wellness and safety are top priorities. We have developed various programmes to support the emotional and mental health of our employees. These initiatives extend to colleagues who work remotely as well. For example, we provide support for purchasing ergonomic furniture to ensure their comfort.

To promote emotional intelligence, we organise regular sessions led by our HR department. These sessions aim to equip employees with the necessary skills for emotional well-being.

In 2023, our employee wellness programmes focused on promoting work-life balance. We encouraged employees to engage in physical exercise for their mental and physical fitness. As part of this initiative, we provided equipment such as skipping ropes to help them stay fit. Additionally, we hired a physical fitness coach who conducted virtual training sessions for employees between 5pm and 6pm.

We also extended our wellness initiatives to include employees' nannies by offering training on first aid. Furthermore, we facilitated the process of obtaining new car number plates for our employees to reduce the inconvenience caused by a recent directive from the National Transport and Safety Authority.

Post-pandemic, we have implemented flexible working hours



Materiality Topics - continued



healthy living, such as HIV testing and counselling, audiometric tests for colleagues in the contact centre, and other medical tests conducted at the workplace. We also provided care calls through professional counsellors to address various well-being matters and offer psycho-social support. In 2023, we launched our wellness magazine, featuring articles from colleagues covering a wide range of well-being topics.

Collective Bargaining and Employee Engagement

At Absa, we uphold the constitutional rights of our employees, including freedom of association and the right to collective bargaining. Our commitment to these rights is outlined in our Employment Relations Policy, which is accessible to all employees on our intranet. We have entered into recognition agreements with unions to facilitate collective bargaining, such as salary negotiations for employees within the bargaining unit. We do not condone anti-union discrimination and rely on in-country laws and International Labour Organisation principles. Additionally, we established the Absa Africa Consultative Forum, a platform for consultative discussions on matters of mutual interest, fostering co-determination, dialogue, trust, and employee voice.

We value employee feedback and engagement at Absa. In 2023, we engaged with employees through various sessions, including town hall meetings. We also conducted anonymous surveys to gather candid feedback. Our Employee Experience Survey Results, conducted annually, measure employee satisfaction across key thematic areas. We prioritise indicators such as autonomy, collaboration, feedback and recognition, growth and development, innovation and support, and leadership role modelling. We analyse low scores to identify areas for improvement and take action accordingly. High scores are celebrated and encouraged.

Grievance Mechanism and Employee Retention

At Absa, we are committed to providing a high standard of service. However, we recognise that issues may arise, and we have an external grievance mechanism in place. We review all

complaints received fairly and promptly, resolve them at the first point of contact, provide regular updates on the progress of resolving the problem, and handle complaints in compliance with legal and regulatory requirements.

In terms of employee retention, our turnover rate in 2023 was 4%, one of the lowest in the country. This improvement can be attributed to our continued enhancement of human resource policies, including the implementation of our hybrid working model. This model has not only contributed to employee retention but has also attracted top candidates in their respective areas of expertise.

Absa is dedicated to promoting employee wellness, supporting collective bargaining rights, fostering employee engagement, and providing effective grievance mechanisms. We strive to create a positive and inclusive work environment that prioritises the well-being and satisfaction of our employees.

Our Performance

Below are the results of the colleague experience survey:

Metrics	2022	2023	Change
Participation Rate	90%	88%	Decrease
Colleague Experience Index	73.4%	75.3%	Increase
Job Satisfaction	7.81	8.02	Increase
Employer Advocacy	+41.3%	+49.6%	Increase

Below are our areas of strength:

- 92.9% of colleagues believe they know what to do in order to become successful in their roles

Materiality Topics - continued

- 90.4% are proud to be working in Absa Kenya
- 91.4% are confident in Absa Kenya's ability to achieve its goals
- 89.4% have access to learning and development opportunities
- 89.9% are inspired by Absa Kenya's purpose and look for ways to live this in their everyday work

Alignment to the SDGs

SDG 3: Good Health and Well-being: Absa's employee wellness programmes focus on promoting physical, mental, and emotional well-being, contributing to SDG 3's objective of ensuring healthy lives and promoting well-being for all.

SDG 5: Gender Equality: Absa's initiatives, such as providing support for purchasing ergonomic furniture and offering training on first aid to employees' nannies, promote gender equality by ensuring a safe and inclusive work environment for all employees.

SDG 8: Decent Work and Economic Growth: Absa's commitment to collective bargaining rights, fostering employee engagement, and providing effective grievance mechanisms aligns with SDG 8's aim of promoting inclusive and sustainable economic growth, productive employment, and decent work for all.

SDG 10: Reduced Inequalities: Absa's focus on employee wellness, flexible working hours, and hybrid working models contribute to reducing inequalities within the workplace, ensuring equal opportunities and work-life balance for all employees.

SDG 17: Partnerships for the Goals: Absa's establishment of the Absa Africa Consultative Forum, a platform for consultative discussions on matters of mutual interest, fosters partnerships and collaboration, aligning with SDG 17's objective of strengthening global partnerships for sustainable development.

Case Study

Recognition as a Top Employer

In 2023, we once again received the prestigious Top Employer award in Kenya and Africa. This global recognition, awarded by the Top Employers Institute, acknowledges our commitment to creating an exceptional work environment. It serves as validation that we prioritize our people and value the contributions of each and every colleague.

The Top Employers Institute, established over 30 years ago, has certified 2200 organizations in 122 countries. Their certification process has positively impacted the lives of over seven million employees worldwide. This recognition enables organisations to assess and improve their workplace environments, ultimately striving to create exceptional places to work across the globe.



Materiality Topics - continued



Customer Wellbeing, Experience & Protection

Absa Kenya is committed to providing convenient, safe, and easily accessible solutions to meet the needs of its customers. Safety is a top priority, and strong safeguards are maintained to protect customer accounts and data. Ongoing engagement with customers has allowed Absa Kenya to innovate and remain relevant, inspiring confidence and driving customer growth. To sustain our momentum in the market, we understand the importance of servicing our customers with excellence. This includes resolving grievances quickly, enhancing system reliability and uptime, and providing the ability to transact through preferred channels when needed.

- a. Enhancing Customer Experience:** Absa Kenya follows the outcomes-based approach of Treating Customers Fairly, ensuring specific fairness outcomes for customers. The Net Promoter Score is used to measure customer willingness to recommend products and services. Customer Experience scores are tracking positively, supported by investments in engagement, service standards, and process improvements.
- b. Product Development:** Absa Kenya strives to offer tailor-made products that cater to the specific needs of customers.
- c. Fintech/Digital Experience:** Absa Kenya prioritises leveraging fintech and digital solutions to enhance the customer experience.
- d. Supporting Customers Through Transition:** Absa Kenya is committed to supporting customers during transitional phases by providing necessary assistance and resources.

Partnerships with Business Associations and Engagements: Absa Kenya recognises the importance of collaboration and partnerships in supporting SMEs and fostering economic growth. We have actively engaged with business associations

Case Study

Absa Business Club trips

Part of the Business Club non-financial offering is to create opportunities for networking, exposure to markets and business benchmarking for our customers through trade missions to various destinations internationally, regionally, and locally. In 2023, we organised two trips to Ghana and South Africa.

We organised a trade mission to Accra, Ghana where over 30 women in business attended the 2023 Inspire Me Conference. The conference gathered about 500 women SMEs across the continent (Ghana, Zambia, Uganda, Tanzania, Nigeria and Kenya) to connect, learn, share, and be inspired by renowned international and local speakers with the theme of the conference being, "Empowering women's economic growth together". The business trip was supported and sponsored by our partners, International Trade Center (ITC) and Finance in Motion.



In addition, we organised a seven-day business tour to Cape Town for our Business Club members. The week-long tour brought together over 30 business owners to meet and benchmark with South African business executives and entrepreneurs, enabling them to forge partnerships and seize potential investment opportunities.

Absa Business Club members started the trip with a tour of Deli-Co Farm, a family-owned business established in 1998. The story of Deli-Co Farm is a testament to visionary leadership, leveraging technology, and involving the next generation early on. With 450 daily deliveries and 2,000+ clients, the farm is expanding nationally and internationally.

The team also visited Fairview Wine and Cheese Farm, a wine & cheese producer based in the Paarl region of the Western Cape province. The farm is one of the most visited attractions in the Cape Winelands receiving over 300,000 tourists per annum. Wine tourism has recorded strong growth in South Africa and Fairview's combination of wine and cheese is particularly popular with locals and international tourists.

Deli-Co farm and Fairview Wine & Cheese Farm are our clients with a long standing relationship with Absa South Africa.

Such trips aim to educate and inform our business customers about viable business opportunities, expanding their knowledge and skills to enhance their expertise upon their return.



SHE Stars Academy Graduation

Over the course of 18 months, Absa Bank in partnership with GIZ aimed to support up to 1,500 women-led micro, small and medium enterprises to build more resilient, sustainable and competitive businesses in response to disrupted livelihoods, climate change, biodiversity loss and a resource depleting economy. The beneficiaries were equipped with the necessary tools and skills to capitalise on their business models to drive change and examine the broader landscape in which they thrive. Between December 2022 to June 2023, the programme garnered significant attention, attracting a total of 2,146 applicants.

Materiality Topics - continued

and organisations to drive entrepreneurship and provide valuable resources to entrepreneurs. Through partnerships with the Kenya National Chamber of Commerce and Industry (KNCCI), SME Founders, SNDBX, and Market Storms, we have established strong networks to support SMEs in their journey towards success.

Women In Business (WIB) Engagements:

Absa Kenya is committed to empowering women entrepreneurs and promoting gender equality. As part of our Women In Business (WIB) initiative, we have engaged with women entrepreneurs through various activities and events. These engagements provide a platform for networking, knowledge-sharing, and support, enabling women entrepreneurs to thrive in their business ventures.

Market Storms Impact:

One of the key initiatives undertaken by Absa Kenya is the implementation of Market Storms. Through these events, we have impacted over 35,000 entrepreneurs, providing them with opportunities to showcase their products, connect with potential customers, and expand their business networks. Market Storms have proven to be a powerful platform for SMEs to gain visibility and grow their businesses.

Introducing WezeshaStock:

In line with our commitment to supporting SMEs, Absa Kenya introduced WezeshaStock, a real-time digital platform designed to boost inventory management and trading for Small and Medium Enterprises (SMEs). WezeshaStock provides SMEs with a user-friendly and efficient solution to manage their inventory, allowing them to streamline their operations and make informed business decisions. This innovative business proposition enhances the competitiveness and growth potential of SMEs, contributing to a vibrant entrepreneurial ecosystem.

Transforming Customer Engagement & Experience

Absa Kenya has made significant strides in enhancing customer engagement and experience, leveraging innovative technologies



and strategic initiatives. By incorporating Artificial Intelligence (AI) in fraud analytics, we have strengthened our ability to detect and prevent fraudulent activities, safeguarding our customers' financial security.

In line with our commitment to providing accessible and convenient financial solutions, we have improved the availability of our Timiza platform. In 2023, we advanced loans totalling KES 21 billion impacting over one million customers through Timiza, empowering our customers with the necessary financial support to pursue their aspirations.

Another notable development at Absa Kenya is our transition from debt-led customer relationships to transactional relationships. This shift reflects our focus on fostering dynamic and mutually beneficial interactions with our customers, enhancing their financial journeys.

Our dedication to delivering exceptional customer experiences has been recognised through our achievement as runners-up in the Best Internal Customer Experience category at the Service Excellence Awards 2023. This accolade underscores our

commitment to continuously improving our service delivery and meeting evolving customer expectations.

As we navigate a dynamic banking landscape characterised by changing consumer preferences and intensified competition, Absa Kenya remains steadfast in prioritising customer experience. We understand the importance of convenient and innovative touchpoints that resonate with our customers' journeys. To this end, we have made substantial investments in new and engaging ways to interact with customers, addressing pain points and increasing overall satisfaction.

These customer-centric efforts have yielded significant results. Our customer assets have increased by 18% to KES 336 billion, a testament to the trust and confidence our customers place in us. Additionally, customer deposits have grown by 19% to KES 363 billion, reinforcing our commitment to providing the necessary financial and non-financial support to help our customers achieve their objectives.

Looking ahead, Absa Kenya has established an ambitious transformation investment plan. This plan aims to support a larger business that serves a broader customer base, capturing market share in a market of over 40 million customers. As the Kenyan consumer market transforms, demanding greater value, innovative solutions, and exceptional customer experiences, we are determined to meet these demands head-on. We are dedicated to significantly transforming our services to improve the customer experience and proposition at every touchpoint.

At Absa Kenya, our focus remains on empowering our customers, building lasting relationships, and delivering value that goes beyond traditional banking services. We are committed to creating meaningful financial experiences that positively impact our customers' lives and contribute to their financial well-being.

Building Brand Relevance

Absa Kenya's main goal in 2023 was to build brand relevance. This was achieved through four pillars:

Materiality Topics - continued

- 1. Building consideration and connection:** The "Africanacity" brand thematic campaign showcased Absa as a doing brand, bringing the brand purpose to life and growing relevance and consideration.
- 2. Growing relevance and market share:** Compelling propositions and solutions, such as Timiza, were showcased based on understanding customer needs.
- 3. Deepening brand trust and affinity:** Absa demonstrated its role in society as a force for good and commitment to creating shared value through sustainability and citizenship initiatives.
- 4. Growing brand reputation and advocacy:** Stakeholder engagements, thought leadership and strong positioning of the corporate brand, were accelerated.

Stakeholder Engagement and Thought Leadership

Absa Kenya prioritises stakeholder engagements, data-led profiling, impactful messaging, and thought leadership to boost the corporate profile and position the Bank as a purpose-led business. Colleague engagement initiatives are also spearheaded to foster advocacy, pride, and passion for the brand. In 2023, we had approximately 200 champions across the business who supported our sustainability agenda by raising awareness and understanding of sustainability concepts. These colleagues also provided training and mentorship to youth, contributing to our efforts to make a positive impact in the community.

Absa Kenya actively participates in socioeconomic initiatives, aligns activities with sustainable development goals, and builds brand relevance through various pillars. Stakeholder engagement, thought leadership and the Ready to Work programme are key components of Absa Kenya's commitment to making a positive impact in the community.

Customer Experience (CX) Metrics	2022	2023
Retail Banking		
Composite Score	69%	93%
CX index (Performance & Satisfaction)	86%	110%
Net Promoter Score (NPS)	41%	49%
Treating Customers Fairly	86%	88%
Business Banking		
Composite Score	60.4%	91%
CX index (Performance & Satisfaction)	82%	116%
Net Promoter Score (NPS)	23%	60%
Treating Customers Fairly	94%	90%

Alignment to the SDGs:



SDG 9: Industry, Innovation, and Infrastructure: Absa Kenya prioritises leveraging fintech and digital solutions to enhance the customer experience. By embracing technology and innovation, the Bank contributes to the development of robust infrastructure and promotes economic growth.



SDG 10: Reduced Inequalities: Absa Kenya actively participates in socioeconomic initiatives through product service and community social investment. These activities are aligned with global Environmental, Social, and Governance (ESG) frameworks, promoting inclusivity and reducing inequalities.



SDG 11: Sustainable Cities and Communities: Absa Kenya forms strategic partnerships to uplift communities and enhance financial inclusion. By investing in community development, the Bank contributes to creating sustainable cities and communities.



SDG 12: Responsible Consumption and Production: Absa Kenya's commitment to sustainability and citizenship initiatives demonstrates its dedication to responsible consumption and production. The Bank aims to create shared value and protect the environment.



SDG 17: Partnerships for the Goals: Absa Kenya collaborates with various stakeholders, including customers, communities, and strategic partners, to achieve its goals. These partnerships enhance financial inclusion, uplift communities, and contribute to the overall sustainable development agenda.

Materiality Topics - continued

Supplier Management

As a responsible and sustainable organisation, Absa places great importance on responsible procurement and sourcing practices. To ensure that our suppliers adhere to sustainable practices, we have implemented several modalities and initiatives.

Certification Requirement:

To screen suppliers, Absa requires them to be certified, with ISO Certification being one of the preferred certifications. By doing so, we can guarantee that we work with firms that prioritise and adhere to sustainable practices. This certification requirement serves as a strong indicator of a supplier's commitment to responsible procurement.

Sustainable Business Practices Training:

In partnership with Strathmore University, Amani Institute and IFC's (Sourcing2Equal) programme, we conducted sustainable business practices training for our suppliers. In 2023, over 90% of our active suppliers participated in training sessions focused on various sustainability aspects, such as corporate sustainability, responsible business practices, climate change, and climate finance. This training equips our suppliers with the necessary knowledge and skills to integrate sustainability into their business operations.

Professional Accreditation:

Absa engages suppliers who have been accredited by their respective professional bodies. These bodies have established their own professional codes of conduct, which our suppliers must adhere to in order to continue doing business with the Bank. This ensures that our suppliers maintain the highest ethical standards and conduct their operations responsibly.

Procurement Policy, Standards, and Procedures:

In addition to the supplier code of conduct, Absa has documented procurement policies, standards, and procedures for every procurement activity. These guidelines provide a framework for responsible and ethical procurement practices.



By the end of 2023, we had trained over 500 special groups suppliers on Absa Procurement.

Our procurement space is also manned by professionals with expertise in the field, ensuring that all procurement activities are carried out in accordance with best practices.

Initiative for Special Groups:

Absa is committed to promoting diversity and inclusion in supplier sourcing. We have launched an initiative aimed at increasing the proportion of special groups, including women, youths, and persons with disabilities, in our supplier base. Our goal is to ensure that these special groups account for 30% of our entire supplier base.

Capacity Building for Women Businesses:

As part of our initiative, we have been actively building the capacity of women-owned businesses through training programmes. By the end of 2023, we had trained over 500 special group suppliers on Absa Procurement. This capacity-building initiative empowers these special groups to participate and thrive in the procurement process.

Partnerships for Upscaling:

Absa is dedicated to promoting inclusivity and empowering underrepresented groups in the business sector. To further enhance these efforts, the Bank has partnered with the International Finance Corporation (IFC) to provide training and capacity-building opportunities. The focus is on women, youths, and persons with disabilities, specifically in the area of procurement practices.

Through this partnership, Absa has already made significant progress. More than 500 women-led businesses have

Materiality Topics - continued



Absa is committed to responsible procurement and sourcing practices.

received training on corporate procurement readiness through collaboration with the IFC's Sourcing to Equal Programme. This initiative aims to equip women entrepreneurs with the necessary skills and knowledge to participate in corporate procurement processes successfully.

Looking ahead, Absa plans to expand these initiatives by partnering with the Ministry of Gender, Children and Social Development. This collaboration will focus on providing training and capacity-building programmes tailored to the specific needs of these groups. The aim is to prepare them for future procurement opportunities, enabling them to actively participate in the business sector.

By partnering with reputable organisations like the IFC and government entities, Absa demonstrates its commitment to fostering economic empowerment and creating an inclusive business environment. Through these training and capacity-building initiatives, the Bank aims to unlock the full potential of women, youth, and persons with disabilities, creating opportunities for them to thrive in the procurement space.

Through our certification requirements, capacity-building programmes, supplier code of conduct, and diversity and inclusion initiatives, we ensure that our suppliers align with sustainable practices. Our documented policies and standards, as well as the close management of supplier contracts, further reinforce our commitment to responsible procurement. By prioritising sustainability, ethics, and diversity in its procurement practices, Absa aims to create a positive impact on society and contribute to a more sustainable future.

Case Study

Expansion of our Ecosystem Banking Model

At Absa Kenya, our ecosystem banking model has continued to grow throughout the year, with the addition of new corporate clients to our programme. As part of our Enterprise Supply Development (ESD) initiative, we have signed Memorandums of Understanding (MOUs) with 20 corporate clients. The primary objective of this programme is to support SMEs within their value chains by providing them with access to working capital facilities.

In 2023, we disbursed over **KES 3.5 billion** to SMEs through this initiative. Furthermore, we are actively developing a digital solution to enhance the impact and reach of this programme, aiming to provide even greater support to SMEs.

Building the capacity of SMEs

Under our SME Business Club, we have organised several webinars that are specifically designed to provide SMEs with valuable information and resources. These webinars are led by subject matter experts and cover a wide range of topics including financial management for SMEs, tax issues, succession planning, managing responsibilities as an entrepreneur, business resilience, digital transformation, and personal and business branding.

These training sessions aim to equip SMEs with the knowledge and skills they need to thrive in today's business landscape. We are committed to supporting the growth and success of small and medium-sized enterprises in Kenya.



Materiality Topics - continued

Alignment to the SDGs:

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SDG 5: Gender Equality: Absa's capacity-building programmes for women-owned businesses empower women entrepreneurs and promote gender equality.
- 
SDG 8: Decent Work & Economic Growth: By providing training and support to women-owned businesses, Absa contributes to decent work and economic growth.
- 
SDG 10: Reduced Inequalities: Absa's initiative to increase the proportion of special groups, including youth and persons with disabilities, in the supplier base promotes inclusivity and reduces inequalities.
- 
SDG 12: Responsible Consumption and Production: By requiring suppliers to be certified and adhere to sustainable practices, Absa promotes responsible consumption and production patterns.
- 
SDG 16: Peace, Justice & Strong Institutions: Absa's documented procurement policies foster transparency, accountability, and responsible practices, supporting strong institutions.
- 
SDG 17: Partnerships for the Goals: Absa's partnerships with the International Finance Corporation and the Ministry of Gender, Children and Social Development demonstrate collaboration and contribute to achieving the SDGs.



Materiality Topics - continued

Community Empowerment

Ready to Work – Equipping Youth for Employment and Entrepreneurship

Our Ready to Work initiative is dedicated to upskilling and capacity building for young people aged between 16 and 35 years. The programme aims to equip them with the necessary soft skills to transition from education to the world of work. While the focus is primarily on students, the programme also extends its reach to other constituencies such as entrepreneurs, government employees, and governance bodies. The Ready to Work curriculum can be accessed at www.readytowork.absa.africa.

Since its launch in December 2015, the Ready to Work programme has achieved remarkable success, reaching an impressive 250,000 young people in Kenya. Building on this momentum, the programme continued to make a significant impact, reaching 20,274 individuals in 2023.

Enhancing Digital Literacy in Kenya

We are committed to improving digital literacy among primary schools in Kenya through our computer lab donations project. This initiative involves donating fully equipped computer labs to schools across all 47 counties in partnership with Computer for Schools. Each computer lab consists of 20 fully networked desktop computers, along with desks, tables, and relevant software. So far, we have supported 65 schools, benefiting 63,000 students. By repurposing and refurbishing computers



that are no longer needed, we can provide valuable resources to schools and enhance digital literacy in the country.

SHE (See Her Empowered) Proposition – Supporting Female Entrepreneurs

The SHE Proposition is designed to support female entrepreneurs from various sectors in Kenya, helping them overcome the challenges they face in business. Through partnerships with organisations such as GIZ, Yunus Environmental Hub, Daughters of Zion Conference, and Kangemi Business Community, we impacted 10,703 female

entrepreneurs across 19 events. Additionally, we have provided training on gender intelligence to 350 colleagues, including branch managers, bankers, relationship managers, and assistant relationship managers, to ensure that our engagements under the SHE Proposition are effective and inclusive.

Economic Impact and Contribution to Communities

Our commitment to the communities we serve is reflected in our various initiatives. To date, we have trained 20,274 youth through the Ready to Work programme, supported 574 needy students in accessing university education, and provided



In line with our sustainability commitments, we planted 2,500 trees to promote sustainability in sports.

Materiality Topics - continued

computer labs to 65 schools. Furthermore, we have allocated KES 150 million for sustainability and citizenship initiatives. Additionally, 15.5% of our active suppliers are women, youth, and PwDs, demonstrating our commitment to diversity and inclusion.

Enhancing Our Brand through Passionate Connections

To build and enrich our brand, we leverage four main platforms that resonate with Kenyans and our clients. These platforms include athletics, golf, the Premier League (PL), and Absa Connect.

Athletics holds a special place in the hearts of Kenyans, and we tap into this passion by sponsoring events such as the Kip Keino Classic. By connecting with Kenyans through athletics, we deepen our relationship with the community and provide them with memorable experiences.

Football, particularly the PL, is another platform we use to connect with Kenyans at their passion points. We recognise the widespread love for football in the country and leverage this platform to engage with our customers.

Golf is also an important platform for us. In preparation for the Magical Kenya Open, we support the Safari Tour, which provides Kenyan professionals with an opportunity to compete on the world stage and enhance their skills.

On the other hand, Absa Connect serves as a platform for both formal and informal connections with our customers. Through information seminars and other events, we engage with our customers and provide them with valuable insights and experiences.

By leveraging these platforms, we aim to deepen our connections with Kenyans and our clients, ultimately enhancing our brand and fostering meaningful relationships.

Promoting Positive Change through Sports

At Absa, we are deeply committed to the development of sports. In line with this commitment, we have made significant investments to support major sports events in Kenya. These investments not only reinforce the Absa brand locally but also create diverse income opportunities for Kenyans. By positioning Kenya as a vibrant hub for tourism and sports, we affirm our role as a catalyst for positive change in society.

- Investing in Major Sports Events**

In 2023, we allocated KES 70 million towards the Magical Kenya Open and an additional KES 60 million to sponsor the 2023 Kip Keino Classic. These investments demonstrate our commitment to supporting and promoting sports in Kenya. These events not only showcase the talent and potential of Kenyan athletes but also contribute to the growth of the sports industry in the country.

- Birdies for Trees Initiative**

As the presenting partner of the 2023 Magical Kenya Open, we launched the Birdies for Trees initiative. Under this initiative, Absa committed to planting 100 trees for every birdie scored during the tournament. This unique initiative not only encourages golfers to contribute to community development projects but also supports national tree-planting initiatives. The Birdies for Trees initiative has already raised over Sh 11 million, making a significant impact on long-term community development and environmental conservation efforts.



Football, particularly the PL, is another platform we use to connect with Kenyans at their passion points.



- Promoting Sustainability in Sports**

In line with our sustainability commitments, we planted 2,500 trees to promote sustainability in sports. We understand that athletes need a good environment and clean air to train optimally and perform well in competitions. By planting these trees, we aim to create a positive impact for generations to come. Absa Bank Kenya, Athletics Kenya, Safaricom, the Kenya Forestry Service, and the Stockholm Environment Institute collaborated to plant these trees at Kasarani Stadium during the 2023 Absa Kip Keino Classic championship.

Materiality Topics - continued



Taking Action Against Climate Change through Tree Planting

As an active force for good, we believe in caring for the communities around us and the environment in which we operate. By leveraging the love of athletics, a passion point for many Kenyans, we promote eco-friendly practices and mindsets. Through partnerships and the power of sports, we



In line with our sustainability commitments, we planted 2,500 trees to promote sustainability in sports.

raise awareness and take action against climate change. Our commitment to planting trees and promoting sustainability in sports is a testament to our dedication to creating a better future for all.

- Community Impact**

At Absa, we understand the importance of community impact and the need to empower special groups within our society. Through our partnership with the Kenya Forestry Service (KFS), we have initiated a tree planting and growing project that involves Community Forest Associations across the country. These associations comprise special groups such as women, youth, and people living with disabilities.

- Improving Living Standards Through Tree Planting**

Our tree planting initiative not only aims to restore diversity but also seeks to improve the living standards of members of the Community Forest Associations. By partnering with these associations in tree planting and growth, we indirectly provide employment opportunities to these special groups. We recognise that looking after the trees until maturity requires care and maintenance, and we actively involve the community in these efforts.

- Promoting Sustainability and Empowerment**

Through our tree planting initiative and partnerships with the community, we are not only promoting sustainability but also making a positive impact on the lives of individuals within special groups. By engaging in diversity restoration and providing employment opportunities, we contribute to the well-being and empowerment of these communities.

Alignment to the SDGs:



SDG 4: Quality Education: Absa is enhancing digital literacy in Kenya and aims to ensure inclusive and equitable quality education opportunities for all.



SDG 5: Gender Equality: Absa's SHE programme supports female entrepreneurs and this initiative aims to achieve gender equality and empower all women and girls.



SDG 8: Decent Work & Economic Growth: By providing training and support to women-owned businesses, Absa contributes to decent work and economic growth.



Materiality Topics - continued

Case Study

Food For Education

At Absa Kenya, our commitment to making a positive impact extends beyond the financial sector. One inspiring case study involves a team of colleagues from our business banking division who took initiative and raised funds to support Food for Education, an organisation dedicated to providing subsidised nutritious meals to primary school children.

The team demonstrated their dedication by raising KES. 558,000 through their own fundraising efforts. To make an even greater impact, Absa Kenya matched the funds raised through our Matched Fundraising Campaign. As a result, a total of KES. 1,116,000 was donated to Food for Education.

Food for Education operates on the principle of improving educational outcomes by providing nutritious meals to primary school children. They source fresh food directly from local farmers and prepare it in central kitchens, adhering to internationally recognised food safety standards. These nutritious subsidised meals are then delivered to students using cutting-edge technology.

With a cost of only KES. 30 per meal, Food for Education currently serves 300,000 children daily throughout the school term, Monday to Friday. The organisation's efforts not only alleviate hunger but also contribute to the overall well-being and educational success of these children.

To gain firsthand insight into the impact of their contribution, the team from Absa Kenya visited one of Food for Education's kitchens. This visit allowed them to witness the behind-the-scenes work involved in food preparation and distribution. Additionally, they actively participated in serving food to students at Dandora Primary School, further connecting with the beneficiaries of their generous donation.



Materiality Topics - continued

Compliance

Absa Kenya has established a comprehensive sustainability framework, policy, and standards to ensure adherence to sustainability regulations. This framework emphasises the importance of monitoring and reporting on sustainability practices.

To facilitate compliance with sustainability regulations, the company has implemented a compliance regulatory portal. This portal enables the monitoring of regulatory returns related to sustainability. Additionally, it incorporates a prompt mechanism that triggers reminders 10 days before the due date of regulatory returns.

Communication and Dissemination Channels for Stakeholders

The Bank employs a variety of channels and mechanisms to effectively communicate and disseminate information to its stakeholders, including shareholders. These channels include:

Annual Integrated Report: The Bank publishes an Annual Integrated Report that provides a comprehensive overview of its activities, including sustainability performance.

Sustainability Report: The Bank also releases a dedicated Sustainability Report, which focuses specifically on its sustainability initiatives and progress.

TCFD Report: By June 30 of every year, the Bank publishes on its website the TCFD Report in alignment with CBK's guidelines on climate risk management.

Financial Results: The Bank ensures transparency by making full-year, half-yearly, and quarterly financial results available on its website.

Investor Returns and Shareholder Obligations

As part of its ongoing obligations to shareholders, the company



files monthly investor returns as required by the Capital Markets Authority (CMA) and the Nairobi Securities Exchange (NSE). Additionally, the Bank files an annual list of shareholders with the Registrar of Companies in accordance with the Companies Act.

Regulatory Compliance and Reporting

Absa Kenya complies with various regulations and guidelines related to sustainability reporting. These include:

CBK Guidelines on Climate Risk Management: The Bank adheres to the guidelines issued by the Central Bank of Kenya (CBK) on climate risk management. It ensures that climate-related risks are effectively managed and reported.

NSE ESG Reporting Guidelines: The Bank follows the guidelines issued by the Nairobi Securities Exchange (NSE) on Environmental, Social, and Governance (ESG) reporting. The NSE recommends the use of the Global Reporting Initiative (GRI) framework for sustainability reporting.

CBK Prudential Guidelines and Other Applicable Regulations:

The Bank complies with all disclosure requirements outlined in the CBK Prudential Guidelines, the Capital Markets Act, and other relevant regulations such as the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, and the Banking Act.

Revamped Sustainability Policies for Climate Risk Management and ESG Reporting

The Bank recently updated its sustainability policies to align with climate risk management practices and ESG GRI reporting standards. These policy revisions demonstrate the company's commitment to effectively managing climate-related risks and improving its sustainability reporting practices.

Data Collection and Sustainability Data Tool

While the Bank does not currently have any noncompliance issues, it has identified data collection gaps. To address this, the bank will be developing a sustainability data tool. This tool will help enhance data collection processes and ensure accurate and comprehensive sustainability reporting.

Recent Guidance from CBK and NSE

In 2021, the Central Bank of Kenya issued guidance on climate risk management, emphasising the need for increased focus on climate action and reporting. Additionally, the Nairobi Securities Exchange issued guidance on ESG reporting, recommending the use of the GRI framework for sustainability reporting. These guidelines were developed in response to investor demand for comprehensive ESG disclosures and reporting, aiming to improve and standardise ESG reporting by entities listed on the NSE.

Materiality Topics - continued

Financial Performance

In the financial year ending December 31, 2023, Absa achieved strong financial results, demonstrating its commitment to delivering value to its stakeholders. The Bank experienced growth in its income streams and profitability, indicating its ability to generate sustainable and profitable operations.

By delivering solid financial performance, Absa strengthened its shareholder value and upheld its tradition of consistently paying dividends. This not only rewards shareholders for their investment but also reflects the Bank's focus on creating long-term value and sustaining profitability.

These positive financial outcomes are a testament to Absa's effective business strategies, strong risk management practices, and customer-centric approach. The Bank's ability to navigate the evolving economic landscape and adapt to changing market dynamics played a significant role in achieving these results.

Absa's commitment to maintaining solid financial performance underscores its dedication to long-term stability and growth. By consistently generating profits, increasing shareholder value, and honouring its dividend commitments, Absa reinforces its position as a trusted and reliable financial institution.

Metrics	2021	2022	2023
Market capitalization	KES 64.4bn	KES 66.8bn	KES 62.2bn
Headline earnings	KES 10.9bn	KES 14.6bn	KES 16.4bn
Deposits	KES 269bn	KES303.8bn	KES 362.7bn
Return on equity	19.3%	22.9%	23.7%
Cost-to-income ratio	46%	41%	42%
Net customer loans	KES 234bn	KES 283.6bn	KES 335.7bn

Find more of our financial performance in the Integrated Report (Pg 110)

“ The Bank experienced growth in its income streams and profitability, indicating its ability to generate sustainable and profitable operations. ”

Fraud Prevention Measures and Performance

Absa has demonstrated the effectiveness of its proactive fraud prevention measures through a decrease in gross fraud and an improvement in recoveries. In the fiscal year 2023, Absa reported a gross loss of Shs 81.0 million, with recoveries amounting to KES. 32.0 million. This resulted in a net loss of KES. 49.0 million. Additionally, Absa successfully frustrated fraud attempts amounting to KES. 498 million. These figures highlight the robustness of Absa's fraud prevention measures.

To ensure that its employees are well-equipped to combat fraud, Absa conducted 22 fraud training sessions for its colleagues in 2023. Furthermore, a total of 1,640 colleagues completed annual fraud training, demonstrating Absa's commitment to building a knowledgeable and vigilant workforce.

Absa also prioritises customer awareness and protection. In 2023, the Bank sent 12 fraud sensitisation SMS alerts to its customers, keeping them informed about potential fraud risks. Additionally, Absa engaged in two social media campaigns to raise awareness about fraud prevention. The Bank actively participated in fraud awareness campaigns spearheaded by the Kenya Bankers Association, further emphasising its dedication to protecting customers from fraudulent activities.

It is important to note that fraud is a pervasive issue that affects not only financial institutions but also customers. According to a survey by McKinsey, more than 10 percent of

credit and debit card users experienced fraud over a 12-month period, leading to feelings of anxiety, stress, and frustration among victims. To combat the evolving nature of fraud threats, Absa recognizes the need for a proactive approach that goes beyond reactive measures. The Bank aims to continually strengthen its core capabilities and improve its ability to identify and address vulnerabilities arising from new fraud methods.

While Absa's efforts have yielded positive results, it is crucial to remain vigilant in the face of ever-evolving fraud tactics. By prioritising fraud prevention measures, employee training, customer awareness, and collaboration with industry associations, Absa Kenya is committed to maintaining the security and trust of its customers.

Alignment to the SDGs:



SDG 8: Decent Work and Economic Growth: Absa's strong financial results and ability to generate sustainable and profitable operations contribute to SDG 8 by promoting economic growth and creating decent work opportunities.



SDG 9: Industry, Innovation, and Infrastructure: Absa's effective business strategies, strong risk management practices, and ability to adapt to changing market dynamics demonstrate a commitment to SDG 9, which focuses on promoting inclusive and sustainable industrialisation and fostering innovation.



SDG 16: Peace, Justice, and Strong Institutions: Absa's commitment to maintaining solid financial performance and delivering value to its stakeholders reinforces its position as a trusted and reliable financial institution, contributing to SDG 16, which aims to promote peaceful and inclusive societies and ensure access to justice for all.

Product Stewardship

Below is a quick summary of our products, services and channels:

Products	Bank Products	Experience convenient, budget-friendly banking that is customised to meet your unique requirements. Choose from a wide selection of services and benefits offered through a diverse range of current, savings, and fixed-deposit accounts, catering to personal, business, corporate, Islamic, prestige, and premier banking needs.
	Credit Products	Take advantage of a comprehensive array of borrowing options, encompassing personal and business loans, overdraft facilities, credit cards, mortgage solutions, asset finance, and insurance premium financing. These lending products offer you the flexibility and convenience you need to meet your financial goals.
	Investment, Asset and Fund Management	Optimise your investment returns by strategically managing client funds and strategically aligning them with the most suitable economic cycles. Our subsidiary entity offers (Absa Asset Management Limited) a range of wealth solutions to help you make the most of your investments.
	Bancassurance	Partnering with our bancassurance entity (Absa Bancassurance Intermediary Limited) and approved licensed insurers, we provide an extensive selection of life and short-term insurance solutions tailored to meet both personal and business requirements. Benefit from a wide range of coverage options to safeguard your financial well-being.
	Wezesha Biashara	Our SME proposition offers funding opportunities for existing businesses to support their growth. This includes up to 95% asset financing, and LPO financing, among other beneficial services.
	Women in Business	Our proposition is specifically designed to empower women entrepreneurs and enterprises by offering a range of support services. This includes financing options, advisory services, capacity-building programs, networking opportunities, and enhanced access to markets. We are dedicated to helping women succeed in their entrepreneurial ventures by providing comprehensive support every step of the way.
	Services	Absa App
TIMIZA	The Timiza App offers a wide range of convenient services including instant loans, money transfers, bill payments, airtime purchases, and insurance options. Experience the ease and efficiency of managing your financial needs all in one place with the Timiza App.	
R2W App	A free training curriculum to empower young people with training & skills needed to enhance their employability.	
Chatbanking (Abby)	This is a world-first secure banking service that allows customers to bank using Facebook or WhatsApp.	
Internet banking	If you love living online, internet banking could be the perfect solution for you. Open an Absa account online within 12 minutes and start transacting!	
Credit Card	With an Absa card, you get much more than financial freedom-you are in control.	
NovoFx App	Make international payments anytime, anywhere, for free.	
Hello Money *224#	With Hello Money, customers can access banking services without the need for data by simply dialling *224#. They can conveniently send money to anyone through CashSend, regardless of whether the recipient has an Absa account or not. Enjoy the ease and accessibility of banking services at your fingertips, even without an internet connection.	
Channels	Physical Channels	ATMs, branches and POS: Physical footprint of 84 branches, 196 ATMs, 60 cash deposit machines and 5,209 POS devices.
Agency Banking	Enjoy a world of convenience with agency banking. Deposit and withdraw money from your Absa account countrywide.	
Call Centre	Call to speak to an agent on sales, service and general enquiries.	

Materiality Topics - continued

Absa's Service Management and Customer Engagement

Absa recognises the importance of service management and customer engagement in providing a seamless banking experience. The dedicated service management team, situated within the IT department, plays a crucial role in monitoring uptime and service availability. This team ensures early alerts are in place to promptly address system downtime or decryption issues, ensuring that customers can access their banking services without interruption.

In terms of customer engagement, Timiza, since its launch in 2018, has attracted over five million customers, indicating its popularity and success. In 2023, the value of disbursements reached approximately KES 21 billion, with around 1.2 million loans disbursed to approximately 300,000 customers. This demonstrates the significant impact and reach of Timiza in providing financial support to a wide customer base. The activity rate for Timiza stands at approximately 15% every 30 days, indicating a high level of customer engagement and utilisation of the platform.

Asset Quality and Risk Management

Absa places a strong emphasis on asset quality and risk management. In 2023, Absa's loss rates remained below 4%, reflecting the Bank's commitment to maintaining a healthy asset portfolio. The volatility experienced in the loss rates can be attributed to the macroeconomic environment. To mitigate this, Absa has implemented various measures, including a proactive collection strategy and rewarding customers for early



repayments with discounts on facility fees. These measures aim to encourage positive customer behaviour and ensure that customers can afford to pay for their facilities.

Responsible Banking and Environmental Management

As a signatory to the United Nations Principles for Responsible Banking (UN PRBs), Absa is committed to responsible banking practices and environmental management. The Bank has implemented an Environmental and Social Management System (ESMS) to effectively manage environmental and social risks and opportunities across its processes and risk types. This system evaluates potential investment environmental and social risks

and opportunities and monitors the ongoing environmental and social performance of financed activities. By integrating sustainability into its operations, Absa demonstrates its commitment to environmental stewardship and responsible banking.

Climate Finance Strategy and Inclusive Financing

Absa is actively developing a climate finance strategy that focuses on opportunities in renewable energy, energy efficiency, green building, and climate-smart agriculture. By aligning its products and services with these areas, Absa aims to contribute to the global transition towards a low-carbon economy and

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In 2023, the value of disbursements through Timiza reached approximately KES 21 billion, with around 1.2 million loans disbursed to approximately 300,000 customers.
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Materiality Topics - continued



sustainable development. Additionally, Absa has proactively sought funding partners to support its inclusive financing agenda, enabling businesses with specific needs to access finance. In 2022 and 2023, Absa accessed technical support grants to support women-led businesses and empower youth and startups. These initiatives demonstrate Absa's commitment to fostering economic growth, inclusivity, and sustainability.

In terms of climate finance allocation, Absa has advanced significant funds towards clean and renewable energy initiatives. This includes KES1 billion supporting solar initiatives

for off-grid communities. The bank has also allocated KES 3 billion towards green buildings, supporting affordable housing through responsible construction. Furthermore, Absa has invested KES2.2 billion in climate-smart agriculture, aiming to reduce post-harvest losses and enhance productivity. Additionally, Absa has advanced KES15.1 billion towards Micro, Small, and Medium Enterprises (MSMEs), with 30% of this specifically dedicated to women-led businesses. These allocations highlight Absa's commitment to driving sustainable development and supporting key sectors of the economy.

Alignment to SDGs

1
NO POVERTY
👤👤👤
SDG 1: No Poverty: Absa's focus on inclusive financing, supporting women-led businesses, and providing technical support grants to empower youth and startups aligns with SDG 1. By facilitating access to finance and supporting underserved groups, Absa contributes to reducing poverty and promoting economic inclusion.

8
DECENT WORK AND ECONOMIC GROWTH
📈
SDG 8: Decent Work and Economic Growth: By providing financial support through platforms like Timiza and allocating funds towards MSMEs, Absa contributes to promoting economic growth, creating decent work opportunities, and fostering entrepreneurship.

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE
🏗️
SDG 9: Industry, Innovation, and Infrastructure: The Bank's efforts to monitor service availability, ensure uptime, and manage environmental and social risks demonstrate a commitment to promoting inclusive and sustainable industrialisation, fostering innovation, and building resilient infrastructure.

12
RESPONSIBLE CONSUMPTION AND PRODUCTION
♻️
SDG 12: Responsible Consumption and Production: Absa's implementation of an ESMS, its focus on responsible banking practices, and its efforts to support climate-smart agriculture and renewable energy initiatives align with SDG 12.

13
CLIMATE ACTION
🌍
SDG 13: Climate Action: By aligning its products and services with climate-friendly sectors and investing in clean energy initiatives, Absa contributes to addressing climate change and promoting sustainable development.