



Absa Bank Kenya PLC

Sustainability and
Climate Report 2024

**Rooted in purpose,
growing with impact**

Your story matters



Table of contents

About this report	3
Overview	6
Identifying sustainability and climate-related risks and opportunities	15
Governance	21
Strategy	28
Risk management	37
Metrics and targets	43
Our people and society	49
Annexures	60

About this report

About our sustainability and climate report

About our Sustainability and Climate Report



Introduction

This is the **Sustainability and Climate Report for Absa Bank Kenya**, covering the financial year 1 January 2024 to 31 December 2024. It complements the Annual Integrated Report for the same period. References in this publication to 'Absa', the 'Bank', 'we', 'us', and 'our' refer to Absa Bank Kenya PLC.

This report informs our stakeholders about how we manage sustainability and climate-related risks, while pursuing opportunities that create long-term value. At Absa, Environmental, Social, and Governance (ESG) considerations are embedded in our operations and decision-making. Our commitment includes addressing climate and biodiversity risks, supporting community development, and upholding strong governance and ethical standards. As these risks and opportunities evolve, they are increasingly central to our service delivery. **This report outlines our strategic response, including mitigation efforts and resilience planning, to ensure continued value creation in a dynamic environment.**

We follow the lead of our parent company, Absa Group Limited, based in South Africa, in our approach to ESG risk management. However, our strategy is distinctly Kenyan, reflecting local stakeholder engagement and compliance with Kenyan regulatory requirements.

This report was published in and is available for download on the Absa Bank Kenya website – www.absabank.co.ke. For any queries, please contact the Bank's sustainability team on sustainability.KE@absa.africa

Audiences

This report is intended for our stakeholders. Our stakeholders encompass, but are not limited to, current and potential customers, investors, employees, suppliers, governments, regulators, and non-governmental organisations.

Consolidation of report

We have consolidated our sustainability and climate reports into a single report to provide unified view of our sustainability (including climate performance).

About the theme

The theme of Absa's 2024 Sustainability and Climate Report, *"Rooted in purpose, growing with impact"*, is in line with our purpose and inspired by our intent to support our stakeholders to pursue their aspirations while also creating impact. At Absa, we recognise that sustainability and climate-related aspects are not simply regulatory requirements or additional considerations but are integral to our business model and strategy. The challenges associated with sustainability and climate change also present us with opportunities which align with our goal of creating a more sustainable future.

Our approach to managing current and anticipated sustainability and climate-related risks is guided by the 13 sustainability commitments developed in 2020 as part of our overall sustainability strategy.

Scope

This report outlines how Absa strives to fulfil its purpose of *"Empowering Africa's tomorrow, together ... one story at a time"* by leveraging financial expertise to do good, thereby creating value for society. To this end, it also includes information on the purpose-led investments that we have made to support our sustainability commitments and deliver positive societal and environmental outcomes.

Absa Kenya SDG's prioritization

High impact

Sustainable development goals where we are going to prioritize their work, based on their relevance for our organization and the immediate opportunity



Medium impact

Sustainable development goals where we are going to undertake, based on their relevance for our organization and the medium to long opportunity



Moderate impact

Sustainable development goals where we are not going to work directly, but we are committed not to threaten them



Enablers



Enablers

Reporting standards used

The report is prepared in compliance with regulations and legislative frameworks including the Nairobi Securities Exchange (NSE) ESG Disclosures Guidance Manual and the Central Bank of Kenya's Guidance on Climate-Related Risk Management for commercial banks and mortgage finance companies. It is aligned to the Global Reporting Initiative (GRI) Standards and the Greenhouse Gas (GHG) Protocol and Principles for Responsible Banking. It aligns with the International Sustainability Standards Board (ISSB) disclosure standards, namely, International Financial Reporting Standards (IFRS) S1, International Financial Reporting Standards (IFRS) S2 and the UN Sustainable Development Goals (SDGs). By integrating these standards, we provide our stakeholders with relevant, transparent, and timely information on our ESG performance and impact.

About our Sustainability and Climate Report continued

Sustainability-related financial disclosures

We have prepared this report, to the extent possible, applying the International Sustainability Standards Board (ISSB) disclosure standards, International Financial Reporting Standards (IFRS) S1, General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2, Climate-related Financial Disclosures. As this is the first year in which the Absa Bank Kenya PLC has applied IFRS Sustainability Disclosure Standards, the Bank has elected:

- To apply transitional relief that permits the Bank to disclose in this first-year information on only climate-related risks and opportunities
- Not to disclose comparative information in this report.

Fair presentation

Fair presentation aims to provide a complete set of sustainability-related financial disclosures that could reasonably be expected to affect a reporting entity's prospects accurately and completely. In preparing this report, Absa focused on the following:

- Clearly explaining each sustainability-related risk or opportunity, including all key details needed for stakeholders to understand them
- Making the information as clear as possible
- Ensuring the data is free from major errors and that descriptions are accurate
- Using reasonable assumptions and reliable data when making estimates
- Being transparent about future projections
- For any sustainability-related opportunities that involve sensitive business information, the Bank considered whether sharing that information could affect its competitive position.

Connected information

To ensure consistency across different reports published by the Bank, Absa has relied on the same data and assumptions in preparing the sustainability-related financial disclosures as per the reporting boundaries of the Absa Bank Kenya Annual Integrated Report, 2024.

Comparative information

The sustainability-related financial disclosures presented in this report correspond to the same reporting entities and boundaries as the corresponding financial statements.

Timing and location of disclosure

The IFRS S1 and S2 disclosures are intended to be read alongside Absa's general-purpose financial statements contained in the Absa Bank Kenya Annual Integrated Report, 2024.

Reporting entity, business model and value chain

Absa serves its diverse customers groups in Kenya – individuals, businesses, governments, and institutions – to achieve their financial aspirations by offering a wide range of financial products and services. The Bank has over 100 years of experience in the Kenyan market and operates through an extensive network of 87 branches, 203 Automatic Teller Machines (ATMs), and 60 cash deposit machines supported by internet and mobile banking channels. The Bank is a subsidiary of Absa Group, a pan-African financial services provider operating in 16 countries across the African continent, serving 12.7 million customers. The Bank is listed on the Nairobi Securities Exchange

Statement of compliance

We are committed to continuously improving our approach to and implementation of IFRS S1 and S2, as well as enhancing our related disclosures in the coming years. We plan to achieve full compliance with IFRS Sustainability Disclosure Standards by reporting year 2027. This is also in line with the implementation roadmap issued by the Institute of Certified Public Accountants of Kenya (ICPAK).

Phase	Timelines (Accounting period beginning on or after)	Organisations involved
Phase 1 - Voluntary Adopters	1 January 2024	All organisations
Phase 2 - Mandatory Adoption	1 January 2027 1 January 2028 1 January 2029	Public Interest Entities (PIEs) Non-PIEs (Large Enterprises) Non-PIEs (SMEs)
Phase 3 – Public Sector Entities	To be determined by ICPAK	Public Sector Entities

Overview

Chairman's statement	7
Managing Director and Chief Executive Officer's statement	8
2024 highlights	10
Our purpose and values	11
Absa Bank Kenya at a glance	12
Our sustainability and climate action journey	13
Our 13 sustainability commitments	14

Chairman's statement

Chairman
Charles Muchene



Beyond commitments:
Delivering real change



I am pleased to present our 2024 Sustainability and Climate Report, an integrated account of the milestones we continue to make in embedding sustainability and climate risk management into the heart of our business.

This year's report is particularly significant as it reflects our continued journey toward sustainability maturity and affirms our commitment to aligning with global best practices. We recognise that robust and transparent reporting is critical to market confidence, and we are committed to deepening the quality and breadth of our disclosures in the years ahead. Our evolving approach is reflective of broader shifts in how capital markets evaluate long-term value and risk. This report marks the early stages of our adoption of the International Sustainability Standards Board (ISSB) disclosure standards, namely IFRS S1 and S2, which are expected to become the global baseline for sustainability-related disclosures. We view this as an opportunity to build investor confidence, enable better comparability, and position ourselves competitively.

Governance

Since we set out our 13 sustainability commitments in 2020, they have served as a clear compass, guiding how we approach climate risk, ESG integration, and broader value creation. These commitments are embedded in our governance structures, and in 2024, we made progress that reflects both the dedication of our teams and the continued prioritisation of sustainability at Board level.

One of the year's key milestones was the completion of our implementation plan under the Central Bank of Kenya's Climate-Related Risk Management Guidance. This work has strengthened the Bank's internal capacity to identify and manage climate-related risks, while enabling us to sharpen our view on climate-linked opportunities across key sectors. It marks a critical step in enhancing our readiness to operate in a future shaped by climate change and related regulation.

The Board continues to play a central role in this process. Through active oversight, we have ensured that climate and sustainability considerations are integrated into our risk management frameworks. We have put in place clear targets, monitoring mechanisms, and transparent reporting structures that reinforce accountability and enable continuous improvement. Our Board committees have enhanced their focus on sustainability-related matters, ensuring these issues remain high on our strategic agenda.

Sustainable finance

In the reporting year, we approved a climate finance strategy aligned to our ambition of greening 10% of our portfolio by 2025, and 30% by 2035. The strategy outlines priority sectors where we believe our capabilities can make a material difference, notably in climate-smart agriculture, renewable energy, energy efficiency, and green buildings.

These sectors align with national priorities under Kenya's Green Economy Strategy and Vision 2030, but also with international climate objectives under the Paris Agreement and the Sustainable Development Goals (SDGs). We believe this positions the Bank well to align with evolving national frameworks such as the CBK's Climate Risk Disclosure Framework and the Kenya Green Finance Taxonomy, released in April 2025.

Beyond risk and compliance, our sustainability efforts are focused on long-term value creation. In 2024, we disbursed SHS 47 billion in sustainability-linked and climate-related financing. These funds were channelled to businesses, households, and sectors where they can generate socio-economic value. This financing is about empowering stories of resilience and inclusive development. We are proud of our contribution to building a greener, fairer economy in Kenya.

Scaling impact

The launch of the Absa Kenya Foundation was another important milestone. It consolidates our social investment efforts under a structured and impact-oriented framework. The Foundation will channel resources into four priority areas: entrepreneurship, education and skills, natural resource management, and humanitarian response in partnership with community stakeholders. We believe this focused approach will increase both impact and accountability and support our ambition to be a force for good in society.

Throughout this journey, stakeholder engagement has remained vital. We continue to listen and learn from our stakeholders from customers and employees to regulators, industry partners, and civil society organisations. These conversations are not one-off; they are embedded into how we shape our priorities and evaluate our progress. As a Board, we remain committed to ensuring that our governance remains transparent, responsive, and inclusive.

Looking ahead, we intend to review and strengthen our 13 sustainability commitments in 2025, in line with emerging global and local developments. This process will be grounded in evidence, stakeholder input, and a forward-looking assessment of our role in an evolving sustainability landscape. Our intention is clear: to build a business that is resilient, responsible, and relevant for the long term.

On behalf of the Board, I wish to thank our management team, our colleagues, and our many stakeholders for their continued support and contributions. The progress outlined in this report is the result of collective effort and shared ambition. As stewards of capital, we commit to transparency, urgency, and impact. We will continue to expand our sustainable finance initiatives, help safeguard livelihoods, and accelerate Kenya's transition to a low-carbon economy. Above all, we aim to build a legacy that resonates across shareholder value, community resilience, and the generations that follow.

Managing Director and Chief Executive Officer's statement

Managing Director and
Chief Executive Officer
Abdi Mohamed



“
Beyond commitments:
Delivering real change
”

We are living in a defining moment for business in Kenya and across the region. The intersection of economic resilience, environmental stress, and growing social expectations is reshaping what leadership looks like across sectors. In this context, sustainability is no longer a secondary priority, it is fundamental to long-term business value, societal well-being, and national development.

Over the past three years, we have chosen to lead with action by embedding sustainability into our core operations as a strategic business lens. This deliberate focus is beginning to yield measurable results. From job creation to supplier development and inclusive lending, we are intentionally investing in the economy, empowering Kenya's tomorrow by shaping stories of growth, resilience, and opportunity.

Today, our contribution to Kenya's GDP stands at 3 percent, as estimated using the UNCTAD model, a reflection of the broader value we continue to create beyond profit, through livelihoods, impact, and shared value.

Driving climate action

In 2024, we advanced our environmental sustainability agenda through practical, scalable actions aimed at long-term impact. We planted 72,000 trees, bringing our cumulative total to over one million, reinforcing our commitment to reforestation, biodiversity, and climate resilience.

We also diverted 2 745 kilogrammes of waste from landfills through a recycling partnership, with 94% of waste successfully recycled. This contribution to the circular economy helped us avoid 6 906 kgCO₂e in emissions, support green jobs, and strengthen the recycling value chain.

To further embed climate considerations into our operations, we completed a verified baseline of 3 211 tCO₂e across our footprint – an essential step toward structured emissions reduction and credible climate-related financial reporting. We enhanced our Environmental and Social Management System (ESMS) to include climate risk assessments, ensuring that environmental and climate-related risks are systematically integrated into business and credit decisions.

To enable data-driven energy efficiency, we deployed smart meter readers across key premises for real-time electricity monitoring. We also developed geo-referenced tools to assess the climate vulnerability of our assets and introduced an automated system for ESG data and GHG emissions accounting, enhancing both precision and transparency in sustainability reporting.

Societal Impact

Our most powerful lever for change lies in inclusive finance, ensuring that capital reaches those traditionally excluded from opportunity. In 2024, we disbursed Shs 47 billion in sustainable finance, including Shs 25.1 billion through Timiza, Shs 9.6 billion to MSMEs, Shs 1.4 billion to low-income households, Shs 1.1 billion to women-led enterprises, and Shs 5.8 billion to youth aged 18–35. These investments represent businesses revived, families empowered, and aspirations unlocked across Kenya's economic engine. We believe that every story matters, and inclusive finance is how we help write it.

We also focused on capacity-building. In 2024, we trained 503 women-led SMEs to access procurement opportunities and are on track to achieve 20% supplier diversity. We invested Shs 66 million in MSME financial literacy sessions, and through our flagship youth programme, ReadytoWork, we have now trained 263,410 young people to navigate the future of work.

That same year, we launched the Absa Kenya Foundation, seeded with Shs 16.5 million, to scale our community investments through a consolidated, purpose-led platform. We also allocated Shs 41 million toward citizenship initiatives, underscoring our belief in civic engagement as a cornerstone of sustainable societal transformation.

Responsible Employer

Our people remain central to how we deliver on our sustainability commitments. In 2024, we maintained a colleague experience index of 70 and a job satisfaction score of 7.94, strong indicators of a workplace that values performance, inclusion, and well-being. For the fourth consecutive year, Absa Bank Kenya was recognised by the Top Employers Institute as a Top Employer in Kenya and Africa, affirming the strength and consistency of our people practices.

Diversity and inclusion remain deeply embedded in our culture, with a female-to-male ratio of 51:49. We are particularly proud of our colleagues' growing involvement in social initiatives. In 2024, a total of Shs 107 million was invested towards community impact, with 63 teams comprising of 635 colleagues actively participating across the country.

We also continued to strengthen leadership accountability and cross-functional collaboration, ensuring that sustainability, inclusion, and execution discipline are embedded in how we lead. Our culture remains one of our strongest levers for delivery: a shared mindset that enables agility, trust, and long-term impact.

Managing Director and Chief Executive Officer's statement continued

As we look ahead, our focus is to deepen this impact by unlocking capital that drives inclusive growth by enabling more Kenyans to participate in the economy. We will remain anchored in our true north to empower Kenya's future, one story at a time, and contribute to a more resilient, equitable, and sustainable tomorrow.



2024 highlights

Environmental

Trees planted

- 72 000

Waste management

- Partnered with sustainable waste companies
 - Total waste collected: 2 745 kgs
 - Waste recycled: 94.3%
 - CO₂ emissions mitigated: 6 906kgCO₂e

Capacity building

- Staff and clients trained on ESG
- Conducted a masterclass on ESG and sustainability for media practitioners

Geo-referencing of assets

- Developed an environmental tool that assesses the vulnerability of our assets and collaterals through geo-coordinates.

Green building

- Shs 1.3 billion disbursed to support green building

Climate finance

- Approximately Shs 4 billion disbursed to support renewable energy, energy efficiency, green building and climate smart Agriculture financing.

Climate action

- Quantified Green House Gas (GHG) emissions
- Automated GHG accounting
- Installed smart meter readers

Social

Social programs

- Shs 66 million utilised in MSME financial literacy
- 11 065 youth supported through ReadytoWork programme that enrolled 102 interns
- Shs 41 million utilised in citizenship programmes

Supplier training

- Partnered with IFC through Sourcing2Equal and trained over 600 SMEs which include women, youth and PWD owned for corporate procurement readiness.

Absa Kenya Foundation (AKF)

- Launched Absa Kenya Foundation (AKF)
- 31 events and donations held across the country
- 1 800 community forest associations impacted

Inclusive finance

- Amount disbursed on sustainable finance: Shs 47 billion including:
 - Disbursed Shs 25.1 billion in Timiza loans
 - Shs 9.6 billion loans disbursed to MSMEs
 - Shs 1.4 billion disbursed to low-income households, 1.1 billion to women in business and 5.8 billion to youth and startups

Employee diversity and Inclusion

- 51:49 (F:M)

Tuungane 2X

- Completed cohort one of the programme with over 200 women in business empowered with financial and non-financial support to drive growth

Computers for schools

- Completed Computer for Schools project, with 67 schools fully equipped with computer labs, supporting approximately 1000 students per school
- All schools fully networked

Colleague participation

- Shs 107 million allocated to community impact and financial literacy through participation of 635 colleagues

Governance

- The Board approved revised key sustainability risk policies including ESG Risk policy, Greenwashing policy and Sustainability Risk framework
- Board approval of the Absa Climate Finance Strategy

- Strengthened our climate strategy and risk management policies
- Corporate Governance structures for Board oversight of sustainability and climate risk in place

Climate risk oversight

- Climate risk implementation plan submitted to the Central Bank of Kenya remains on track

Sustainability policies

- Embedded sustainability into all internal policies ensuring that ESG considerations are central to our governance frameworks

ESMS enhancement

- Embedded climate risk assessment into the Bank's Environment, Social and Management Standard

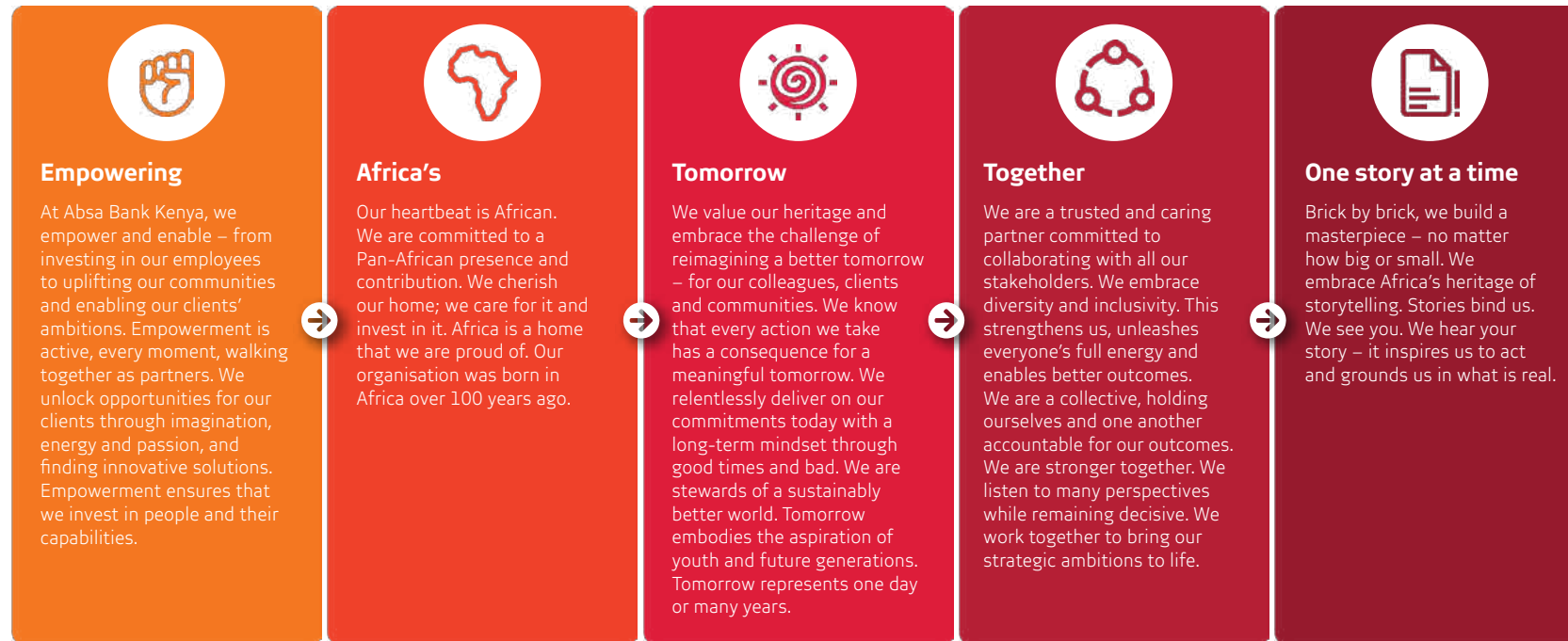
Capacity building and training

- Board refresher training on ESG and Sustainability
- Training of colleagues on climate finance and implementing the ESMS
- Training of sustainability champions

Our purpose and values

Absa Bank Kenya aspires to be a truly purpose-led organisation. This means we are deeply committed to positive contribution to the world around us and putting our purpose at the heart of everything that we do. Our purpose serves as the 'North Star', illuminating our reason (why) for existence.

At Absa, our purpose is Empowering Africa's tomorrow, together...one story at a time



Our values

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



Trust

We believe in ourselves and each other



Resourceful

We innovate for our colleagues, clients and communities



Stewardship

We take actions today that sustain tomorrow



Inclusion

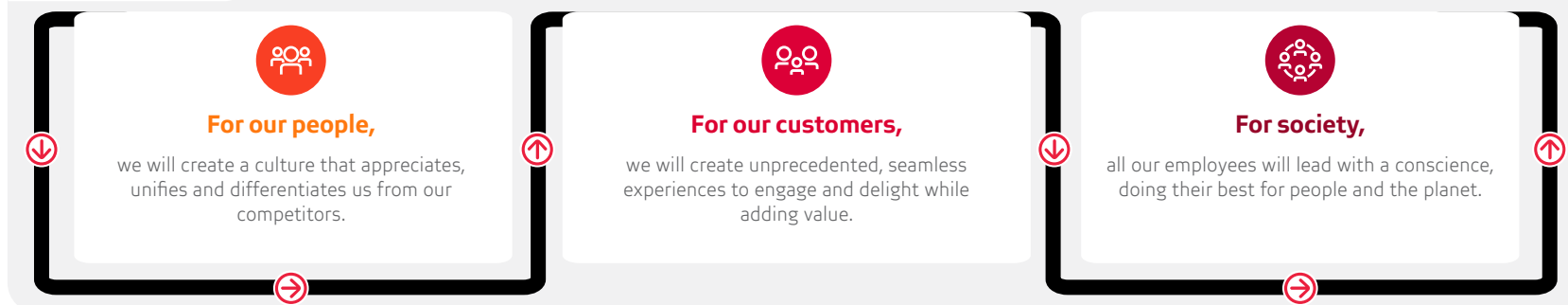
We are stronger together



Courage

We show up as our authentic selves and own our story

Our values





Absa Bank Kenya at a glance

Absa Bank Kenya PLC is part of Absa, a pan-African Group inspired by the people we serve and determined to be a globally respected business that Africa can be proud of. We are dedicated to finding tailored solutions to uniquely local challenges, and everything we do is centred on creating value for our stakeholders. As a financial services provider, we play a crucial role in the economic lives of individuals, businesses, and governments. We assist in creating, growing, and protecting wealth through partnerships in economic development, while also contributing to Africa's growth and sustainability.



Over 100 years
operating in Kenya



87
Branches



203
ATMs Countrywide



60
Cash Deposit Machines



2 167
Employees



Over 1 million
Customers



51:49
Employee gender (F:M)



49%
Women in management



Shs 20.9 billion
Profit after-tax



Shs 61 billion
Total revenue



Shs 507 billion
Assets



367 billion
Deposits



Our sustainability and climate action journey



2007-2017

- Corporate Citizenship activities conducted under CSR team targeting different communities and environment



2018

- Developed the Environmental Action Plan (EAP) 2030 focused on Commercial & Real Estate Services (CRES)
- Baseline year for Net-Zero Commitment set for 2019



2019

- Creation of sustainability department
- IFC EDGE assessment undertaken for all five Absa sites
- Point Of Use (POU) drinking water project: Phase 1



2020

- Trained all staff on sustainability and ESG
- Sustainability champions deployed
- Computers for Schools Project launched
- 13 sustainability commitments launched
- Energy efficiency project launched including installation of power efficient lights and automatic controls



2024

- Supplier diversity stood at 18%
- Two additional computer labs launched in two schools bringing a total of 67 computer labs.
- Over 600 women including youth and PWDs trained on corporate procurement readiness in collaboration with IFC S2E
- 11 065 youth empowered through ReadytoWork
- 15 939 women entrepreneurs benefited from women in business

For a summary of our achievements in 2024, please refer to page 59.



2023

- Issued 2022 Sustainability Report
- Launched Tuungane 2X SHE project with Africa Guarantee Fund (AGF) and Melanin Kapital
- Developed and issued Persons Living with Disabilities (PLWD) Roadmap
- Supplier diversity stood at 15.5 %
- Installed and launched 22 school computer labs
- 85 Absa sites retrofitted to improve energy efficiency
- Over 400 suppliers completed sustainability training with Strathmore University
- Over 500 women suppliers trained on corporate procurement under IFC Sourcing2Equal programme
- 402 SHE Stars from cohort III and IV complete See Her Empowered (SHE) Stars programme



2022

- Adoption of annual climate reporting using CBK Guidelines on Climate Risk Management
- Issued first annual Sustainability Report
- Undertook EDGE certification for head office and Bishops Gate
- Launched See Her Empowered (SHE) Stars project with GiZ and Yunus Environmental Hub
- Supplier Diversity stood at 10.3%
- 303 664 trees planted
- Launched 43 school computer labs
- Achieved IFC EDGE certification for five premises
- First cohort of Tuungane 2x SHE project supports 300 entrepreneurs through credit-readiness programme
- 300 suppliers complete Supplier Training Programme with Strathmore University
- 2 146 applications received for the See Her Empowered (SHE) Stars Project



2021

- Retrofitted Absa sites with energy saving technology to reduce operational emissions
- Developed our sustainability implementation plan
- Established a supplier training programme on sustainability with Strathmore University
- Established tree planting project
- Waste recycling pilot with our vendors launched
- Signed up to IFC's Sourcing2Equal Supplier Diversity Programme
- Supplier Diversity at 6%
- Launched ReadytoWork placement programme for suppliers
- 6,600 trees planted
- Developed 7 computer labs in schools

Our 13 sustainability commitments

In 2020, we issued 13 sustainability commitments, signalling our intent to be an **active force for good**. The commitments address sustainability and climate risks while also considering value creation opportunities as we seek to contribute to the Sustainable Development Goals (SDG). The 13 commitments also include the targets we intend to achieve and the metrics that we track. The 13 commitments are highlighted below and our performance since launch is provided on pages 43 – 44.



Anchor



Sustainable financing

Commitments

- Diversifying our portfolio and increasing our funding and capital allocation for initiatives that support:
 1. Renewable and clean energy
 2. Industries, innovation and infrastructure
 3. Financially excluded groups
 4. Sustainable cities and communities
 5. Responsible consumption and production
 6. Value chains



Social responsibility

- Investing in the future of the youth through skills development with our ReadytoWork programme
- Direct and indirect economic contribution to the Kenyan economy through our current and future funding
- Investing in training and upskilling the future skills and competencies of our employees
- Become one of the best places to work in Kenya
- Increase proportion of women within all levels - junior, management and Board positions: Gender parity
- Increase diversity in the supply chain focusing on women, youth and persons with disabilities
- Empower our suppliers and create awareness on corporate sustainability and responsible business practices



Environmental responsibility

- Increase biodiversity and encourage environmental responsibility through planting trees
- Assess and manage our indirect environmental and indirect social impacts
- Become a Net-Zero carbon footprint company by 2040



Reporting & Governance

- Adherence to governance and control policies internally and through the supply chain
- Continued partnerships for the goals



Identifying sustainability and climate-related risks and opportunities

Materiality

16

Our stakeholders

19

Materiality

Determination of material matters refers to the principle that decision-makers should identify, evaluate and prioritise the sustainability and climate topics that are most influential to both the business and its stakeholders. A materiality assessment provides the business with a comprehensive understanding of its sustainability context, which topics are material or not, and to whom these topics are material and why.

We adopt a double materiality approach to identify the sustainability and climate risks that are most pertinent to our Bank. This methodology encompasses a comprehensive assessment of various sustainability and climate issues, which we subsequently prioritised based on their significance to stakeholders, our financial performance and achievement of our strategy.

In our evaluation, material matters are categorised into two distinct types: impact and financial material matters. We provide detailed disclosures regarding the financial material matters in our Annual Integrated Report 2024 (Pages 41 – 49). Based on our materiality determination process, the following matters are considered as being the most significant for our stakeholders and the Bank.

Impact materiality

Diversity and inclusion

Evolving stakeholder scrutiny and expectations

Ethics, trust, and business conduct

Impact and financial materiality

Climate change and just transition

Social context

Financial materiality

Economic volatility

Country sovereign risk

Capital flows and liquidity management

Digital intelligence

Evolving workplace

Regulatory environment



Materiality continued

Impact materiality

Aspect	Definition	SDGs impacted
Diversity and inclusion	Diversity and inclusion are critical components of a thriving organisational culture. Board and management diversity bring varied perspectives that enhance decision-making and innovation. When leadership teams reflect a range of backgrounds, experiences, and viewpoints, they are better equipped to understand and address the needs of a diverse customer base. This not only fosters a more inclusive workplace but also drives better financial performance, as companies with diverse leadership are often more successful in navigating complex market dynamics. Financial and supply chain inclusion are equally vital in promoting a holistic approach to diversity. This can lead to increased entrepreneurship and economic growth while also integrating diverse suppliers into the procurement process, enhancing the resilience and sustainability of supply chains.	
Evolving stakeholder scrutiny and expectations	Evolving stakeholder scrutiny and expectations are reshaping the landscape in which businesses operate, compelling them to adopt more robust stakeholder engagement strategies. In today's interconnected world, stakeholders—including customers, employees, investors, regulators, and communities—are increasingly vocal about their demands for transparency, ethical practices, and responsible practices. This heightened scrutiny is driven by a growing awareness of global issues such as climate change, inequality, human rights, and corporate governance. As a result, businesses are finding that traditional methods of engagement are no longer sufficient, and that they must actively listen to stakeholder concerns and incorporate their feedback into decision-making processes. Responsiveness to stakeholders is therefore a critical imperative for the creation of shared value.	
Ethics, trust and business conduct	Trust is the foundational pillar for banks. It shapes relationships with stakeholders requiring ethical business conduct. Banks are expected to uphold the highest standards of integrity through several approaches including responsible lending, safeguarding customer data, and avoiding conflicts of interest. When banks prioritise ethical conduct, they not only comply with regulatory requirements but also foster a culture of accountability that resonates with customers, enhancing their loyalty and confidence in the institution. As customers become more discerning and informed, they seek financial institutions that can be trusted partners in their financial journeys. Ultimately, a strong ethical foundation not only mitigates risks but also drives long-term success and resilience in the banking sector.	

Impact and financial materiality

Aspect	Definition	SDGs impacted
Climate change and just transition	Climate change represents a substantial concern in Kenya, particularly due to the vulnerabilities affecting critical economic sectors such as agriculture, manufacturing, and tourism. These sectors are integral to the country's economy and are increasingly at risk from the impacts of climate change. Additionally, communities are experiencing heightened pressures resulting from adverse climate events, including severe flooding and prolonged droughts. These events not only disrupt livelihoods but also significantly hinder human development and overall well-being. For Absa, addressing climate change is not merely an operational consideration; it holds strategic importance. By prioritising climate action, we aim to foster resilience within our Bank, our customers and the communities we serve, ultimately contributing to sustainable development and long-term economic stability in the face of environmental uncertainties.	
Social context	The social context in Kenya is characterised by a high degree of dynamism and complexity, particularly in relation to livelihood opportunities. Unemployment rates continue to be a pressing issue, especially among the youth demographic, who face significant challenges in securing stable and meaningful employment. Small and Medium Enterprises (SMEs), which are crucial for job creation and account for the majority of employment opportunities in the country, are often fragile and exhibit limited resilience when confronted with economic shocks. Although there has been a notable decline in rural poverty over the past decade, levels remain alarmingly high, and they are comparable to the lowest poverty quantiles observed in urban areas. This persistent challenge underscores the need for targeted interventions and support mechanisms to enhance the resilience of SMEs and improve employment prospects, including financial inclusion.	

Materiality continued

Financial materiality

Economic volatility

Kenya's economic landscape remains vulnerable to global geopolitical uncertainties, which continue to disrupt trade flows and elevate import costs. Despite a narrowing current account deficit and a strong shilling recovery, elevated prices and constrained credit conditions have dampened consumer spending and investment. While monetary easing is expected to stimulate borrowing, the persistence of high legacy deposit rates and price sensitivity in the market underscore the fragility of economic momentum. These dynamics highlight the critical need for resilience, as external shocks not only strain the private sector but also directly impact institutions like Absa, whose performance is closely tied to the financial health of its customers.

Country and sovereign risk

In 2024, Kenya's economy faced mounting challenges after being placed on the FATF grey list, raising concerns over its anti-money laundering and counter-terrorism financing frameworks. This, combined with credit rating downgrades by Fitch, S&P, and Moody's, led to increased borrowing costs and investor caution. The government responded with fiscal reforms, tax hikes, and spending cuts, but public protests disrupted implementation, prompting reliance on IMF support and a new Eurobond to avoid default. Public debt rose to Shs 10.6 trillion, with a 70% debt-to-GDP ratio. For Absa, this environment demands enhanced KYC vigilance and close monitoring of fiscal and regulatory risks.

Capital flows and liquidity management

In 2024, Kenya's market activity was constrained by capital outflows and liquidity shortages, worsened by earlier foreign exchange challenges. While some progress has been made, sustained improvement hinges on investment-friendly tax policies and legislative clarity. Banks must adopt responsible capital management strategies—leveraging analytics, prioritizing high-yield investments, and adjusting portfolios to market shifts. However, rising consumer debt distress has increased non-performing loans and provisioning costs, tightening lending standards. Despite these pressures, Absa has maintained strong capital and liquidity buffers above regulatory thresholds, supported by proactive risk and capital management practices that reinforce its financial resilience and stakeholder confidence.

Social context

Kenya's social landscape is shaped by persistent youth unemployment and vulnerable SMEs, limiting economic resilience. While rural poverty has declined, it remains high, and recent unrest reflects a tech-savvy, educated youth demanding transparency and fairness. This generation values purpose-driven engagement and personalized financial services. Rapid digital adoption has increased fraud risks, highlighting the need for public education. In response, Absa is enhancing financial inclusion and fraud awareness while tailoring services to evolving customer expectations. The Bank also supports youth empowerment through targeted initiatives, aiming to foster economic participation, build trust, and contribute to a more inclusive and resilient financial ecosystem.

For detailed disclosures regarding the financial material matters refer to our Annual Integrated Report 2024 (Pages 41 – 49).



Our stakeholders

Our value creation process is intricately linked to the access and enhancement of financial and non-financial resources and key relationships. We are part of a larger ecosystem, where the contributions of our stakeholders are crucial to our success. We appreciate that the strength of our relationships significantly impacts our ability to achieve our objectives.

We therefore consider their needs and expectations in our business operations and in the delivery of our products and services. Through our engagements with stakeholders, we are enabled to understand their perspectives, aspirations and expectations of us. The stakeholder engagement table provided below details our key stakeholders, the strategies we employed to engage with them, and the outcomes of these engagements.

Understanding and meeting stakeholder expectations

Stakeholders	How do we interact?	What main subjects were discussed?	How did we respond?
Customers	<ul style="list-style-type: none"> • Phone calls • In person engagements • Email • Social media • SMS • During onboarding process • Use of surveys / questionnaires • During product launches and exhibitions. 	<ul style="list-style-type: none"> • Trustworthy relationship • Customer service • Reliability of digital channels • Product quality • Responsible banking • Cybersecurity and data privacy • Adherence to disability regulations. 	<ul style="list-style-type: none"> • Provided customers with information required to make informed decisions on our products and services • Deepening relationships with customers through a life-stage and ecosystem approach • We prioritise delivering excellent customer service • We offer reliable and secure digital channels, subject to regular maintenance and updates • Protecting data privacy and ensuring cyber security through robust technology and data management • Supporting customers to protect themselves through sharing information and awareness creation • We are dedicated to providing disability-friendly facilities and services.
Employees	<ul style="list-style-type: none"> • Performance discussions • Regular staff meeting • Email • Phone calls • Surveys • Induction • Learning platforms • Staff briefings • One on one engagements • Regular staff meetings • Town halls. 	<ul style="list-style-type: none"> • A workplace with opportunities to contribute to society and supportive of environmental and social sustainability • A diverse, inclusive and supportive workplace where all employees are treated equitably without bias • Fair and responsible pay and terms of employment with market-related remuneration and benefits • Training, development and career opportunities • A safe workplace with consideration of overall wellness • Skills development and support to match contextual changes in the workplace • Systems and service stability to ensure service delivery • Diversity and inclusion. 	<ul style="list-style-type: none"> • Encourage and support employee involvement in environmental and social investment • Create awareness and training on sustainability aspects to empower employees • Creating differentiated experiences and inspiring a diverse and inclusive workforce • Attracting and retaining the best talent • Encouraging self-led development and opportunities for career progression • Delivering performance-based reward and recognition • Providing a comprehensive wellness training programme and supporting different ways of work • Investing in technology to ease hybrid work and value creation for customers • We value diversity and inclusion, with a non-discrimination policy to mirror the diverse communities we serve.

Materiality matters continued

Stakeholders	How do we interact?	What main subjects were discussed?	How did we respond?
Investors	<ul style="list-style-type: none"> Annual General Meetings (virtual) Phone calls Email channels Investors briefings Analysts (virtual or physical meetings). 	<ul style="list-style-type: none"> Strong business performance, including efficiency, revenue growth and returns Maintaining a well-capitalised balance sheet (strong capital and liquidity positions) Adequate, sustainable shareholder returns Sound risk management Transparent reporting and disclosures and effective communication Sound ESG practices. 	<ul style="list-style-type: none"> Ensuring Absa is a well-diversified business, both by revenue streams and distribution Maintaining substantial market share Offering improving shareholder returns and a rising dividend yield ratio Ensuring strong capital and liquidity levels to support the balance sheet Maintaining strong governance and risk management practices that are adapted and enhanced to our context We have a reporting suite that includes transparent disclosure on financial and non-financial information Enhancing ESG practices and issuing disclosures through our reporting suite.
Regulators & Government	<ul style="list-style-type: none"> Dialogue Phone calls Emails Issuing memos One on one engagements Organised conferences and meetings Regular reporting. 	<ul style="list-style-type: none"> Compliance with all relevant laws and regulations Financial system stability spanning financial soundness to fair treatment of customers An ethical work environment Contribution to Government development plans, national priorities, and through fair tax payments Cyber security and data security Responsible banking Integrity and transparency in reporting How we manage our sustainability goals across the business. 	<ul style="list-style-type: none"> Comprehensive regulatory change management programme Facilitating responsible banking by ensuring appropriate due diligence is followed Maintaining a transparent and constructive relationship with regulators Focusing diligently on cybersecurity and customer data protection from a technology perspective Adhering to responsible banking tenets governed by the United Nations Environment Programme Finance Initiative (UNEP FI) banking board Maintaining integrity in reporting by setting and adhering to standards, policies and procedures that govern the reporting Ensuring our suppliers and service providers meet requisite legal requirements.
Society & Communities	<ul style="list-style-type: none"> Micro-lending teams Marketing engagements Absa news Social media Feedback surveys and questionnaires. 	<ul style="list-style-type: none"> Citizenship initiatives such as education scholarships Environmental stewardship and protection Food security and agricultural support Climate smart technologies County Integrated Development Plans The UN SDGs Adherence to global ESG frameworks. 	<ul style="list-style-type: none"> Preparing young people for the future of work through ReadytoWork programme Advancing financial access, literacy and inclusion through training Supporting an inclusive and responsible supply chain Minimising the impact of our business and carbon footprint on the communities and society Participating in policy dialogues and advocacy at country and county level Climate financing provided for climate smart agriculture, green buildings, energy efficiency and renewable energy Adopting leading ESG standards to enable sound governance, management and reporting on ESG aspects.
Partners & Collaborators	<ul style="list-style-type: none"> Business meetings Sector/industry forums Conferences Phone calls. 	<ul style="list-style-type: none"> Business growth areas Enhancement of customer propositions Creation of mutual value. 	<ul style="list-style-type: none"> Working with partners to innovate in our customer offerings Ensuring that our partners adhere to prudential guidelines Standard enforcement for cases of systems integrations Developing win-win opportunities for partners.

Governance

Governance overview	22
Board oversight of sustainability	23
Governance themes	24
Human Rights statement	27

Governance overview

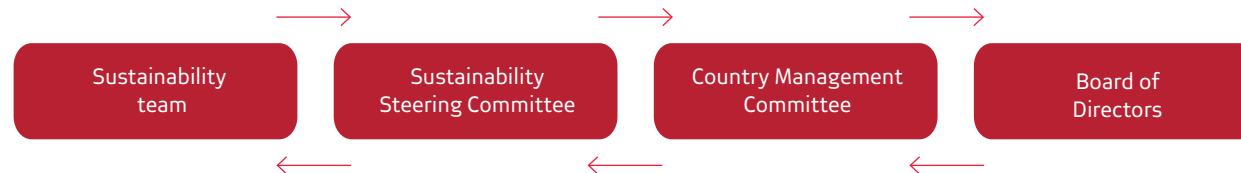
At Absa, the Board of Directors (the Board) holds the highest decision-making authority. It has ultimate responsibility for setting and overseeing the Bank's strategy, business plans and annual budgets, and the risk management approach. The Board oversight role also comprises stakeholder engagement, regulatory compliance, as well as transparency and accountability.

Climate-related risks and opportunities are considered by the Board in relation to performing these responsibilities. The Board's Charter specifies that the Board's oversight of sustainability climate-related risks and opportunities will be supported by several established functions throughout the organisation. It sets or approves targets related to sustainability and climate-related risks and opportunities.

Board and sustainability

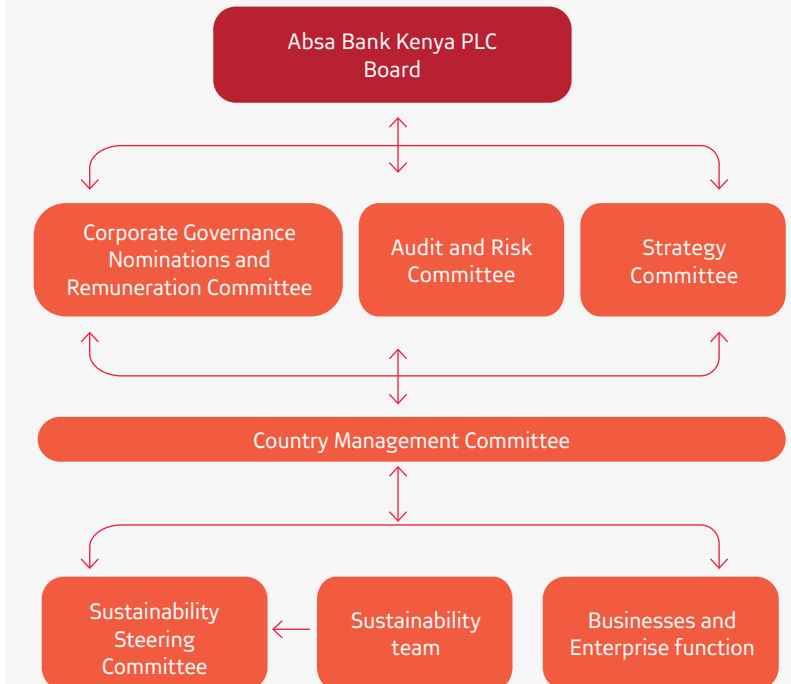
Strategic governance is crucial in overseeing matters with significant financial or reputational impacts on business performance and managing sustainability and climate-related risks and opportunities. As the highest decision-making body, the Board oversees the implementation of the 13 sustainability commitments, addressing sustainability and climate risks, impacts, and opportunities. In addition, the Board ensures alignment to the Central Bank of Kenya's (CBK) requirements to assess and manage climate-related risks identified across the Bank's portfolio.

To stay abreast of the evolving landscape of sustainability and climate change, the Board convenes quarterly. These meetings include the Sustainability Agenda with discussions on climate-related topics. The Bank's sustainability team presents sustainability and climate information to the Board through Board Sub-Committees. Thus, the Board is kept informed about sustainability and climate-related risks and opportunities, as illustrated in the flow chart below:



Board structure

The Board is structured into the main Board and comprises three Board committees, as shown in the diagram below.



Board oversight of sustainability

Absa Bank Kenya PLC Board

Absa Bank Kenya Board

As the highest decision-making authority at the Bank, the Board assumes responsibility for matters with significant strategic, financial, or reputational impacts on business performance. This includes supervising risk management frameworks and practices, which include oversight of sustainability and climate-related risks.

Board Sub-Committees

The Board Strategy Committee

The Board Strategy Committee is tasked with guiding the overarching strategic direction of the Bank by providing oversight to the development and implementation of its strategic plan and preparing mitigations to address risks in respect to this plan including the sustainability and climate-related aspects.

The Audit and Risk Committee

The Committee's primary function is to ensure the reliability of financial reporting and audits, as well as to supervise the implementation of robust internal control and risk management systems. This also includes supervising the Bank's sustainability and climate programme.

The Strategy 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 (SSR) Risk
- 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 and Climate Report and regulatory submission)
- Oversees developments and compliance with emerging best practice approaches to sustainability and provides insight into the Bank's strategy
- Holds the senior management to account for sustainability performance as a fiduciary responsibility to stakeholders.

Audit and risk committee

The Board's Audit and Risk Committee continues to integrate sustainability in its overall risk management in the following ways:

- Incorporates sustainability and climate-related risks into the development of the Bank's business model and Enterprise Risk Management Framework
- Assesses, quantifies, and reports to the Board on the Bank's exposure to sustainability and climate-related risks from various business lines, alongside other significant risks such as credit, market, and operational risks
- Oversees the development and implementation of the sustainability and climate risk strategy
- Approves necessary resources required for the 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, ensuring these risks are embedded into the Bank's risk management framework
- Ensures effective implementation of the sustainability and climate strategy by actively overseeing the development and execution of the Bank's sustainability and climate risk objectives and reporting, including:
 - Setting the Bank's sustainability and climate-related financial risk appetite and ensuring these risks are effectively managed and controlled
 - Cultivating a top-down risk culture that integrates sustainability and climate-related considerations into business activities and decision-making processes
 - Conducting annual reviews of regulatory reports and periodic reviews of any regulatory submissions, such as the Sustainability Report, Climate Report, and Central Bank submissions on climate risk implementation.

In addition, as we continue applying the ISSB standards, the Bank looks forward to carrying out assurance of its sustainability and climate reports in future disclosures.

Governance themes

Sustainability and climate change have been key consideration for the Board. This is reflected in the key themes the Board has considered over the past three years as shown below:

2022

- Approved the integration of climate-related risks and opportunities into the existing Board committees, that is, the Board Strategy committee and the Board Audit and Risk committee
- Updated the Terms of Reference for the Board Strategy committee and the Board Audit and Risk committee to include climate-related risks and opportunities
- Conducted Board sensitisation and awareness on climate risk and integration into the Bank's strategy
- Integrated oversight of sustainability and climate-related matters at the Board level to implement and monitor climate risk and opportunity strategies
- Submitted a Board-approved plan to CBK detailing how Absa Kenya will identify, measure, monitor, report, control, and mitigate climate-related risks and opportunities.

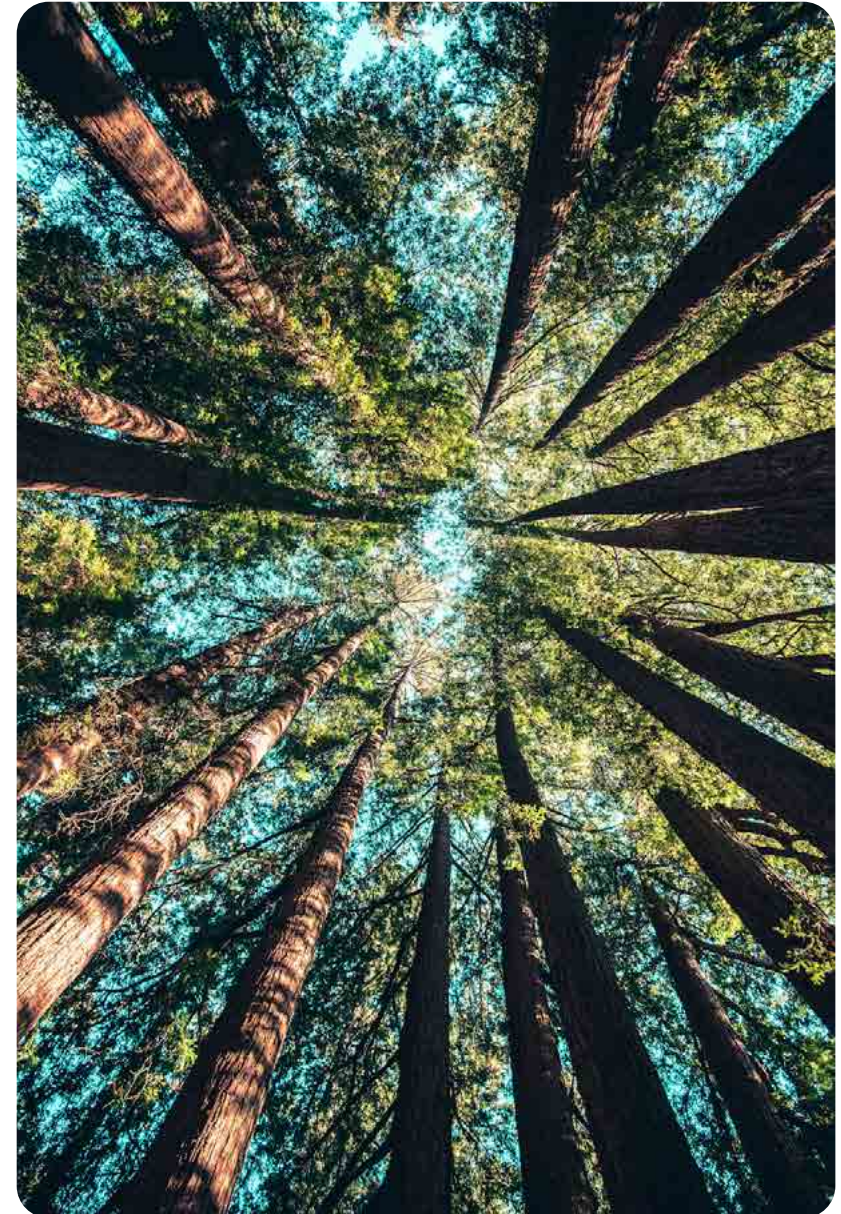
2023

- Finalised action plans for managing climate risks, in line with CBK guidelines
- Reconstituted the Climate Risk Working Group
- Committed to adopting the International Sustainability Standards Board's (ISSB) International Financial Reporting Standards (IFRS) S1 and S2
- Issued report on the Principles for Responsible Banking (PRB) for 2023
- Established a dedicated working group for conducting climate scenario analysis and stress testing
- Integrated climate-related physical risks into the Bank's Business Continuity Management (BCM) framework
- Enhanced the Terms of Reference (ToRs) for sustainability-related committees to incorporate climate aspects alongside the coordination role of the Sustainability Steering Committee
- The Board held a sensitisation and awareness session on climate risk and its integration into the Bank's strategy. A key deliberation was the development and launch of the Bank's climate finance strategy in 2024.

Focus for 2024

In 2024, the Board continued to consider sustainability and climate-related risks and opportunities. This accelerated the Bank's contribution to long-term value creation and positive societal impact while also ensuring prudent risk management practices are observed. In the year, the Board made the following progress:

- The Board approved revised key sustainability risk policies including ESG Risk policy, Greenwashing policy and Sustainability Risk Framework
- To manage sustainability risks and opportunities, the Board approved enhancement of the tracking of sustainability risks in the sustainable finance portfolio. Other than Timiza, the Bank has also enhanced other financial inclusion metrics which include youth, women and households earning less than USD 4000 per annum
- To enhance Climate finance, the Board approved targets focusing on recycling, renewable energy, climate-smart agriculture and energy efficiency. The Bank is increasing the number of vendors to address sustainable waste management in its branch network across the country
- The Board approved more investment into training and upskilling of future skills, among colleagues with a key focus on sustainability and climate change risks.



Governance themes continued

Regulatory changes focused on sustainability and climate risk

The regulatory environment remained highly active and dynamic. In April 2024, the Central Bank of Kenya presented the Kenya Green Finance Taxonomy (KGFT) for public review, which was concluded in June. The KGFT is intended to serve as a tool to classify whether particular economic activities are 'green' or environmentally sustainable. It is also intended to serve as a guide for both banking sector participants and other market participants in making informed investment or financing decisions. The KGFT largely drew from Kenya's Nationally Determined Contributions (NDCs) under the United Nations Framework Convention for Climate Change (UNFCCC) and other National Climate Policy Documents. The green finance taxonomy was launched in April 2025 and is anticipated to result in increased emphasis on encouraging sustainable and climate financing.

In addition, CBK also released the Climate Risk Disclosure Framework for the banking sector. The draft framework was issued in August 2024 and public participation closed in October. Thereafter, CBK issued the final version in April 2025. The Climate Risk Disclosure Framework intends to assist commercial banks in collating and disclosing climate-related information in a relevant, useful, consistent and comparable manner. The Framework is aligned with global best practice and standards such as the International Financial Reporting Standards (IFRS) S2 on climate-related disclosures and Basel Committee on Banking Supervision (BCBS) principles on climate-related financial risks.

Further, the Institute of Certified Public Accountants of Kenya (ICPAK) issued a roadmap for the adoption of the International Sustainability Standards Board (ISSB) disclosure standards IFRS S1 and S2 in November, signalling the opportunity for voluntary early adoption before mandatory disclosure expected from financial year 2027.

Sustainability and climate-related skills and experience

The Board of the Bank comprises 11 experienced individuals with diverse skills and backgrounds essential for effective governance. To maintain the required competencies on the Board, a diversity and skills matrix is utilised to categorise existing skills, identify new skills required, and determine education and trainings needed. This matrix aligns with the Bank's strategic priorities and external environment. The Corporate Governance, Nominations and Remuneration Committee oversees the selection process in adherence to the matrix's criteria.

Overall, the Board has significant experience in governance, strategy oversight and risk management, critical skills for the oversight of sustainability and climate-related risks. The Board has undertaken training on sustainability and climate-risk in a bid to enhance its oversight of these aspects. Skills enhancement in these areas will continue.

To view the profiles of Board members, please view Page 99 to 100 of our Annual Integrated Report (available on our website).

Sustainability linked remuneration, Key Performance Indicators (KPIs) and incentives

Sustainability-linked KPIs and incentives are essential in driving the Bank's commitment to addressing climate-related risks and opportunities. These KPIs are integrated into performance scorecards to ensure that sustainability goals are prioritised. By extending these KPIs to various levels within the Bank, individual performance and pay can be effectively linked to sustainability outcomes, fostering a culture that values sustainability and climate considerations.

In this case, the scorecard used by Absa Group incorporates various metrics to evaluate the performance of Absa Bank Kenya. Among these metrics is ESG, which has a 5% weighting. This weighting influences the overall country score and is cascaded through the CEO's performance scorecard to all employees. It also impacts the performance-based remuneration aspects of the Board.

This also influences remuneration policies at the Absa Group level, which then affect Absa Regional Operations based on country ratings. We plan to extend sustainability and climate risk performance KPIs at the subsidiary and business unit level to influence individual remuneration, a matter that will be addressed in future disclosures.

How management engages in sustainability and climate change

The Board delegates the day-to-day responsibility of executing strategy, including sustainability-related matters, to appointed management roles through specific mandates. The CEO and management executives form the Country Management Committee (CMC). The Bank's sustainability agenda is managed by the CMC with oversight from the Board. The CMC plays a pivotal role in overseeing the Bank's sustainability initiatives, ensuring they align with our overall business objectives. The CMC is supported by the Sustainability Steering Committee and teams from various functions including sustainability, business, and enterprise.

Together, they ensure the implementation of the Bank's sustainability aspirations.

To strengthen our commitment to sustainability, we have established a dedicated Sustainability Steering Committee that reports directly to the CMC. The Committee comprises representatives from various departments who work collaboratively to develop and implement the Bank's sustainability policies and practices. This committee is also responsible for setting targets, monitoring progress, and reporting outcomes to the CMC. Clear KPIs have been set and are driven by the Committee to ensure the realisation of our sustainability commitments.

One of the key aspects of our sustainability strategy is stakeholder engagement. We believe that meaningful engagement with our stakeholders, including customers, employees, investors, and the community, is essential for the success of our sustainability initiatives. The Sustainability Steering Committee actively seeks input from stakeholders and incorporates their feedback into our sustainability plans. This collaborative approach helps us to address the concerns and expectations of our stakeholders while creating long-term value for them.

In addition to stakeholder engagement, we are committed to transparency and accountability in our sustainability efforts. We annually publish a sustainability and climate report that provides detailed information on our progress, challenges, and achievements. This report is reviewed by the CMC and is made available to all stakeholders. By being transparent about our sustainability performance, we aim to build trust and credibility with our stakeholders.

Furthermore, we have integrated sustainability into our risk management framework. The Executive Risk Committee (ERC), with the support of the Chief Risk Officer and Chief Financial Officer, identifies and assesses sustainability-related risks and opportunities. This proactive approach enables us to mitigate potential risks and capitalise on opportunities that contribute to our sustainability goals. By embedding sustainability into our risk management processes, we ensure that our business remains resilient and adaptable in the face of changing environmental and social conditions.

Overall, Absa's commitment to sustainability is driven by the active involvement of management at all levels. The CMC, supported by the Sustainability Steering Committee and various teams, ensures that our sustainability aspirations are effectively implemented. Through stakeholder engagement, transparency, and integration of sustainability into our risk management framework, we strive to create long-term value for all our stakeholders while contributing to a sustainable future.

Governance themes continued

Management roles and responsibilities

- Ensuring the Bank adheres to all sustainability related disclosures and regulatory reporting requirements.
- Engaging with other management committees to discuss cross cutting themes such as human rights and identification of sustainability risks and opportunities.
- Defining and formally allocating roles and responsibilities, as appropriate, within Absa's structure for implementation of the Bank's climate-related risk and opportunity management framework and in line with the requirements of the CBK, NSE and other ESG best practices.
- Reviewing and monitoring all stakeholder feedback on sustainability matters and engaging as appropriate.
- Implementing the Bank's climate risk strategy through regular updates and management information.

Business and Enterprise function

Support by executing sustainability agenda.

Sustainability Steering Committee

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

Sustainability team

The sustainability department, led by the Head of Sustainability, Communications, and Corporate Affairs, is responsible for day-to-day management and reporting on sustainability and climate risks and opportunities.

Climate Risk Working Group (CRWG)

This is a project team comprising of staff from various major functions across the Bank, with the aim of co-creating the Bank's Climate Risk Strategy and eventual execution. Outputs from the Working Group feed into the Sustainability Steering Committee and Executive Risk Committee (ERC) in the form of climate risk management quarterly updates.

Management's oversight on sustainability and climate matters is supported by the use of controls and procedures and has been cascaded through key subject matter and technical expertise within the Bank, ensuring that environmental and social risks and strategies are managed by appropriate internal teams, as follows:

Chief Financial Officer and Chief Risk Officer

Charged with responsibility for managing sustainability and climate-related risks and opportunities as well as formulating Sustainable Finance and Net-Zero Strategy.

Chief Operating and Digital Officer

Mandated with achieving the Bank's Net-Zero at operations by 2040, supplier diversity and inclusion, as well as physical and digital accessibility.

Managing Executive - Corporate and Investment Banking (CIB) and Country Credit Director

Charged with achieving Net-Zero at portfolio level including financed emissions by 2050.

Executive management plays a key role in implementing and monitoring the effectiveness of governance processes, controls and procedures including oversight of all key activities conducted in the business such as setting sustainability and climate-related targets and strategies, Net-Zero (and other targets) aligned operations, sustainable financing policies, and tracking progress against set strategies. Management is responsible for daily implementation of governance frameworks and controls to support compliance and stakeholder communications.

In 2024, management through the various teams, was involved in the following key actions on sustainability and climate change:

- Adoption of IFRS S1 and S2 in the Bank's reporting
- The Bank's Sustainability Steering Committee was involved in skills enhancement trainings covering sustainability management with emphasis on the evolving stakeholder needs and expectations
- Approving the Bank's climate finance strategy.



Human Rights statement

The Human Rights statement outlines Absa's commitment to protecting and promoting human rights across all operations and jurisdictions.

Purpose and commitment

Absa is dedicated to empowering Africa's future by being an active force for good. The Bank is committed to protecting human rights with a mindful and context-specific approach, aligning with international standards such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and the African Charter on Human and Peoples' Rights.

Key areas of focus

- 1. Employer commitment:** Absa fosters a working environment with zero tolerance for bullying and harassment, upholding contractual rights and obligations of employees, and promoting diversity and inclusion.
- 2. Financial services commitment:** The Bank considers human rights impacts in the development and provision of products and services, adhering to local regulatory requirements and international principles like the Equator Principles and UN Principles for Responsible Banking.
- 3. Procurement commitment:** Absa supports human rights through its supply chain by encouraging responsible and sustainable practices, conducting and rigorous due diligence of suppliers.
- 4. Community commitment:** Absa aims to support sustainable development and minimise harm to social and environmental sustainability through corporate citizenship responsibilities.

Governance and reporting

The Absa Board oversees human rights matters, ensuring alignment with international standards and best practices. Monitoring and reporting on progress are done internally and externally through integrated reporting and board oversight.

Reporting breaches

Clients, customers, employees, and third parties can report human rights breaches via the Tip-offs Anonymous Hotline or the Priority Investigations and Whistleblowing team.

Data privacy

Absa is committed to safeguarding the privacy of personal information of stakeholders, with practices outlined in the Data Privacy Statement.

Absa way

Code of ethics and ethical behaviour

The Bank has put in place a Code of Ethics, the "Absa Way," which outlines its legal obligations and its values. It also sets out the acceptable behaviour when engaging with fellow employees, customers and clients, shareholders, governments, regulators, business partners, suppliers, competitors, the broader community, and how these stakeholders are expected to engage with us. The Code emphasises the importance of making the right decisions and behaving in a manner that builds respect and trust in the organisation, setting out consequences for failing to meet clear behavioural requirements.

Whistle blowing

The programme provides confidential and anonymous communication channels to raise concerns. These channels are supported and monitored independently by professional services firm Deloitte, details of which are provided below:

Telephone communication: Toll free number: 0800 722 626 (Kenya)

E-mail communication: protect@tip-offs.com

To protect our organization, customers, and reputation, all individuals should use our anonymous channels to report any illegal or inappropriate behavior, as well as any issues affecting our governance, compliance, or profitability.

There is zero tolerance for any actual or threatened act of reprisal against a whistleblower. The Bank takes reasonable steps to protect any person who makes a disclosure of inappropriate behavior. This includes taking disciplinary action, potentially resulting in dismissal, against anyone who retaliates against a whistleblower. The Audit and Risk Committee receives reports on whistleblowing on a regular basis (minimum twice a year) and holds enquiries into the issues raised. A copy of the Whistle Blowing Policy is available on the Bank's website and is subject to annual review.

Restrictions on insider trading

As a publicly listed entity, in strict adherence to its continuing listing obligations, the Bank prohibits insider trading to restrict any persons who have or may be perceived as having relevant unpublished price sensitive information from potentially profiteering or avoiding loss unfairly. In line with the approved Absa Group Securities Dealing Code, directors, employees, and contractors (and their associates) are restricted from dealing with any securities and other financial products during closed periods as they possess insider information.

They are prohibited from passing on insider information to others who may use the inside information to trade in the Bank's securities. The Bank has closed periods four times a year prior to the release of the Bank's financial performance results during which all related persons, directors, employees, and contractors (and their associates) must not trade in the Bank securities. There were no known insider dealings within the Bank during the year.

Review of Bank policies

All the Bank's policies are reviewed periodically to:

- Assess their effectiveness and identify areas of improvement
- Ensure that they are aligned with the latest legal requirements
- Adapt them to the evolving needs of the Bank
- Ensure that emerging risks are identified and addressed promptly
- Provide quality assurance.

In 2024, several policies and frameworks were reviewed, among them the following notable frameworks and policies. While some remained unchanged, changes were made to others to enhance their effectiveness including:

- Strategic Sustainability and Reputational Framework
- ICT Policies (including Technology Risk Policy, Information Security and Cyber Risk Policy, Cloud Computing Policy, Physical Security Risk Policy)
- Conflict of Interest Policy.



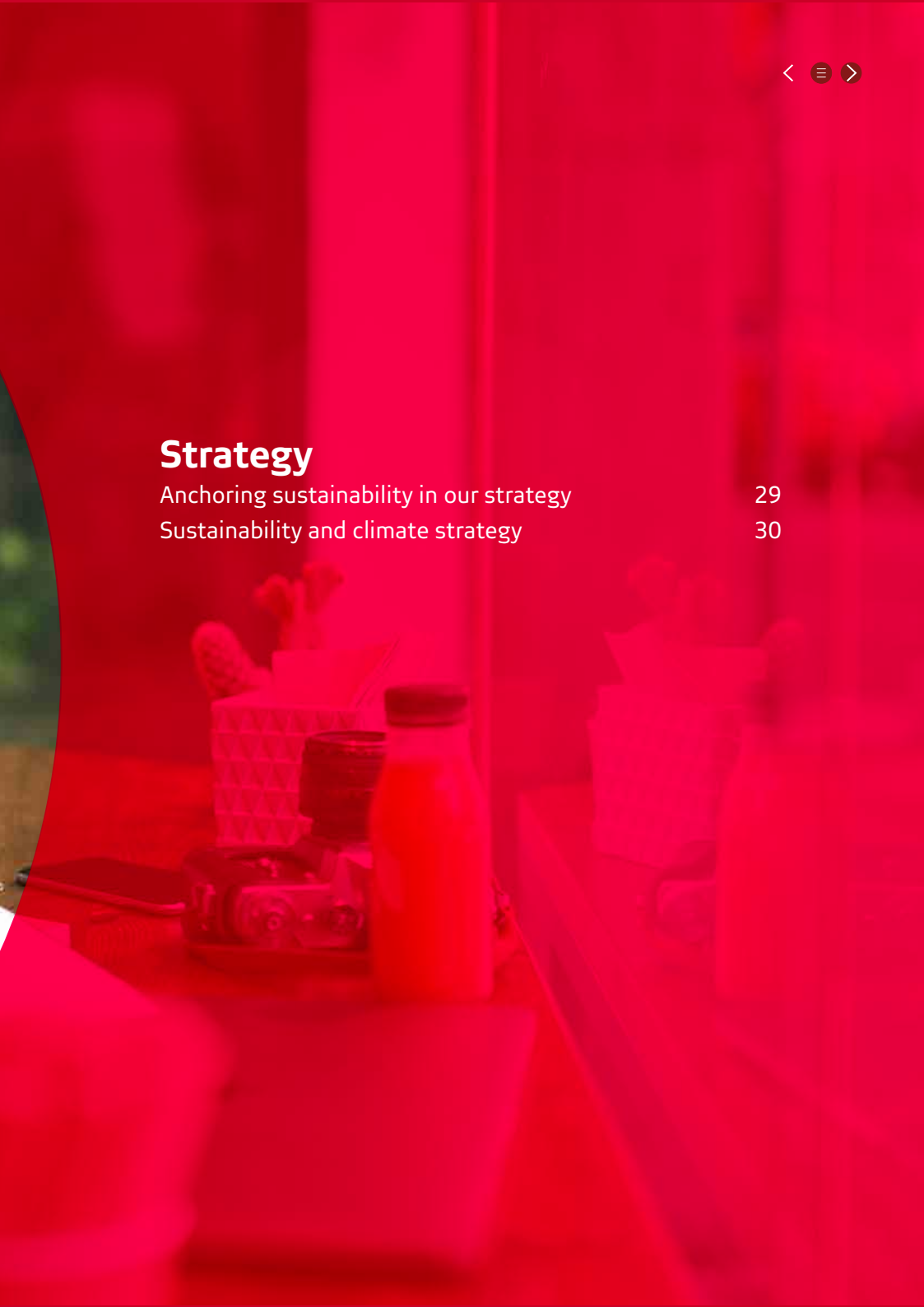
Strategy

Anchoring sustainability in our strategy

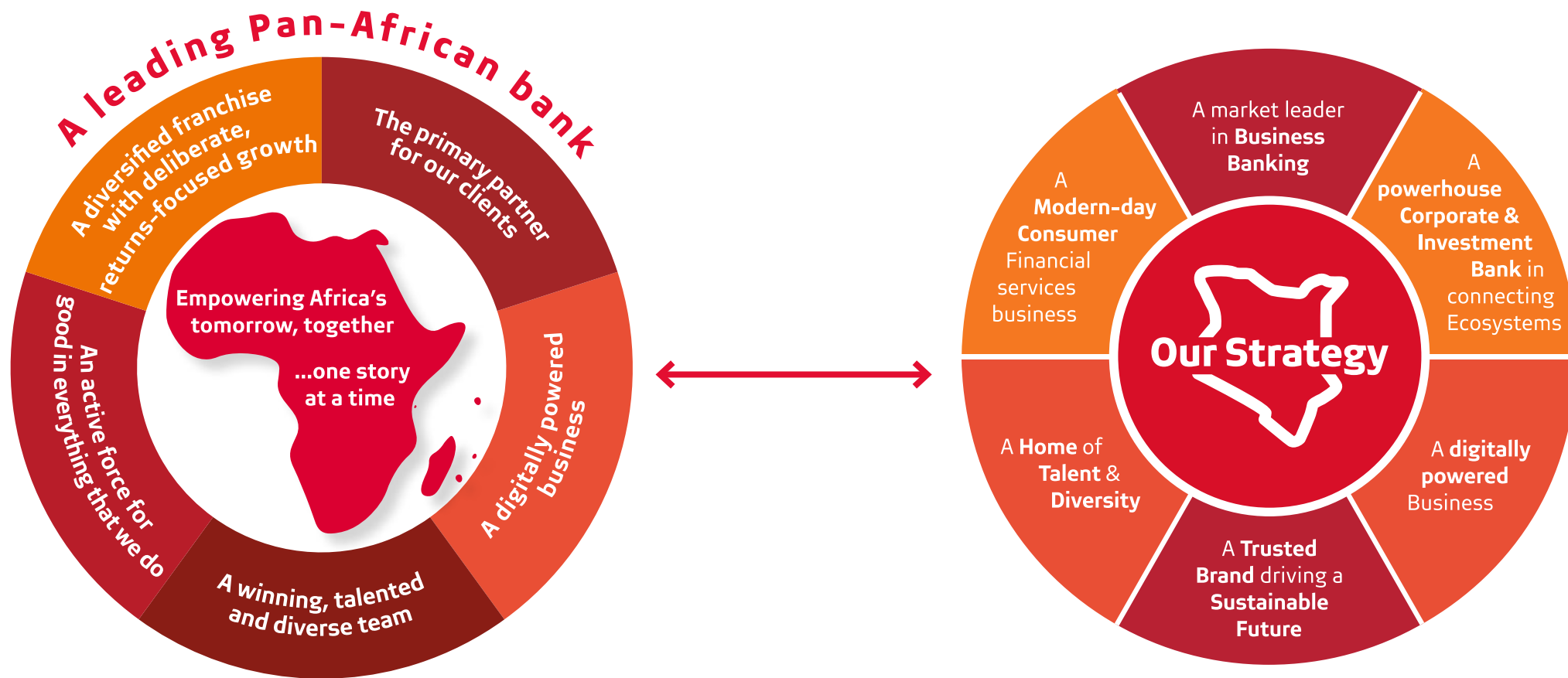
29

Sustainability and climate strategy

30



Anchoring sustainability in our strategy



Our Group strategy and the Absa Bank Kenya strategy are closely aligned in their commitment to sustainability, each anchored in a distinct yet complementary enabler. At the Group level, the strategy is driven by the intent to be “an active force for good in everything we do.” This reflects a broad commitment to responsible business practices, environmental stewardship, and inclusive growth across all markets. In Kenya, this vision is localised through the aspiration of being “a trusted brand driving a sustainable future,” emphasising the Bank’s role in building long-term value and trust.

Both strategies position sustainability as a core strategic intention, not a peripheral initiative. This is evident in the integration of sustainability principles into business operations, lending and investment decisions, and stakeholder engagement. The Group’s overarching ambition cascades into country-level actions, ensuring consistency in purpose while allowing for contextual relevance. In Kenya, this translates into targeted efforts that reinforce Absa’s identity as a purpose-led financial institution.

Sustainability and climate strategy

Our Bank strategy

The overarching Bank strategy for 2023 – 2027 and beyond is founded on three priorities and three enablers.

Our three priorities...

1. Our ambition is to build a scalable **Consumer Banking business** that is digitally enabled to drive reach, targeting a significant increase in profitable customers. This effort will involve digitalising our retail bank to the core, while evolving Timiza into a Mobile Financial Services business. We will target to win in the Affluent segment, advance our relevance in core middle segment and penetrate the mass and youth segments to secure the next generation of personal banking customers.
2. Our ambition is to expand our reach towards market leadership in **Business Banking** through enhanced physical and digital distribution, innovation of our propositions and a step change in customer experience. We will do this while investing for efficiency to drive profitable scale.
3. Our ambition is to build a leading **Corporate and Investment Bank (CIB)** in connecting client ecosystems. Our objective is to deliver on our capabilities and in doing so, become the primary partner for our clients. This effort will leverage best-in-class transactional banking capabilities; our people, because in CIB it takes talent to win and a more connected East Africa CIB network with a hub in Kenya.

Primary partner of our customers

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



Our three enablers...

1. Our ambition is to build a **home of talent** underpinned by a culture that fosters innovation and embraces all forms of diversity and inclusion, being cognisant of the evolving needs of colleagues.
2. Our ambition is to become the **number 1 Trusted Financial Services Brand in Kenya**. This effort will involve building a locally relevant, always-on brand that drives a sustainable future and being a "Force for Good" in the communities in which we operate, while building relevance, consideration and connection with our customers, colleagues and stakeholders that will ultimately lead to brand advocacy and loyalty. This will be enabled by a deep understanding of our customers' current and emerging needs as well as award-winning execution.
3. Our ambition is to build a **digitally powered bank** through, among others, sustained investments towards modernising our technology chassis, executing a digital transformation programme leveraging cutting-edge cloud-based technologies, enabling scale in partnership and acquisition through the launch of an Open API Gateway. Additionally, we target to overhaul our back-end processing by not only automating but augmenting the automation with machine learning and artificial intelligence to drive operational efficiency and enhance early fraud detection capability. We have a five-year horizon within which we target to markedly demonstrate digital maturity.

Sustainability and climate strategy continued

Our strategic time horizon covers short-term, medium term and long term as follows:

Short-term
2024 - 2025



Medium-term
2026 - 2030



Long-term
Beyond 2030

Impact of sustainability and climate risk on business model and strategy

As a Bank with a diverse portfolio, we are aware of our exposure to sustainability and climate risks, which can affect us both directly through our operational activities and indirectly through our business model and value chain. Recognising the significance of these risks, we have established a robust framework for identifying material sustainability matters. This systematic identification process empowers us to pinpoint the key sustainability and climate-related risks that the Bank faces, enabling us to implement effective mitigation measures tailored to address these challenges.

Further, we have incorporated these risk considerations in our strategy to ensure that sustainability and climate risks are managed appropriately enabling the protection of our value creation capability and preservation of value that has been created over time.

For the risks and opportunities identified, the Bank has determined the potential effects on its strategy and business model. These have been integrated into strategic planning and continue to influence the approach of the Bank to sustainability and climate change. The table below sets out the identified risks and their impact on the business model as well as the Bank's response to those risks.

Risks	Nature of risk	How the Bank responds
Sustainability-related risks		
Social cohesion and inclusion	Complexity created by high social inequality and unemployment, weakened performance of the economy and increased social dissent.	<ul style="list-style-type: none"> Increased support to the SME sector through our business banking proposition Financial inclusion through the Timiza proposition Skills enhancement programmes through ReadytoWork to enable youth employment and entrepreneurship Corporate social investment through the Absa Kenya Foundation Engagement with industry peers and business membership organisations in policy dialogue.
Retention of critical talent	The war for talent continues unabated, including renewed pressure on key resources in technology, risk, credit, data and leadership.	<ul style="list-style-type: none"> Enhancing the Employee Value Proposition (EVP) through competitive remuneration, staff development, work-life balance and reward schemes to ensure employee feel valued and motivated Building a talent pipeline through identification of high performers, internal mobility, succession planning and skills enhancement Enhancing diversity and inclusion.
Cyber-attacks, data loss and fraud	Rising threats of cyber-attacks, data loss and fraud given our increased use of digital channels and technology.	<ul style="list-style-type: none"> Enhanced security measures through advanced security protocols and technologies The Bank employs fraud detection and prevention systems to identify and deter fraudulent activities in real-time Comprehensive data loss prevention strategies to ensure sensitive information is safeguarded against unauthorised access and breaches Regular training programmes are conducted for employees on fraud, data protection and cyber security Collaboration with authorities and industry partners to stay ahead of emerging threats and improve their cybersecurity posture Customer awareness and education to prevent fraud.

Sustainability and climate strategy continued

Risks	Nature of risk		How the Bank responds
Climate-related risks			
Transition risks	Policy and regulatory changes	There has been increased regulation focused on environmental, social and climate aspects including amendments to existing laws and new legislation on climate change, environmental management, forest conservation and management, renewable energy, social and environmental impact assessment, extended producer responsibility and climate risk management for banks.	<ul style="list-style-type: none">Ensuring compliance with regulationsParticipation in policy and regulatory dialogueMaintaining sight of evolving regulatory requirements and ensuring appropriate preparation for complianceDriving decarbonisation strategy that aims to reduce exposure to regulatory requirements linked to own emissionsWorking with our customers to support them in reducing their emissions while also offering appropriate financing products.
	Changing consumer demand	Customers across the globe are signifying a preference for sustainable and climate friendly products and services. While the trend is still nascent in Kenya, it is anticipated that similar shifts in customer preferences will be noted in the mid-term requiring business model realignment for highly impacted sectors.	<ul style="list-style-type: none">We will continue to support our customers as they respond to shifts in consumer preferences for environmentally friendly products and servicesProvision of sustainable and climate finance propositionsWorking to support customers in high emission sectors in pursuing decarbonisation.
Physical risks	<ul style="list-style-type: none">Extreme weather eventsDrought and famineSea level riseIncreased temperatureWildfiresSpread of pests and diseases	Climate events continue to impact our business and customers. The country has noted a cycle of heavy flooding followed by increased dry spells resulting in drought. Over the last decade, Kenya has experienced a warming trend, with East Africa warming at a rate of 0.2°C to 0.5°C per decade. This has had an impact on key sectors like agriculture and agro-processing, tourism, manufacturing, electricity, gas and water supply, real estate and transport.	<ul style="list-style-type: none">Our climate risk approach takes leading climate variables into cognisance enabling the Bank to respond to physical risk factors appropriatelyContinuity and resilience approach enables the Bank to prepare, operate and recover in instances of climate events.

Sustainability and climate strategy continued

Overview of current and anticipated financial effects

Sustainability and climate risks have an impact on our operations and profitability. Current financial effects consider impacts in the reporting year presenting a view of the Bank's present condition and ability to manage existing risks. On the other hand, anticipated financial effects pertain to the potential, long-term financial impacts that could arise from future sustainability and climate-related developments. These effects are often more uncertain and may involve a range of possible outcomes.

The effects that sustainability and climate-related risks and opportunities have on the financial position, financial performance and cash flows for the current reporting period and the anticipated financial effects that those risks and opportunities are expected to have over the short, medium and long term are detailed below:

Nature of risk/opportunity	Current year effect	Significant risk of material adjustment in next reporting cycle	Anticipated financial effects over the short, medium and long-term
Social cohesion and inclusion	Social unrest in 2024 was unprecedented in scale and scope. However, the Bank did not note a material impact on its financial performance.	None	With elections anticipated in 2027 and the risk of a prolonged electioneering season beginning as early as 2025, the Bank anticipates limited impacts in the short-term. However, in the medium term, economic volatility is likely based on historical patterns around elections and economic performance. Further, business disruptions are likely affecting the Bank and its customers.
Retention of critical talent	No material impact in 2024. Employee turnover and staff retention remained within expected levels.	None	The Bank has retained its position as a "Top Employer" in line with its strategy to be a "home of talent". It is anticipated that this preferential status will continue into the long term based on investments made to enhance the employee value proposition and creating a compelling case for retention.
Cyber-attacks, data loss and fraud	In 2024, gross fraud amounted to Shs 169 million. Net loss was an over recovery of Shs 58 million arising from recoveries from previous cycles that materialised in 2024 while frustrated fraud amounted to Shs 306 million.	None	Global fraud trends point to an increase in fraud attempts against banks and bank customers. This trend is expected to continue, and the Bank has maintained consistent vigilance In the medium and long-term, the Bank will maintain its fraud prevention pillars focused on improving fraud awareness among customers and staff, ensuring a vibrant and timely response, reporting and traction plan and proactive identification and remediation of gaps Overall, fraud is expected to remain a material issue with financial effects on the Bank.
Changing consumer demand (Transition risk)	No material impact in 2024.	None	Changes in consumer demand is expected to have a material effect on customers in the long term. The financial effect is difficult to ascertain at this point. However, this will create a risk of impairment and increased depreciation based on reduced useful life of assets.
Flooding (Physical risk)	Severe flooding occurred in the first half of 2024 across several parts of the country. However, there was no material impact on the Bank.	None	Flood risk is expected to affect the performance of the Bank and its customers in the short, medium and long-term. In the long-term, flood risk is expected to have a muted impact as the Bank and customers develop mitigation and adaptation measures. Effects that will impact the Bank include business interruptions, damage to businesses including plant, equipment, buildings and land, repair and restoration costs for the Bank and its customers. It is anticipated that this could lead to impaired ability for loan repayment and increased insurance payouts for customers.

Sustainability and climate strategy continued

Nature of risk/opportunity	Current year effect	Significant risk of material adjustment in next reporting cycle	Anticipated financial effects over the short, medium and long-term
Policy and regulatory changes (Transition risk)	No material impact in 2024.	None	<p>The Bank anticipates increased taxation, regulation and legislation on environmental, social and climate aspects.</p> <p>Areas that are anticipated to have a financial effect on the Bank include:</p> <ul style="list-style-type: none"> • The Climate Change (carbon markets) Regulations 2024 provides incentives for carbon projects providing opportunities for climate financing for the Bank. • Anti-money laundering and combating financing of terrorism will remain a mainstay to address the country's grey listing by the Financial Action Task Force (FATF) creating increased compliance requirements • Climate risk disclosure framework issued by the Central Bank of Kenya (CBK) in 2024 and officially released in 2025 requiring reporting on climate-related risks and opportunities • The Kenya Green Finance Taxonomy (KGFT) is intended as a tool to classify particular economic activities as environmentally sustainable. It is anticipated that this will incentivise financing for these sectors creating opportunities for the Bank • The proposed eco-levy and extended producer responsibility regulations will increase compliance costs and tax burden for our clients in the manufacturing sector resulting in higher prices for customers of impacted products. • Impact of increasing environmental, social and carbon regulations in Europe and the United States will have impact on export focused businesses, increasing compliance requirements and cost and affecting their competitive advantage. This is expected to impact customer business performance which is strongly linked to our performance.

Sustainability and climate strategy continued

Decarbonisation targets and Climate Transition Plan

Decarbonisation

Absa focuses on decarbonisation to achieve its Net-Zero strategy. This is achieved by reducing emissions across our operations as well as considerations in offsetting strategies especially in the case of financed emissions (Scope 3). Our target is to be Net-Zero in scope 1 and 2 (operational) by 2040 and scope 3-financed emissions by 2050 in alignment with Absa Group.

Strategy, dependencies and uncertainties to achieve the Bank's targets (Scope 1 and Scope 2 GHG emissions):

For the Bank to effectively deliver on its long-term targets of Net-Zero in its operations, the Bank will need to:

- Invest in energy efficiency across its entire Bank and branch network. This will require retrofitting our premises with energy efficient technology
- Attain EDGE certification for all Bank owned premises (currently five premises certified)
- Gradually upgrade our backup energy sources from generators to renewable energy by 2040.

As the Net-Zero timeframe is quite long, the Bank is cognisant that changes within this horizon may create additional requirements or opportunities in its pursuit of Net-Zero status.

Decarbonising the value chain (Scope 3 GHG emissions):

Focus areas for reduction of Scope 3 GHG emissions include:

- Partnering with key customers to deploy low-carbon technologies
- Working with suppliers to decarbonise.

In order to achieve Net-Zero for Scope 3 GHG emissions, Absa will need to work with its suppliers and customers. For customers, the focus is working with them on technology development supporting the adoption of carbon-friendly technologies. The initial emphasis will be on the high emitting sectors before cascading across other Bank's customer groups, over time. Dependencies in this customer-focused initiatives will include collaboration with customers, regulatory support, and appropriate climate policies.

Capital allocation

To enable the Bank to achieve its sustainability and climate aspirations, significant capital allocation has been provided for risk management and pursuit of opportunities as shown below.

Aspect	Capital allocation
Sustainable finance	Shs 47bn
Climate finance	Shs 4bn
Absa Kenya Foundation	Shs 16.5m

Internal carbon pricing

Internal carbon pricing is the monetary value the Bank assigns to each tonne of carbon or other greenhouse gas emissions it emits or avoids. The Bank is not currently using internal carbon pricing.



Resilience to sustainability and climate-related risks

We have considered resilience from two key perspectives. The resilience of our strategy to sustainability and climate risks, meaning the incorporation of ESG considerations in our strategy. Secondly, the overall resilience of the Bank to ESG factors. Resilience considerations have involved assessing the potential impacts of sustainability and climate change on operations, portfolios, and customers as well as identifying opportunities for sustainable investments.

We have considered specific areas related to operational resilience and the resilience of major outsourced arrangements. Operational resilience involves our ability to adapt to and recover from disruptions caused by climate events. Outsourcing critical functions to third-party providers adds complexity and risk, especially in the face of climate change. Our supply chain dependencies mean that vulnerabilities to climate change in third parties could impact our business. To address these challenges, we have reviewed our vulnerabilities to climate impacts from both operational and outsourced perspectives, to ensure minimal disruptions in service delivery. We are collaborating with our partners and service providers to build a resilient ecosystem as part of our business continuity strategy.

Moreover, fostering a culture of sustainability within the bank is essential for enhancing resilience to these risks. This includes investing in training and capacity-building initiatives for employees to understand the implications of climate change and sustainability on financial services. We also collaborate with stakeholders to promote sustainable practices and innovative financial solutions that support environmental stewardship.

In pursuing our Net-Zero agenda, we enhance the resilience of the Bank, by reducing our exposure to sustainability and climate risks and enabling our ability to withstand any shocks that may occur. This includes actions like gradually automating some of our resource use operations, such as adopting smart meter readers, replacing high emission vehicles, green accreditation of our buildings, digitising our service provision, among others. These actions enhance our ability to respond to sustainability and climate events and support stakeholders where required.

The Bank has developed a business continuity plan (BCP) to enhance overall resilience and ensure adaptability to factors including sustainability and climate risks. Actions undertaken included mapping out sites, systems, processes and people with regards to physical risks as well as assessment of outsourced arrangements for third parties.

Sustainability and climate strategy continued

Sustainability trade-offs

To implement our sustainability strategy effectively, we intentionally decide how to allocate resources and prioritise our efforts. By identifying and managing trade-offs, we can concentrate on the areas that present the most significant opportunities for competitive advantage and value creation. This strategic emphasis ensures that our activities align with our long-term objectives, allowing us to enhance performance, foster innovation, and maintain sustainable growth. In that regard, we have made some key considerations, in terms of trade-offs.

- Achieving a Net-Zero strategy necessitates a deliberate disinvestment from specific businesses and industries that contribute significantly to carbon emissions. This transition, while essential for environmental sustainability, may lead to potential income loss. As the Bank pivots towards climate-friendlier alternatives, it will navigate the complexities of reallocating resources and managing financial impacts by balancing immediate economic returns with long-term climate goals. One of the key trade-offs by the Bank relates to the financing of the coal, oil and gas sector, as the Bank seeks to reduce its carbon emissions and exposure. This has resulted in a phased approach in reducing the financing of the sector, with reduction plans focused initially on the upstream extraction segment, before cascading to the midstream, and then downstream segments by 2050
- A key part of our agenda is to support small and medium-sized enterprises (SMEs). These entities however present a significantly higher risk profile. While financing SMEs can foster economic growth and innovation, the inherent uncertainties and vulnerabilities associated with their operations, pose challenges for the Bank in terms of risk management. This situation requires Absa to balance between the intent to contribute to local economies and entrepreneurship with the need to maintain financial stability and minimise potential losses. To mitigate this, we continue to undertake financial literacy and entrepreneurship initiatives aimed at empowering SME owners.





Risk management

Overall risk framework	38
Sustainability Risk Policy overview	39
How sustainability and climate risk are cascaded across the entity	40
How we measure ourselves on sustainability and climate risk management	42

Overall risk framework

The Absa Group Sustainability Risk framework provides the overarching approach to the management of sustainability and climate-related risks. This in turn is cascaded through the Bank's Enterprise Risk Management Framework (ERMF) where the Bank has identified eight principal risks across the financial and non-financial domains. Sustainability is a key consideration across all these areas, reflecting our commitment to responsible banking practices that not only drive financial performance but also promotes environmental stewardship and social responsibility. Sustainability is recognised as a universal risk, encompassing market, operational and credit risks.

By integrating sustainability into our risk management framework, we are better equipped to identify potential challenges arising from sustainability and climate change, enabling us to make informed decisions that align with our long-term strategic goals. This holistic approach ensures we remain resilient in the face of evolving market dynamics while contributing positively to the communities we serve and the environment at large. Ultimately, our focus on sustainability enhances our ability to create value for our stakeholders and supports the transition to a more sustainable economy.

Absa Group Sustainability Risk Framework - provides overarching approach to sustainability and climate-related risks



Enterprise Risk Management Framework - Comprehensive approach that the Bank adopts to identify, assess, manage, and monitor risks across all facets of its operations



Principal risks - Risks identified and prioritised by the Bank as most material for its operations and which are actively managed under the ERMF

Strategic and sustainability risk - Principal risk grouping under which sustainability and climate-related risks are considered



Three lines of defence - Risk ownership approach that enables the cascading of the management of risk across the operational, compliance, risk and internal audit functions



Environmental and social risk assessment - Systematic methodology used by Absa to screen and assess sustainability and climate risks

Sustainability Risk Policy overview

Our Sustainability Risk Policy specifies the broad principles and control requirements for managing sustainability and climate-related risk management.

"At Absa Bank Kenya, we strive to be an active force for good in everything we do"



ENVIRONMENT & CLIMATE



- Water consumption and management
- Waste and pollution management
- Energy performance
- Biodiversity management
- Greenhouse gas (GHG) emissions management



SOCIAL & ECONOMIC



- Financial inclusion
- Diversity and inclusion
- Economic inclusion
- Human rights, including child labour, forced labour or slavery
- Employee health and safety
- Labour and working conditions
- Employee engagement
- Community
- Indigenous people
- Cultural heritage



GOVERNANCE & REPORTING



- Sustainability reporting
- Climate reporting
- Embedding ESG in our policies
- To champion sustainability and climate risk and opportunities agenda for Kenya

How sustainability and climate risk are cascaded across the entity

Just like other significant risks such as credit, market, and operational risks, the Bank has integrated sustainability and climate risks into the Enterprise Risk Management Framework. This is anchored in the strategic and sustainability risk, a principal risk of the Bank.

Line of defense	Responsibilities
First line of defense	Business Units <ul style="list-style-type: none"> • Perform business activities to fulfill strategic objectives and in line with approved sustainability and climate risk appetite • Manage sustainability and climate risks incurred in the business activities and manage the associated risk profile within risk appetite • Respond to sustainability and climate risks through choices to avoid, mitigate, transfer, or accept the risks • Design, operate and test effective controls and procedures in line with sustainability and climate risks' policies • Inform on material sustainability and climate risk breaches to senior managers, risk, and compliance (including oversight committees) • Remediate risk appetite breaches in accordance with second line of defence and oversight committee activities.
	Sustainability Team <ul style="list-style-type: none"> • Own the Bank's climate-related risk • Aid in determining the Bank's sustainability and climate risk appetite • Monitor, challenge and validate the Bank's sustainability and climate risk profile integrating all-risk types against the agreed risk appetite • Support existing risk types to develop and implement appropriate risk and control libraries • Develop and implement bank-wide training in support of sustainability and climate risk policy • Conduct reviews together with Risk Functions to assess if business areas/functions comply with the sustainability and climate risk policy.
Second line of defense	Risk and Compliance Teams <ul style="list-style-type: none"> • Update sustainability and climate change associated policies and standards • Set the sustainability and climate change risk appetite for the Bank and its business functions in conjunction with first line of defence teams • Perform independent review and challenge of sustainability and climate change risk profiles across the Bank • Evaluate the quality of risk management exercised by the first line of defence • Assess adherence to internal tools including the Environmental and Social Management System (ESMS) • Embed the requirements of sustainability and climate change risk within areas of responsibilities in the Bank • Where deemed appropriate and in the event of risk appetite breaches, direct the activities to first line of defence to ensure that risk profiles align to the approved risk appetite • Perform assurance testing of the first line against set limits and constraints.
Third line of defense	Internal Audit and External Audit <ul style="list-style-type: none"> • Provide independent review of the adherence to sustainability and climate change risk policies and standards as well as the effectiveness of the control environment • Opine on the adequacy and effectiveness of the first and second line of defence risk management approaches.

How sustainability and climate risk are cascaded across the entity continued

To assess the nature, likelihood, and magnitude of sustainability and climate-related risks, we have integrated these risks into our issue classification matrix. We have categorised our portfolios into sectors based on their level of risk exposure. To determine ESG risks in the credit process, we adhere to CBK's climate risk disclosures framework including utilising heat maps to assess our clients' climate risks.

Screening for sustainability and climate risks

Absa has evaluated the main ways in which it is exposed to environmental and social risks as follows:

- Climate change poses a significant challenge for customers increasing the likelihood of defaults on loans and claims on insurance policies due to detrimental climate events. Long term changes in weather patterns are likely to adversely affect impacted business models requiring innovation and re-engineering to adapt. Further, the transition to low carbon business models means there is a risk for stranded assets that are considered obsolete and exposed sectors facing commercial challenges due to impinging regulatory requirements and consumer shifts. These climate dynamics in turn can impact on our financial position, performance and prospects.
- Complexities in the management of social trends which are highly dynamic including the youth demographic with its unique needs, enhanced reliance on digital tools for financial participation, increased urbanisation and concerns for socio-economic opportunities. Social dynamics create both opportunities and risks including risks around data protection, cybersecurity, fraud, insecurity, financial exclusion among others, resulting into exposure for financial institutions. For Absa, adaptability to social dynamics including enhancing our brand relevance while observing risk management requirements is an essential balance for sustainable value creation.
- Increasing expectations from stakeholders to integrate sustainability risk management practices within business activities including customers, investors and regulators create an added level of risk scrutiny as we transition our business models increasingly to adopt to sustainability and climate considerations.

Screening of environmental and social risks is embedded in the Bank's Environmental and Social Management System (ESMS). The ESMS, which is fully automated, is a framework that the Bank uses to assess, rank and monitor investments and creditors against a predetermined environmental and social criterion. The ESMS includes an environmental and Social Risk Assessment (ESRA) tool that enables the identification of sustainability and climate risks at portfolio and transactional level. The ESRA tool incorporates exposure metrics enabling the Bank to remain within defined risk limits.

Step 1

Sector E&S risk Classification:

High risk (Category A) and Medium risk (Category B)



Step 2: Sub-sector E&S risk Classification using SIC/BIC codes

High risk (Category A) and Medium risk (Category B)

Step 3:

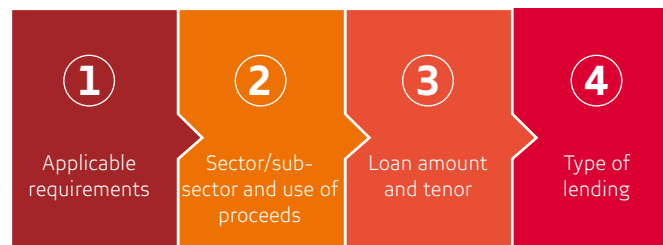
- Eligibility for DFI (e.g IFC, CDC, MIGA, Proparco, AfDB) funding in line with requirements/submitted project pipeline
- Expected E&S risks/impacts associated with use of proceeds



Step 4:

- Screen in line with requirements from the applicable DFI
- Conduct an Environmental and Social Due Diligence

The Environmental and Social Management System, coupled with the Environmental and Social Risk Assessment (ESRA) tool, support in identifying, managing, mitigating, and monitoring the environmental and social risks and opportunities associated with financed activities.



Sustainability and climate risk management updates in 2024 scenario analysis

We conducted a comprehensive business environment scan for Kenya, focusing on managing scenarios for our lending books based on execution time frames. This involved categorising the scenarios into short, medium, and long-term execution periods. Using these outputs, we are able to delineate our climate risk appetite framework to guide our decision-making processes. This framework helps us prioritise and manage climate-related risks effectively.

Scenario planning and stress testing

In 2024, Absa conducted a few assessments in line with sustainability and climate scenario analysis. This included conducting a business environment scan. The Bank also developed a vulnerability tool for collaterals by allocating geo-coordinates to all of them and mapping these to the vulnerability and asset tools enabling an understanding of collateral vulnerability to climate events.

Vulnerability analysis

Vulnerability analysis involves assessing how the Bank's assets and business activities are exposed to sustainability and climate-related risks. Further analysis will be conducted in future to enable the Bank to appreciate its key vulnerabilities to sustainability aspects.

How we measure ourselves on sustainability and climate risk management

Sustainability and climate risk management is essential to the Bank as it navigates the complexities of a rapidly changing environmental and social landscape. By integrating these risks into the Bank's frameworks, Absa identifies potential vulnerabilities in its portfolios and operations, and appropriate mitigation measures that are required to respond to these risks. This involves conducting thorough assessments of potential environmental, social and climate impacts, developing sustainable business practices, and promoting sustainable and climate finance products. Effective sustainability and climate risk management protects the Bank's operations and also contributes to a more sustainable future.



Target	Metric (KPI)	Performance as of 2024
Transition Risk Assessment – Priority sectors	<ul style="list-style-type: none"> Establish materiality and baseline exposure to climate sensitive sectors for Transition Risk. 	<ul style="list-style-type: none"> Materiality assessments to map out climate risks arising from climate change and assess current transition climate risk exposure is in progress Scenarios aligned to the Network for Greening the Financial System (NGFS); Net-Zero 2050; Delayed Transition and Current Policies.
Physical Risk Assessment – Priority sectors	<ul style="list-style-type: none"> Establish materiality and baseline exposure to climate sensitive sectors for Physical Risk. 	<ul style="list-style-type: none"> Mapping out climate risks arising from climate change is ongoing Assessing the Bank's climate risk exposure is in progress Inputting geolocation data of our collaterals using our vulnerability tool. This will support climate scenario analysis and stress testing in the next phase.
Financed emissions	<ul style="list-style-type: none"> To get a baseline for all climate sensitive sectors to support emissions target setting. 	<ul style="list-style-type: none"> A proof of concept with Absa Group is ongoing Five customers from transport and manufacturing scoped Roll out expected for manufacturing, transport and distribution in 2025.
Own emissions	<ul style="list-style-type: none"> Achieve Net-Zero by 2040 and reduce scope 1 and 2 carbon emissions by 51% by 2030. 	<ul style="list-style-type: none"> Automated our GHG emission calculation Achieved 38% reduction on scope 2 as compared to baseline 2019.
Management of Environmental and Social Risk (ESMS)	<ul style="list-style-type: none"> Embedment of Environmental and Social Risk Management across the business Efficiency of Environmental and Social Risk Assessment (ESRA) tool implementation across the business (RBB, CIB) ESMS Reporting (improved analytics). 	<ul style="list-style-type: none"> Adhered to E&S screening thresholds internally.
Mobilisation of sustainable finance	<ul style="list-style-type: none"> Financial inclusion Shs 47 billion Climate finance Shs 13 billion. 	<ul style="list-style-type: none"> Financial Inclusion Shs 43 billion Climate finance Shs 4 billion.






Metrics and targets

Delivery on our 13 sustainability commitments	44
Cross industry metrics	46

Delivery on our 13 sustainability commitments

Anchor	Commitments	Results
 Sustainable financing	Diversifying our portfolio and increasing our funding and capital allocation for initiatives that support: <ol style="list-style-type: none"> 1. Renewable and clean energy 2. Industries, innovation and infrastructure 3. Financially excluded groups 4. Sustainable cities and communities 5. Responsible consumption and production 6. Value chains. 	<ul style="list-style-type: none"> • Shs 47 billion secured for sustainable finance initiatives • Shs 43 billion, utilised in financial inclusion financing • Shs 4 billion allocated to climate finance • Achieved 10% greening of our overall portfolio.
	Investing in the future of the youth through skills development with our ReadytoWork programme.	<ul style="list-style-type: none"> • 263 410 youth trained with 11 396 in 2024 • Revised target to train one million youth by 2030 through the Absa Kenya Foundation.
 Social Responsibility	Direct and indirect economic contribution to the Kenyan economy through our current and future funding.	<ul style="list-style-type: none"> • 3% direct contribution made under the UNCTAD economic contribution model • Absa is exploring calculation of indirect and induced impacts to the Kenyan economy in relation to GDP in future reporting.
	Investing in training and upskilling the future skills and competencies of our employees.	<ul style="list-style-type: none"> • All colleagues trained on at least one future skills • Commitment adopted to mainstream business as norm • IKAYA training challenge enhanced colleague training • Participation in training is as follows: <ul style="list-style-type: none"> - Udemy: 1 333 - Absa digital Campus: 2 125 - Linked in Learning: 403 - Virtual Microsoft Teams sessions: 1 900 - KBA SFI: 1 981 - UN Global Compact Academy: 44.
	Become one of the best places to work in Kenya	<ul style="list-style-type: none"> • Top employer award 2024 (fourth year in a row) • Numerous people-related awards in 2024 <ul style="list-style-type: none"> - Colleague experience index: 70% - Job satisfaction: 7.9.
	Increase proportion of women within all levels - junior, management and Board positions: Gender parity	<ul style="list-style-type: none"> • 49% overall women in management <ul style="list-style-type: none"> - Junior management: 52% - Middle management: 39% - Senior management: 41% - Board: 40%.

Delivery on our 13 sustainability commitments continued

Anchor	Commitments	Results
 Social responsibility	Increase diversity in the supply chain focusing on women, youth and persons with disabilities	<ul style="list-style-type: none"> Achieved 18% (women 17.3%, Youth 0.1%, PLWD 0.1%) Enhanced the IFC Sourcing2Equal training, a total of 503 Women in Small and Medium Enterprises (WSMEs) trained.
	Empower our suppliers and create awareness on corporate sustainability and responsible business practices	<ul style="list-style-type: none"> Trained 90% of our suppliers on sustainable business practices in procurement, in partnership with Strathmore University The suppliers earned certificates which are part of our procurement requirement.
 Environmental responsibility	Increase biodiversity and encourage environmental responsibility through planting trees	<ul style="list-style-type: none"> 1.5 million trees cumulatively by 2024 72 000 trees planted in 2024.
	Assess and manage our indirect environmental and indirect social impacts	<ul style="list-style-type: none"> 100% transactions within threshold, screened through our automated ESMS system. All transactions above USD 5 million assessed for E&S aspects through the ESRA tool.
	Become a Net-Zero carbon footprint company by 2040	<ul style="list-style-type: none"> Socialisation of colleagues on new Net-Zero Strategy focusing on scope 1 and 2 (operational) by 2040 and scope 3 (financed emissions) by 2050 to align with Absa Group timelines Achieved 38% scope 2 reduction as compared to 2019 baseline and electricity usage reduction initiatives Ongoing implementation of Energy and Petroleum Regulatory Authority (EPRA) recommendations through our Commercial and Real Estate Services (CRES).
 Reporting & Governance	Adherence to governance and control policies internally and through the supply chain	<ul style="list-style-type: none"> Absa Group sustainability risk policy and standards localised and approved by the Board CBK Climate risk plan on track.
	Continued partnerships for the goals	<ul style="list-style-type: none"> Launched the Absa Kenya Foundation (AKF)

To enhance our strategic approach, we annually track the targets set towards achieving our sustainability commitments. In 2024, the Bank developed qualitative statements to improve performance tracking. This methodology helps assess the transition and physical climate risks relevant to our business model. These statements provide an additional way to capture the complexities and characteristics of potential risks that quantitative data alone may not fully convey. For example, they highlight the implications of regulatory changes, shifts in market dynamics, and evolving stakeholder expectations, offering insights into how the Bank will adapt to a low-carbon economy.

Similarly, when evaluating physical risks, qualitative analyses clarify the potential impacts of extreme weather events, sea-level rise, and other environmental changes on operations, customers, and other stakeholders. Overall, the Bank continues to develop a more comprehensive understanding of the ESG risk landscape, enabling better strategic decision-making and resilience planning.

Cross industry metrics

KPI summary



Trees planted
72 000



Green House Gas (GHG) emissions

Scope 1:

1 155tCO₂e

Scope 2:

841tCO₂e

Scope 3:

1 215tCO₂e



Building certified for EDGE
5



Sustainable finance

Shs 47 billion



Green building financing

Shs 1.3 billion



Climate Smart Agriculture

Shs 0.1 billion



Energy performance

Achieved 38% reduction as at 2024 compared to 2019 baseline



Water consumption management

stable consumption avoided bottled water distribution emissions

Green House Gas (GHG) Emissions

Direct emissions – Scope 1 and 2

We have continued to uphold our 2022 commitment to publish carbon emissions data annually. Accounting for our operations' environmental impacts is crucial in helping us reduce our Greenhouse Gas (GHG) emissions in line with our broader Net-Zero strategy. We calculate and monitor our emissions through the resources used in our operations, such as energy and water. These emissions are then categorised as either scope 1, scope 2, or scope 3 (financed emissions) depending on their nature.

Scope 1 encompasses direct emissions from owned or controlled sources, including diesel consumed in generators and fuel used in the Bank's vehicle fleet.

Scope 2 includes indirect emissions from the generation of purchased electricity. This includes all building-related emissions, specifically those related to energy consumption from the national electricity grid. For real estate-related CO₂ emissions, all the reported emissions are derived from data provided by onsite representatives, invoices, meter readings, and, where actual data is unavailable, system-generated estimates. We use the location-based method for all scope 2 emissions calculations, in accordance with the Greenhouse Gas (GHG) Protocol's scope 2 Guidance.

Other emissions – Scope 3

These entails emissions that are attributed to the Bank's lending and investment operations and are part of scope 3 emissions, which include all indirect emissions that occur in our value chain, excluding those already covered in scope 2. Approximately 20% of Absa's portfolio is geared towards sectors prone to high emissions as will be covered in this report. Recognising the potential impact of our contribution to these emissions, Absa is embracing green finance, focusing on renewable energy, green buildings, energy efficiency, and climate-smart agriculture. (NB: Scope 3 calculated in this section includes employee commute, business flights, waste, water and paper.)

Measurement method

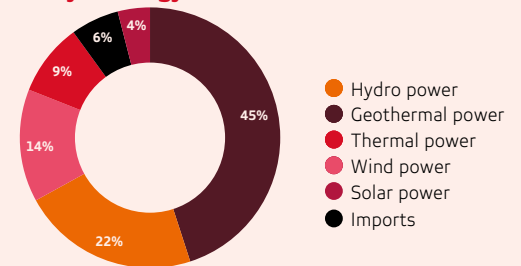
Emissions are measured in 'tonnes of carbon dioxide equivalent' (tCO₂e), which is the standard unit for comparing the impact of different greenhouse gases relative to one unit of Carbon dioxide (CO₂).

Absa has calculated its carbon footprint using the revised edition of the Greenhouse Gas Protocol. The method for calculating emissions is based on operational control.

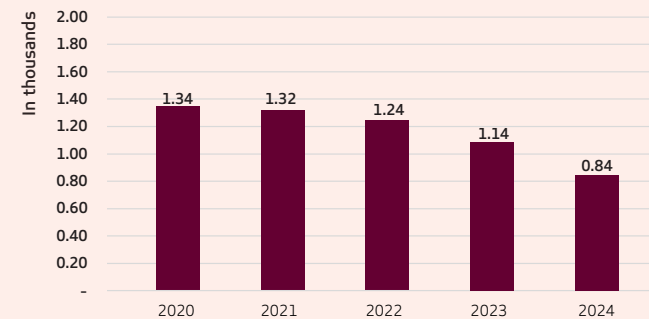
Performance in the year

Overall, our emissions have declined year on year as shown below:

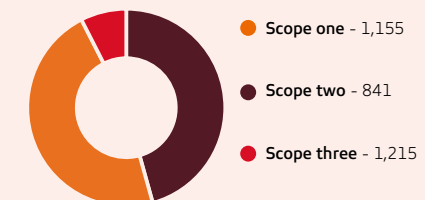
Kenyan energy mix 2024



Scope 2 total tonnes CO₂ equivalent releases year on year



Tonnes CO₂ equivalent 2024 broken down by type



Cross industry metrics continued

Climate-related risks and opportunities cut across all the levels of the Bank's operations. As mentioned, climate related risks present us with opportunities that align with our Net-Zero goal. In 2024, the Bank made the following key achievements:

- Completed sectoral studies across the Bank's investment portfolio in partnership with the International Finance Corporation (IFC). With the help of these studies, the Bank has clearly outlined its short-term, medium and long-term objectives for 2025 and 2026-2030 respectively. These efforts are geared towards greening Absa's portfolio by at least by 2025
- Secured Shs 47 billion of the Shs 60 billion target in Sustainable Finance through both internal resources and external partnerships
- Monitored our transactions and investments in clients in the high emission sectors. This is in efforts to reducing emissions-intensity in high carbon sectors by 2050
- Integrated quantitative and bottom-up tools and methodologies to assess transitional and physical climate risks and applied these to clients, portfolios, and own operations
- Installed automatic meter readers that enable real-time tracking of water consumption at our premises. Additionally, we have retrofitted these premises with energy-efficient human sensors
- Reduction in energy consumption from 6.5GW (2019) to 4.06GW (2024)
- In 2024, we conducted awareness campaigns among our customers in high-emission sectors, such as transport and manufacturing, to guide them on transitioning to low carbon emissions. The aim is to support them in decarbonising enabling us to address our financed emissions
- The Bank screens eligible transactions in Corporate and Investment Banking (CIB), Business Banking (BB), and Consumer Banking on environmental and social aspects including climate risks. To reduce these risks, we are developing products designed to minimise environmental impact, as evidenced by the number of green finance loans disbursed.

Challenges for the measurement of emissions

Data collection across the Bank's value chain remains a critical challenge. As climate data collection is a nascent practice in the business sector in Kenya, getting appropriate high-quality data from customers remains a major constraint.

Vulnerability to climate-related risks

Portfolio analysis of climate sensitive sectors

The table below highlights the sectors the Bank has recognised as having increased climate-related risks. Each sector exhibits various vulnerabilities. As climate change risk management evolves, the monitoring and reporting of exposures to sectors with elevated climate risk will become more sophisticated, further aligning with IFRS S2 (climate-related disclosures) recommendations. The tables detail the actual gross loans and advances as of 31 December 2024.

High emission sectors

At Absa Bank Kenya PLC, we annually conduct our exposure to high-emission sectors. In 2024, the Bank maintained these efforts and stipulated that 20.4% of our loan portfolio is attributed to these sectors, with manufacturing being the largest contributor at 15.3%

High emission sectors	Percentage 2023	Loan value (Shs billion) 2024	Percentage 2024
Manufacturing	17.2%	52.9	15.3%
Transport, storage and communication	3.6%	13.7	4.0%
Electricity, gas and water supply*	2.5%	2.8	0.8%
Mining and quarrying	0.2%	0.9	0.3%

*The above data excludes renewable energy

Climate sensitive sectors

Overall, sectors identified by the UNEP as climate-sensitive constitute approximately 30.4% of the total gross loans and advances. However, excluding the real estate portfolio, which mainly comprises retail home loans, climate-sensitive sectors account for approximately 25% of the total loans. Within these sectors, the agriculture and manufacturing portfolios are the largest components, representing 4.3% and 15.3%, respectively, highlighting our varied exposure to climate-sensitive sectors.

High emission sectors	Percentage 2023	Loan value (Shs billion) 2024	Percentage 2024
Agriculture hunting and forestry	4.1%	14.9	4.3%
Construction	0.3%	0.9	0.3%
Electricity, gas and water supply*	2.5%	2.8	0.8%
Manufacturing	17.2%	52.9	15.3%
Mining and quarrying	0.2%	0.9	0.3%
Real estate, renting and business activities	3.8%	18.6	5.4%
Transport, storage and communication	3.6%	13.7	4.0%

*The above data excludes renewable energy

Cross industry metrics continued

Other cross industry metrics

The Bank's performance against four other cross industry metrics as provided as follows:

Aspect	comment
Climate related opportunities	The Bank has not quantified the amount and percentage of assets or business activities aligned to climate-related opportunities. It has however set a target of greening its portfolio by 2025.
Capital deployment	Capital deployment to climate-related risks and opportunities includes Shs 4 billion deployed to climate finance opportunities in 2024.
Internal carbon pricing	The Bank does not apply an internal carbon price in decision making.
Remuneration	Climate-related considerations are factored into executive remuneration.

Climate-related targets

Absa intends to achieve the following targets in respect to climate change. These targets are part of the 13 sustainability commitments:

- Increase climate finance to 10% of the Bank's portfolio by 2025 and increase to 30% by 2035
- Achieve Net-Zero by 2040 for Scope 1 and 2 and 2050 for Scope 3 financed emissions
- Plant 10 million trees by 2032.

Capacity building

As regulatory pressures increase towards integrating sustainability and climate-related risks and opportunities in banks' operations, Absa recognises the importance of fostering a climate-resilient corporate culture. In 2024, the Bank undertook strategic initiatives to raise awareness of evolving changes and disclosure requirements. This included awareness on the launch of the International Financial Reporting Standards (IFRS S1 and IFRS S2) on sustainability-related financial disclosures and climate-related disclosures respectively, as well as the Climate Risk Disclosure Framework released by the Central Bank of Kenya (CBK).

During the year, our focus was on upskilling the Board on climate matters and sourcing new skill sets to advance the Bank's sustainability goals.

Further, we ensured continuous learning through our internal e-learning platform, empowering our staff and particularly, our sustainability and climate champions.

Case Study



Powering sustainable manufacturing in Kenya



Sustainable finance loan for Modular Real Estate EPZ Limited

The Bank provided a USD 650 000 green loan for Kenya's first green-certified repurposed warehouse by Modular Real Estate EPZ Limited. This innovative concept supports EDGE-certified structures that conserve resources, create jobs, and set a new standard for sustainable warehousing in Africa.

Modular Real Estate EPZ Limited, a subsidiary of Container Technology Limited (CONTECH), is transforming end-of-life shipping containers into high-value, eco-conscious structures for both domestic and commercial construction. These containers are used as prefabricated warehouses for Export Processing Zone (EPZ) licence holders, offering tax benefits and streamlined customs procedures for companies engaged in manufacturing and processing for export. This upcycling approach reduces waste, conserves resources, and lowers carbon emissions.

This initiative not only supports environmental goals but also creates jobs and solidifies Modular Real Estate's position as a leader in modular construction across East and Central Africa. The success of this project showcases the growing demand for green infrastructure and positions the company to attract an ESG-conscious client base, setting the stage for future sustainable developments across the continent.





Our people and society

Our people	50
Society	52
Financial inclusion	53
Inclusion of Persons with Disabilities (PWDs)	54
Supplier inclusivity	55
Customers	56
Citizenship	57

Our People

Employee diversity and inclusion

Aspect	2023	2024
Female-to-male ratio	51:49	51:49
Women in senior leadership	P/MP –33% AVP/VP – 41	P/MP –39% AVP/VP – 41%

Metrics

At Absa, we are dedicated to being an equal opportunity employer that champions diversity and inclusion. These values are central to our sustainability agenda and are firmly embedded in our human resources policies. From the recruitment stage onwards, we endeavour to attract and integrate individuals from diverse backgrounds.

In our commitment to fostering inclusivity, we have proactively encouraged individuals with disabilities to apply for positions, resulting in an increase in the number of employees with disabilities within our organisation. At present, we have 31 colleagues up from 29 in 2023 representing about one percent of our total workforce. However, our goal is to achieve a 5% representation of Persons with Disabilities (PWDs).

We have made notable advancements in gender diversity within our workforce. Currently, 51% of our employees are women, while 49% are men. Our commitment to gender balance extends across all levels of management, with a target of achieving 50% female representation. We have already seen progress, with women making up 52% of junior management, 47% of middle management, 41% of senior management, and 40% of our Board in 2024. Our aim is to reach 50% representation of women by 2025.



Colleagues

Our ambition is to build a home of talent and diversity underpinned by a culture that fosters innovation and embraces all forms of diversity and inclusion, being cognisant of the evolving needs of colleagues.

Employee metrics

Human Capital Primary interest group: employees		unit				
		2020	2021	2022	2023	2024
Employee headcount	FTE headcount*	1 991	1 979	2 070	2 130	2 167
Turnover rate	%	5.7%	11.9%	8.30%	8.60%	7.70%
Female-to-male ratio	ratio	52:48	51:49	51:49	51:49	51:49
Women in senior leadership	%	P/MP –30% AVP/VP - 41%	P/MP –23% AVP/VP - 39%	P/MP –26% AVP/VP - 39%	P/MP –33% AVP/VP - 41%	P/MP –39% AVP/VP - 41%
Training & development spend	Shs	50 000 000	52 000 000	83 000 000	68 000 000	95 000 000
Colleague experience index	%	70%	71.9%	73.4%	75.3%	70.2%
Job satisfaction	ratio	7.47	7.69	7.81	8.02	7.9
Employer advocacy	%	+34.0%	+35.47%	+41.3%	+49.6%	+30.8%
Participation rate	%	85%	87%	90%	88%	92%
Colleague Sentiment			Delighted-27% Satisfied-51% Not happy-22%	Delighted-27% Satisfied-51% Not happy-22%	Delighted-27% Satisfied-51% Not happy-22%	Delighted-25% Satisfied-54% Not happy-21%

* Full Time Employees

People feedback

Colleagues who...	2022	2023	2024
Believe they know what they need to do to be successful in their roles	92%	92.9%	93%
Are proud to be working for Absa	89%	90.4%	91.4%
Have access to learning and development opportunities	87.2%	89.4	87%
Inspired by Absa's purpose and look for ways to live this in their everyday work	88.2%	89.9%	91%

Our People continued

Colleague management approach

The Bank's talent management framework seeks to create a supportive and inclusive work environment where employees feel valued and respected. The framework focuses on attracting, nurturing, and retaining high-performing talent and ensuring that employees have access to growth opportunities and career development. Additional aspects of the framework include fostering a culture of continuous learning and development, supporting personal and professional growth and giving considerations for employee wellbeing including employee engagement and support mechanisms. Overall, the framework seeks to maintain a stable and motivated workforce, making Absa a home of talent and diversity.

Workplace enhancements

Agile, hybrid, and collaborative working practices are essential in building a digitally powered business that can swiftly respond to market shifts. These practices enable the Bank to remain flexible and adaptable, ensuring that it can quickly pivot and adjust to changing market conditions. By fostering a culture of collaboration, the Bank leverages the collective expertise and creativity of its employees, leading to innovative solutions and improved decision-making processes.

This flexibility and adaptability are crucial for the Bank's goal of leading its business operations and how it serves its customers. Overall, it enables the Bank to build a resilient and forward-thinking organisation that is well-equipped to navigate the complexities of the modern business landscape and drive sustainable growth.



Absa Bank Kenya PLC Sustainability and Climate Report 2024

Employee wellness

Supporting employee wellness is crucial to enhancing overall employee wellbeing in a holistic and tailored manner. We have made strides in ensuring the physical wellness of employees is central to our talent agenda accompanied by efforts to reduce stress and improve mental health. Further, we have maintained a workplace that provides flexible work hours and work-life balance including a hybrid working option.

Our wellness initiatives include health check-ups, fitness programmes, and ergonomic assessments to ensure employees maintain their physical well-being. Extending beyond physical wellness, Absa has also focused on employee financial wellness to enable employees to plan and manage their finances soundly. Overall, supporting employee wellness aligns with the Bank's emphasis on being a trusted brand driving a sustainable future.



Learning and development

Absa is committed to developing the skills of employees by providing structured training including virtual and in-person training opportunities. Investing in reskilling, upskilling, and foundational data skills is crucial for developing a future-ready workforce. By equipping employees with the latest skills and knowledge, the Bank ensures that its workforce is prepared to meet the challenges of a rapidly evolving financial services industry.

This proactive approach to employee development aims to foster a culture of continuous learning and adaptability, which are essential traits for future success. Employees who are well-versed in digital tools and data insights can drive innovation, improve efficiency, and respond effectively to emerging trends and client needs. Ultimately, this investment positions colleagues to remain competitive and resilient in the face of future disruptions.



Inculcating values

A strong culture and Employee Value Proposition (EVP) are essential for promoting engagement and aligning employees with the Bank's purpose. This alignment is crucial for sustainable growth and helps establish the Bank's reputation as a top employer. Furthermore, a robust culture and EVP empower employees to embody the Bank's values, ensuring ethical conduct, which is a key pillar for the Bank. By fostering a positive and values-driven work environment, the Bank is able to maintain its commitment to adherence to regulatory requirements and ethical conduct.

Society

Diversity and inclusion

Diversity and inclusion (D&I) is anchored on four key aspects, gender diversity, inclusion of Persons Living with Disabilities (PWDs), generational diversity and inclusive culture and leadership. Our commitments to these aspects of D&I are reflected below:

1. Gender diversity

Gender diversity is fundamental to fostering a vibrant and innovative workplace, and our commitment to elevating and developing women across the Bank is a key priority. We aim to create pathways for professional growth and leadership opportunities, ensuring that women's voices are heard and valued at all levels. This focus on gender diversity is further buttressed through the Women in Business proposition as well as our commitment to increasing the number of women-led suppliers at the Bank. The intention is to enhance our supply chain diversity and promote economic empowerment for women entrepreneurs.

3. Generational diversity

Increasing youth representation is essential for fostering a dynamic and forward-thinking Bank that reflects the diverse perspectives of the communities we serve. By facilitating cross-generational knowledge exchange, we can harness the innovative ideas of younger generations, enhance collaboration and increase our active youth customer base. Furthermore, by boosting the participation of youth suppliers at the Bank, we aim to drive enterprise growth, innovation and community impact through the largest segment of our population.



2. Persons with Disability (PWDs)

Promoting inclusivity within the workplace requires a multifaceted approach that enhances the capacity of colleagues to engage and support PWDs. This supplements our intent to actively employ more PWDs to enrich our workforce with diverse talents while also creating a culture of acceptance and understanding. Enhancing access to our products and services for PWDs is also crucial in ensuring that our offerings are accessible and meet the needs of all clients. Additionally, we aim to increase the number of PWD vendors in our supply chain, contributing to a more equitable and inclusive business ecosystem.

4. Inclusive culture and leadership

Building a culture that fosters inclusion is essential for creating a workplace where all employees feel valued and empowered. By prioritising psychological safety, we encourage open dialogue and the sharing of diverse perspectives, allowing individuals to express their ideas and concerns. Additionally, addressing and mitigating unconscious bias in leadership and decision-making processes is crucial for ensuring equitable opportunities for all team members. By implementing training and awareness programmes, we can equip leaders with the tools to recognise and counteract biases, ultimately leading to more informed and inclusive decisions that reflect the diverse needs of our stakeholders and enhance overall business effectiveness.

Financial inclusion



Our aim is to provide equitable access for underbanked and underserved communities – individuals and SMEs, with a particular focus on youth, women and Persons with Disabilities (PWDs). Inclusion seeks to meet the full set of clients' financial needs across transactional banking, credit, insurance, and wealth accumulation in alignment with SDG 8 and 10 with the intent of offering affordable and effective financial products and services. In 2024, we made significant progress towards these goals by implementing the following initiatives:

Inclusion through products and services

Timiza

Absa enables access to digital financial services including savings and credit products through the Timiza platform. In 2024, lending to SMEs, youth, women and PWDs in form of inclusive finance, amounted to Shs 43 billion. This includes Shs 25 billion through the Timiza digital loan platform which targets the unbanked and business startups. By providing these resources, we aim to foster economic growth and ensure that traditionally underserved groups have access to the financial services they need to thrive.

Tawarruq

Launched in 2023, Tawarruq is one of Absa's unsecured personal lending solutions designed to assist investors by providing Sharia-compliant financial options. This product not only offers Sharia-compliant lending solutions but also integrates financial literacy. Since introducing Kenya's first Sharia-compliant investment notes, Tawarruq has grown significantly, now serving a sizeable number of Lariba customers.

Initiatives to foster inclusion

ReadytoWork

The Bank's soft skills curriculum, which is online, free, and self-paced, has reached a significant number of individuals, with a particular focus on youth. In addition to offering curriculum services, the Bank now utilises digital platforms to facilitate self-registration. This initiative is part of the Bank's broader commitment to financial inclusion, aiming to train 1 million youth by 2030. By equipping young people with essential skills, the Bank empowers them to participate in the economy, manage financial risks, and invest in their futures, thereby fostering a more inclusive and resilient society.

Women in Business

The Women in Business (WIB) proposition by Absa aims at increasing economic participation and entrepreneurship among women. The proposition includes provision of financial services tailored to women entrepreneurs as well as capacity enhancements through financial literacy and management skills development. In total, the WIB proposition empowered 26 281 women in 2024.

A number of initiatives that underpin the proposition include the Tuungane 2XNa Absa initiative, Sunlight Women of More Program and Absa Inspire Me Conference 2024.

TUUNGANE 2XNa Absa

Tuungane 2X is an SME incubator programme funded by Absa and the Africa Guarantee Fund (AGF) and executed by Melanin Kapital. Its aim is to improve access to finance for women-owned and women-led SMEs. In 2024, the programme celebrated a significant milestone with the graduation of its first cohort, comprising over 200 business women.

Sunlight Women of More Programme

This is a partnership between Absa, Unilever, and UNITAR. This initiative seeks to empower 5 000 women entrepreneurs across Kenya

by developing their social or for-profit businesses. The programme includes virtual self-paced training that enhances women's skills in social entrepreneurship, financial and digital literacy. Entrepreneurs are able to define their business models, pitch decks, and develop business operationalisation plans, including risk assessment and mitigation, personal leadership, and development plans.

Inspire Me conference

Since its inception in 2021, the conference has consistently nurtured leadership skills and inspired women both locally and globally in advancing their businesses. In June 2024, under the theme 'Empowering Your Story for Growth,' the event took place in Kenya, attracting over 10 000 women from across Africa. Participants included entrepreneurs from Kenya, Zambia, Mauritius, Uganda, Rwanda, South Africa, Ghana, Gambia, and Nigeria, engaging both digitally and in-person.

SHE (See Her Empowered) initiative

The SHE Initiative is designed to support female entrepreneurs in Kenya to thrive in business including overcoming personal and business challenges. In partnership with GIZ, and Yunus Environmental Hub, the initiative reached 26 281 women entrepreneurs across the country.



Inclusion of Persons with Disabilities (PWDs)

At Absa Bank Kenya, we ensure equitable access to financial services for all members of society. By accommodating the needs of Persons with Disabilities (PWDs), we foster a more inclusive economy, enabling these individuals to manage their finances, invest, and build wealth effectively. This approach enhances social equity and broadens our customer base, driving business growth and innovation.

In addition, our PWD roadmap launched in 2023 has recorded the following progress markers:

Focus area	2024 performance
KYC (know your customers) Mapping staff, clients, and stakeholders with disabilities.	<ul style="list-style-type: none"> • Mapped 31 staff and two companies (suppliers). This will be a continuous process for the Bank • We are calibrating our onboarding systems to categorise PWD customers into categories: hearing, low vision, speech, or other non-visible disabilities • Our HR Policy gives guidelines on the recruitment of employees with disabilities and includes provisions to ensure these employees receive regular support as required.
Access Ensuring physical access and creating strategies and policies for PWDs	<ul style="list-style-type: none"> • Installed ramps at branches and ATMs that were not accessible for clients that need assistance walking or utilise wheelchairs • We adopted PWD Act and will align all our digital platforms to fully comply with ICT Accessibility Standards for PWDs-enabling access to Timiza, USSD Hello Money and Banking App using mobile enabled assistive device.
E-banking Enhancing accessibility across all of the Bank's digital channels	<ul style="list-style-type: none"> • Allocated a percentage of the Bank's corporate social investment budget to PWD financial literacy and inclusion • Trained PWD suppliers for corporate procurement readiness.
Support Providing training and capacity building to support PWDs	<ul style="list-style-type: none"> • Trained all our front line staff and guards on appropriate ways to handle customers with disabilities.
Information Access Improving documentation and signage to enhance information accessibility	<ul style="list-style-type: none"> • All our ablution facilities have PWD signage and ramps clearly visible for customers on wheelchair • All our branches have designated counters to serve customers with disability.

In addition, we expanded beyond the roadmap by partnering with the International Finance Corporation (IFC), the Government and Kenya National Chamber of Commerce and Industry (KNCCI) to enhance networking, access to market, access to information and finance for procurement opportunities for PWDs. In our Ready2Work training programme, we continued to foster inclusivity by engaging 25 students living with disability from United States International University who acquired entrepreneurship, sustainability, money and data analytics skills.



Supplier inclusivity

Supply chain responsibility and inclusivity means ensuring that Absa suppliers observe sustainable and responsible business practices. This is part of our commitment to responsible procurement and sourcing. To support this aspiration, we have engaged with our suppliers, over the past three years, as follows:

Certification

Supplier screening on sustainable practices including requirement for certification and professional accreditation, where applicable.

Training

Conducted training on Sustainable Business Practices in partnership with Strathmore University, covering 90% of the Bank's suppliers.

In addition, as part of the 13 sustainability commitments, Absa has committed to diversity and inclusion of supplier groups considered as underrepresented. The key groups that have been selected for increased representation are women, youth and persons living with disabilities. Absa has committed to increasing these groups to account for 30% of its suppliers by end of 2025. Actions that have been taken to achieve this aspiration are as follows:

Procurement management

Absa has developed procurement policies and procedures that include sustainability and climate considerations.

Engaging PWDs

Absa has engaged PWDs through capacity building trainings to empower them on entrepreneurship and procurement readiness.

Engaging women

Absa has engaged in capacity building activities focused on women-owned businesses enabling them to engage effectively in procurement opportunities by the Bank.

Engaging youth

Absa also run capacity building activities for youth in business to enable them pursue supply chain opportunities within the Bank and manage their businesses effectively.

Sourcing2Equal

Sourcing2Equal Kenya is a three-year project launched in 2021, implemented by IFC in partnership with the Women Entrepreneurs Finance Initiative (We-Fi) and the Government of Norway. The project aims to support the growth of Kenyan Women-Owned Small and Medium Enterprises (WSMEs) by increasing their access to corporate procurement opportunities and enhancing the capacity of corporates to procure goods and services from women-run or owned businesses. In addition to supporting WSMEs, the project aligns with the Absa Group ESG agenda, which is built on three pillars: diversity and inclusion, financial inclusion, and climate action.

Over the three-year span, Sourcing2Equal has achieved its objectives in the following ways:

- Supported over 1,500 women entrepreneurs with capacity building, including procurement readiness training and matchmaking with large corporates.
- Facilitated the awarding of more than 150 procurement contracts to new women entrepreneurs through corporates engaged with the programme.
- Developed Sourcing2Equal's diagnostic tool, a supply chain assessment tool that identifies gaps and opportunities to increase procurement spend and contracts with women-owned businesses.
- Supported the 13 sustainability commitments by providing Absa with access to the supplier diagnostic tool enabling the Bank to identify ways to diversify its supply chain to include 30 percent women, youth, and Persons with Disabilities (PWDs) by the end of 2025. Absa's target is in line with the Government's agenda of allocating 30% of its tenders to women, youth, and PWDs.
- Enabled collaboration with IFC to develop a supplier diversity policy and standard that includes special groups in our procurement process. Moving forward, we plan to introduce a supplier webpage on our website to accelerate our supplier diversity target through capacity building and prequalification.
- Enhanced training and capacity building for our suppliers. Buyer-supplier workshops focused on training, capacity building, and networking have proven to be the best initiative to accelerate our supplier diversity. In 2024, we held buyer-supplier matchmaking events and conducted in-house training sessions in conjunction with Sourcing2Equal for women-owned businesses. We have trained over 600 potential suppliers, mostly drawn from our SME proposition, with support from Sourcing2Equal.



Customers

Customer experience

Our customers are at the heart of everything that we do. This means placing customers at the forefront through consideration of their holistic needs and expectations. Increasingly, the Bank is prioritising customer experience by investing in convenient and innovative channels and addressing customer pain points.

Further, the Bank has re-engineered its customer approach beyond interfacing only through conventional banking services to more intentional engagements delivered through transactional, personalised and bespoke solutions. By considering the comprehensive needs and goals of its customers, Absa ensures that every interaction enhances their personal and financial journey.

To realise this commitment to enhanced customer experience, Absa has invested significantly in a digital transformation journey, enhancing channel choices and experience. Further, using data analytics, the Bank is better enabled to provide appropriate propositions including value addition interventions through both financial and non-financial propositions. Prioritising the creation of shared value for stakeholders helps Absa forge enduring and trust-based client relationships.



Absa Bank Kenya PLC Sustainability and Climate Report 2024

A key approach for the Bank is listening to its customers. The Bank's proactive stance includes established feedback mechanisms to identify and address customer concerns. Keeping customer satisfaction as a primary focus ensures that Absa's services remain relevant and impactful to its customers. These efforts have paid off with significant results. In 2024, customer deposits increased by 18% to Shs 336 billion.

Our customer experience scores remain consistently high as shown in the table below.

Aspect	2023	2024
Complaints Index Consumer Banking	74%	55%
Complaints Index Business Banking	53%	38%
Treating customers fairly score Consumer Banking	89%	91%
Treating customers fairly score Business Banking	88%	87%
Customer experience index Consumer Banking	105%	113%
Customer experience index Business Banking	104%	112%
Net Promoter Score Consumer Banking	52%	52%
Net Promoter Score Business Banking	46%	47%
Composite Score Consumer Banking	89%	90%
Composite Score Business Banking	83%	85%

Customer engagement

Absa places a strong emphasis on customer engagement, ensuring that their approach is both comprehensive and responsive to the evolving needs of customers. The Bank employs various methods to interact with customers, including phone calls, in-person engagements, emails, social media, SMS, surveys, and also in-person discussions during product launches and exhibitions. This multi-channel strategy allows Absa to listen to customer expectations and concerns.

The Bank is committed to being responsive to customers as it enhances its' relationship and relevance to them. Overall, the Bank aims to deepen relationships with customers through a life-stage (consumer banking) and ecosystem (business and corporate banking) approach.

Customer empowerment

Customer empowerment involves giving customers the authority and resources to make informed decisions about their purchases. This can be achieved through transparent communication, access to product information, and responsive customer service.

Our customer metrics showcase that our customers are empowered and actively participate by providing feedback, sharing their experiences, and advocating for the brand.

Customer protection

Complaints resolution

At Absa, we endeavour to respond and resolve customer complaints at the onset. This involves addressing concerns raised by customers promptly, fairly, and transparently. The Bank has a well-defined process for handling complaints including clear escalation protocols, all aimed at ensuring that customers are heard and valued and complaints resolved appropriately. To enable this process, we have provided several channels including a call centre, complaints portal on our website, complaints section on our Apps and use of social media channels. The Bank has decentralised complaints resolution and trained its employees to handle complaints effectively and resolve issues at the first point of contact.

Protection from fraud

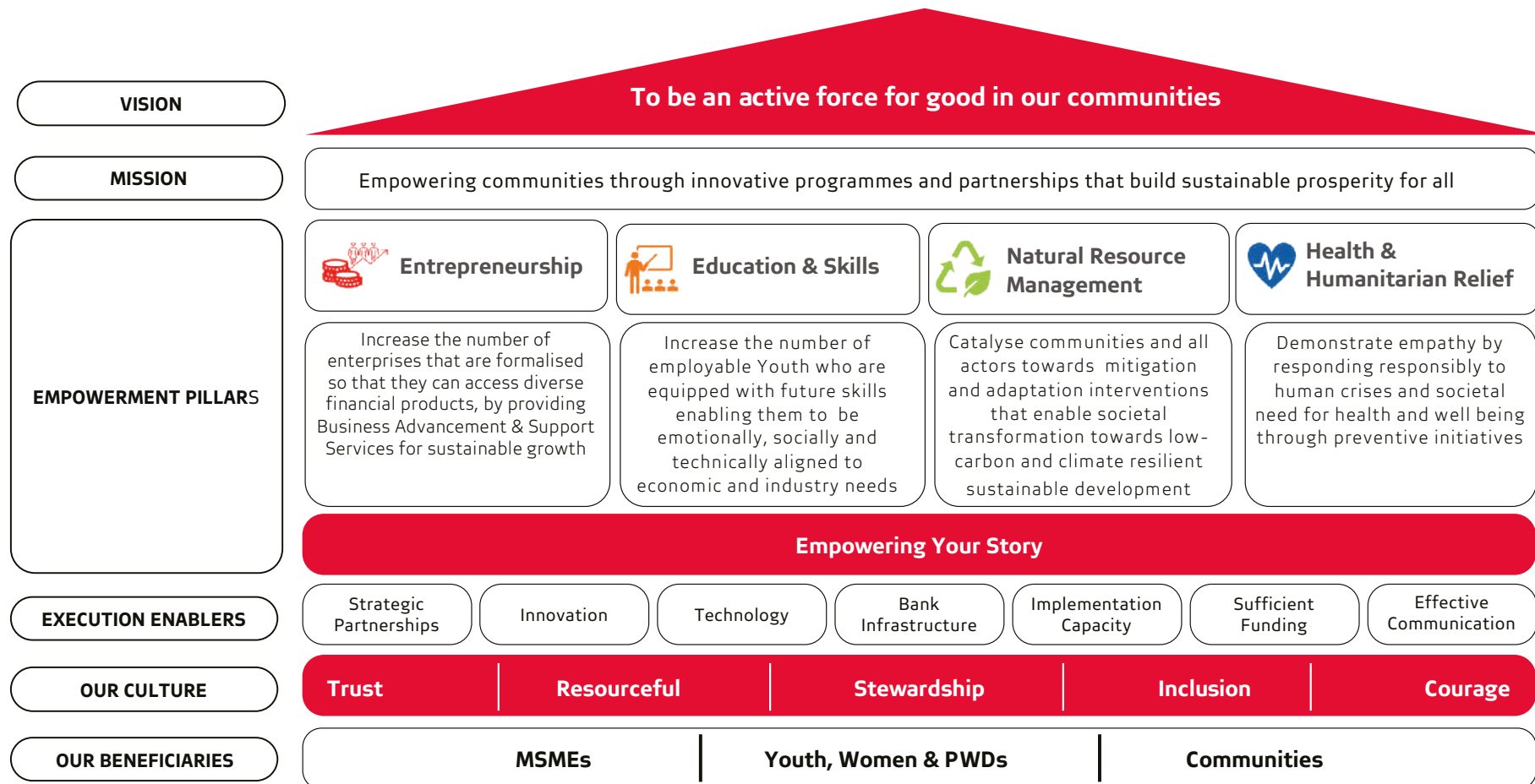
Financial institutions in Kenya face marked challenges in the form of fraud. Thus, protecting customers from fraud is an essential aspect of the Bank's operations. This involves implementing robust security measures, such as encryption and authentication protocols, fraud detection mechanisms, digital security measures to safeguard customer data, resources and transactions. Absa regularly updates its measures and stays informed about new threats to mitigate the risk of fraud. Further, the Bank continues to educate its customers about common fraud tactics and provide guidance on how to protect themselves from fraudsters.

Citizenship

Absa Kenya Foundation

To align with the Bank's broader sustainability goals, Absa Kenya Foundation was launched in 2024. With a mission to empower communities through innovative programmes and partnerships that build sustainable prosperity for all. The Foundation focuses on supporting projects that promote inclusivity, and innovative solutions to sustainability challenges. The structure of our Foundation is as follows:

Absa Kenya Foundation Strategy



Citizenship continued

Computers for Schools

Absa Bank understands the crucial role of technology in education and has managed the "Computers for Schools" initiative. This programme aims to equip schools with modern computer labs, ensuring students have access to necessary digital tools for learning. By providing computers and training for both students and teachers, Absa aims to bridge the digital divide, enhance educational standards, and prepare students for the future job market. This initiative facilitates better learning outcomes and empowers the youth and contributes to the development of a technologically adept future workforce. In 2024, Absa supported two more schools adding to 67 schools with 20 computers, 20 computer seats and 10 computer desks each. In addition, the Bank has supported ICT training for teachers and service support for the computer labs.

ReadytoWork

The ReadytoWork initiative by Absa is designed to prepare young individuals for the transition from education to employment or self-employment. This comprehensive programme offers training in essential skills such as communication, problem-solving, and financial literacy. Participants also receive guidance on job searching, Curriculum Vitae (CV) writing, and interview techniques. Cumulatively, the initiative has reached 263 410 individuals including 11 065 youth trained in 2024 with the overall target being to reach one million youth by 2030. ReadytoWork ultimately aims to reduce youth unemployment, foster economic growth, and build a skilled and resilient workforce.

Tree planting and growing

Absa is committed to environmental sustainability through its tree planting and growing initiative. This programme focuses on reforestation and afforestation efforts, encouraging the planting and nurturing of trees in various communities. By collaborating with local organisations, schools and volunteers, Absa aims to combat deforestation, enhance biodiversity, and mitigate the effects of climate change. The initiative also promotes environmental education and awareness, empowering communities to take active roles in preserving their natural surroundings. Through these efforts, Absa contributes to a greener and more sustainable future for all. In 2024, the initiative planted 72 000 trees reaching a cumulative of 1.5 million trees planted since the initiative's inception.

Sports – Magical Kenya Open and Kipkeino Classic

Absa proudly supports sports development through sponsorship of events like the Magical Kenya Open (MKO) and Kipkeino Classic. We believe sport is a powerful force for national unity, pride, and empowering communities for progress. Over the last decade, we have invested over Shs 1.3 billion in Kenyan sports from athletics (including Absa Sirikwa Classic) to golf, and Football (through our Premier League sponsorship) because we see it as part of building the nation. By investing in sports, Absa promotes physical fitness, healthy lifestyles, and community engagement. The Bank's involvement also extends to grassroots programmes, ensuring that young athletes have access to training facilities and opportunities to nurture their skills. Through these initiatives, Absa aims to cultivate a culture of excellence and sportsmanship, contributing to the overall well-being of the community.



Citizenship continued

2024 Citizenship achievements



Total citizenship spend
107 million



Youth's reached through R2W
11 065



Over **1 million**
supported through access
to finance



635
colleagues volunteered
in various citizenship
initiatives with over 3,000
hours



Amount towards
humanitarian relief and
colleague volunteering
16.5 million



Over **50 000**
households reached
through personal lending



Over **4 000**
SMMes supported through
access to finance



Women reached through
WIB
26 281

Annexures

GRI content index
IFRS S1, S2 checklist

61

65

GRI content index

GRI disclosure title	Disclosure reference
General disclosure 2021 with reference to GRI standards	
The organisation and its reporting practices	
2-1 Organisation details	Pages 11-12
2-2 Entities included in the organisation's sustainability reporting	Page 4
2-3 Reporting period, frequency and contact person	Page 4
2-4 Restatement of information	Page 4
2-5 External assurance	Page 23
Activities and workers	
2-6 Activities, value chain and other business relationships	Pages 16 -17 (IAR)
2-7 Employees	Pages 49-50
2-8 Workers who are not employees	Not Applicable
Governance	
2-9 Governance structure and composition	Pages 22
2-10 Nomination and selection of the highest governance body	Pages 22
2-11 Chair of the highest governance body	Pages 22
2-12 Role of the highest governance body in overseeing the management of impacts	Pages 22-23
2-13 Delegation of responsibility for managing impacts	Pages 22-23
2-14 Role of the highest governance body in sustainable reporting	Page 25
2-15 Conflicts of interest	Page 25
2-16 Communication of critical concerns	Page 25
2-17 Collective knowledge of the highest governance body	Page 25
2-18 Evaluation of the performance of the highest governance body	Page 25
2-19 Remuneration policies	Page 25
2-20 Process to determine remuneration	Page 25
2-21 Annual total compensation ratio	Pages 110-114 (IAR)

GRI disclosure title	Disclosure reference
Strategy, policies and practices	
2-22 Statement on sustainable development strategy	Page 14
2-23 Policy commitments	Page 14
2-24 Embedding policy commitments	Page 39
2-25 Processes to remediate negative impacts	Page 54
2-26 Mechanisms for seeking advice and raising concerns	Page 27
2-27 Compliance with laws and regulations	Page 4
2-28 Membership associations	Pages 43-44
Stakeholder engagement	
2-29 Approach to stakeholder engagement	Pages 19-20
2-30 Collective bargaining agreements	Not Applicable
Disclosure Type-Economic	
GRI 201: Economic Performance	
Disclosure 201-1 Direct economic value generated and distributed	Page 33 (IAR)
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	Pages 32-33
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	Page 112 (IAR)
Disclosure 201-4 Financial assistance received from government	Not Applicable
GRI 202: Market Presence	
Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not Applicable
Disclosure 202-2 Proportion of senior management hired from the local community	Not Applicable
GRI 203: Indirect Economic Impacts	
Disclosure 203-1 Infrastructure investments and services supported	Page 75 (IAR)
Disclosure 203-2 Significant indirect economic impacts	Pages 56-57

GRI content index continued

GRI disclosure title	Disclosure reference
Disclosure Type-Economic (continued)	
GRI 204: Procurement Practices	
Disclosure 204-1 Proportion of spending on local suppliers	Page 33 (IAR)
GRI 205: Anti-corruption	
Disclosure 205-1 Operations assessed for risks related to corruption	Page 27
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	Page 73 (IAR)
Disclosure 205-3 Confirmed incidents of corruption and actions taken	Page 73
GRI 206: Anti-competitive Behaviour	
Disclosure 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Not Applicable
Disclosure Type-Environmental	
GRI 301: Materials	
Disclosure 301-1 Materials used by weight or volume	Not Applicable
Disclosure 301-2 Recycled input materials used	Not Applicable
Disclosure 301-3 Reclaimed products and their packaging materials	Not Applicable
GRI 302: Energy	
Disclosure 302-1 Energy consumption within the organization	Page 46
Disclosure 302-2 Energy consumption outside of the organization	Not Applicable
Disclosure 302-3 Energy intensity	Not Applicable
Disclosure 302-4 Reduction of energy consumption	Page 44
Disclosure 302-5 Reductions in energy requirements of products and services	Not Applicable

GRI disclosure title	Disclosure reference
Disclosure Type-Environmental (continued)	
GRI 303: Water and Effluents	
Disclosure 303-1 Interactions with water as a shared resource	Page 46
Disclosure 303-2 Management of water discharge-related impacts	Not Applicable
Disclosure 303-3 Water withdrawal	Not Applicable
Disclosure 303-4 Water discharge	Not Applicable
Disclosure 303-5 Water consumption	Not Applicable
GRI 304: Biodiversity	
Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable
Disclosure 304-2 Significant impacts of activities, products, and services on biodiversity	Page 75 (IAR)
Disclosure 304-3 Habitats protected or restored	Pages 75-76 (IAR)
Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Applicable
GRI 305: Emissions	
Disclosure 305-1 Direct (Scope 1) GHG emissions	Page 45
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Page 45
Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Page 45
Disclosure 305-4 GHG emissions intensity	Not Applicable
Disclosure 305-5 Reduction of GHG emissions	Page 34
Disclosure 305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable
Disclosure 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not Applicable

GRI content index continued

GRI disclosure title	Disclosure reference
Disclosure Type-Environmental (continued)	
GRI 306: Waste 2020	
Disclosure 306-1 Waste generation and significant waste-related impacts	Page 10
Disclosure 306-2 Management of significant waste-related impacts	Page 10
Disclosure 306-3 Waste generated	Page 10
Disclosure 306-4 Waste diverted from disposal	Page 10
Disclosure 306-5 Waste directed to disposal	Not Applicable
GRI 307: Environmental Compliance	
Disclosure 307-1 Non-compliance with environmental laws and regulations	Not Applicable
GRI 308: Supplier Environmental Assessment	
Disclosure 308-1 New suppliers that were screened using environmental criteria	Page 44
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	Not Applicable
Disclosure Type-Social	
GRI 401: Employment	
Disclosure 401-1 New employee hires and employee turnover	Page 49
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not Applicable
Disclosure 401-3 Parental leave	Not Applicable
GRI 402: Labour/Management Relations	
Disclosure 402-1 Minimum notice periods regarding operational changes	Not Applicable

GRI disclosure title	Disclosure reference
Disclosure Type-Social (continued)	
GRI 403: Occupational Health and Safety	
Disclosure 403-1 Occupational health and safety management system	Not Applicable
Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	Not Applicable
Disclosure 403-3 Occupational health services	Not Applicable
Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Not Applicable
Disclosure 403-5 Worker training on occupational health and safety	Not Applicable
Disclosure 403-6 Promotion of worker health	Not Applicable
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not Applicable
Disclosure 403-8 Workers covered by an occupational health and safety management system	Not Applicable
Disclosure 403-9 Work-related injuries	Not Applicable
Disclosure 403-10 Work-related ill health	Not Applicable
GRI 404: Training and Education	
Disclosure 404-1 Average hours of training per year per employee	Not Applicable
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	Page 50
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	Not Applicable
GRI 405: Diversity and Equal Opportunity	
Disclosure 405-1 Diversity of governance bodies and employees	Page 94 (IAR)
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	Not Applicable
GRI 406: Non-discrimination	
Disclosure 406-1 Incidents of discrimination and corrective actions taken	Page 50
GRI 407: Freedom of Association and Collective Bargaining	
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable

GRI content index continued

GRI disclosure title	Disclosure reference
Disclosure Type-Social (continued)	
GRI 408: Child Labour	
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labour	Page 27
GRI 409: Forced or Compulsory Labour	
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Not Applicable
GRI 410: Security Practices	
Disclosure 410-1 Security personnel trained in human rights policies or procedures	Not Applicable
GRI 411: Rights of Indigenous Peoples	
Disclosure 411-1 Incidents of violations involving rights of indigenous peoples	Not Applicable
GRI 412: Human Rights Assessment	
Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments	Page 27
Disclosure 412-2 Employee training on human rights policies or procedures	Page 35
Disclosure 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not Applicable
GRI 413: Local Communities	
Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	Page 56
Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	Not Applicable
GRI 414: Supplier Social Assessment	
Disclosure 414-1 New suppliers that were screened using social criteria	Page 54
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	Not Applicable
GRI 415: Public Policy	
Disclosure 415-1 Political contributions	Not Applicable

GRI disclosure title	Disclosure reference
Disclosure Type-Social (continued)	
GRI 416: Customer Health and Safety	
Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	Page 55
Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
GRI 417: Marketing and Labelling	
Disclosure 417-1 Requirements for product and service information and labelling	Not Applicable
Disclosure 417-2 Incidents of non-compliance concerning product and service information and labelling	Not Applicable
Disclosure 417-3 Incidents of non-compliance concerning marketing communications	Not Applicable
GRI 418: Customer Privacy	
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Applicable
GRI 419: Socioeconomic Compliance	
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area	Page 30 (IAR)

IFRS S1, S2 checklist

Governance	
Disclosures	Disclosure Reference
Which governance body(s), oversee the effective management of Sr/CrROs across the entity?	Page 25
How are responsibilities for Sr/CrROs reflected in the terms of reference, mandates, role descriptors and other related policies applicable to the governance body?	Page 25
How are appropriate skills and competencies of the governance bodies determined or developed to oversee strategy designed to respond to Sr/CrROs?	Page 25
How and how often are those in the governance body(s) informed about the organisation's related risks and opportunities?	Page 22
Explain how those in (1) consider Sr/CrROs when overseeing the entity's strategy, decisions on major transactions, and its risk management process and related policies?	Pages 23-24
Have those in (1) considered tradeoffs associated with those risks and opportunities?	Pages 22-25
How do those in (1) oversee the setting of targets related to Sr/CrRO, and monitor progress towards those targets?	Page 22
Have related performance metrics been included in remuneration policies? If so, how?	Page 22
Is management directly involved in the Sr/CrRO activities of their entity? Demonstrate how they are involved?	Page 25
Does the management possess sufficient knowledge of all major business lines to ensure that appropriate policies, processes, controls and risk monitoring systems are in place and that accountability and lines of authority are clearly delineated?	Page 25
How has the management deployed the appropriate skills to ensure that appropriate processes, controls and procedures are carried out to monitor, manage and oversee Sr/CrRO's?	Page 25
Is the management role delegated to a specific management-level position or management-level committee? How is oversight exercised over that position or committee?	Pages 25-26
What controls and procedures are used to support the oversight of Sr/CrRO? How are these controls and procedures integrated with other internal functions?	Page 25
Strategy	
Disclosures	
Identify and describe Sr/CrRO that could reasonably be expected to affect the entity's prospects.	Pages 30-31
How are key stakeholders engaged on sustainability and climate related issues to better enable the institution to develop strategies to address relevant concerns?	To be included in future disclosure
Categorise each identified climate related risk as either a physical risk or transition risk.	Page 31
Specify the time horizons—short, medium or long term—over which the effects of each of those Sr/CrRO could reasonably be expected to occur.	Page 30
Explain how the time horizons link to the planning horizons used for the entity's strategic decision making.	Page 30
Describe the current and anticipated effects of Sr/CrRO on the entity's business model and value chain.	Page 30
Where in the entity's business model and value chain are Sr/CrRO concentrated? (for example, geographical areas, facilities and types of assets)	To be included in future disclosure
Describe how the entity responded to, and plans to respond to, Sr/CrRO in its strategy and decision-making	Page 30
Describe any current and anticipated changes to the business model attributable to climate-related risks and opportunities including changes in resource allocation e.g., plans to manage or decommission carbon, energy or water-intensive operations, changes in demand or supply chain, or investments and expenditure, including on research and development, acquisitions and divestments?	Pages 34-35
Describe any current and anticipated direct mitigation and adaptation efforts, for example, energy use, fleet management, employee commute, water consumption, resource consumption and usage of paper.	Pages 34-35

IFRS S1, S2 checklist continued

Strategy (continued)

Disclosures

Describe any current and anticipated indirect mitigation and adaptation efforts, (for example, through working with customers and supply chains)	Page 34
Details on any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies.	Page 31
Details of how the entity plans to achieve any climate-related targets including greenhouse gas emissions targets it has set and any targets it is required to meet by law or regulation	Page 34
How is the entity resourcing or plans to resource the activities attributable to climate-related risks and opportunities?	Page 32
What's the progress against plans the entity has disclosed in previous reporting periods? Include both quantitative and qualitative information	To be included in future disclosure
Describe how the entity considered trade-offs between SrRO e.g. cost of training employees vis a vis skill development	Page 35
Describe the current and anticipated effects of Sr/CrRO on the entity's business model and value chain.	Page 35
Over the short-, medium- and long-term, disclose quantitative and qualitative information about the financial effects of Sr/CrRO. Include how the entity expects its financial position to change, given its strategy to manage Sr/CrRO, taking into consideration: <ul style="list-style-type: none"> • Investment and disposal plans, and, • Its planned sources of funding to implement its strategy 	Pages 32-33
Disclose quantitative and qualitative information about how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage Sr/CrRO.	To be included in future disclosure
Disclose information that explains the entity's capacity to adjust to the uncertainties arising from Sr/CrRO.	Page 34
Include, where applicable, quantitative and qualitative assessment of the resilience of its strategy and business model and explain how and when the organisation carried out that assessment	
For climate-related risks and opportunities, an entity shall use climate-related scenario analysis to assess its climate resilience and disclose: <ul style="list-style-type: none"> • The implications of the entity's resilience assessment, including potential responses to the possible outcomes identified in the scenario analysis; • Areas of uncertainty that affect the organisation's resilience assessment; • The organisation's capacity to adjust its strategy and business model over the short, medium and long term. 	Page 34
For climate-related risks and opportunities, disclose how and when the organisation did its climate-related scenario analysis, including how many and what type of scenarios the organisation used and why Include the time horizons and scope of operations to which the analysis applied.	Page 41
For climate-related risks and opportunities, what were the key assumptions made in the scenario analysis?	Page 41
For climate-related risks and opportunities, what was the reporting period in which the climate-related scenario analysis was carried out?	Page 41

IFRS S1, S2 checklist continued

Risk Management	
Disclosures	
How does the entity identify, assess and prioritize sustainability/ climate-related risks?	Page 41
How does this process monitor sustainability/ climate-related risks?	To be included in future disclosure
What inputs and parameters (for example, information about data sources and the scope of operations covered in the processes) does the entity apply to assess, prioritise and monitor sustainability/ climate-related risks?	To be included in future disclosure
How does the entity apply scenario analysis to inform its identification of sustainability/ climate-related risks? If so, how?	Page 41
How does the entity assess the nature, likelihood and magnitude of the effects of those risks?	Page 41
How does this process consider qualitative factors, quantitative thresholds, or other criteria?	To be included in future disclosure
How does this process prioritise sustainability/ climate-related risks relative to other types of risk?	Page 40
How has the entity changed the processes it uses compared with the previous reporting period? If so, how?	Page 40
Is scenario analysis integrated into and does it inform the entity's overall risk management framework?	Page 41
How has the entity considered that circumstances might change over time? Which in turn will affect the organisation's approach to scenario and climate-related scenario analysis?	Page 41
How does the entity identify, assess, prioritize and monitor sustainability/ climate-related opportunities relative to other types of opportunities?	To be included in future disclosure
What inputs and parameters (for example, information about data sources and the scope of operations covered in the processes) does the entity apply to assess, prioritise and monitor sustainability/ climate-related opportunities?	To be included in future disclosure
What processes does the entity have in place to manage Sr/CrROs?	Page 41
Which Sr/CrROs fall under this process?	Page 38
What are the investment and disposal plan for this process??	To be included in future disclosure
What are the planned sources of funding to implement this process?	To be included in future disclosure
Metrics and Targets	
Disclosures	
For each Sr/CrRO, what metrics are required by an applicable IFRS Sustainability Disclosure Standard.	To be included in future disclosure
For each Sr/CrRO, what metrics does the entity use to measure and monitor that SrRO and its performance in relation to that SrRO, including progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.	Page 37
Do you apply a metric that is taken from another source other than IFRS Sustainability Disclosure Standard? If so, explain:	To be included in future disclosure
<ul style="list-style-type: none"> • How the metric is defined; • Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure; • Whether the metric is validated by a third party and, if so, which party • The method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made. 	

IFRS S1, S2 checklist continued

Metrics and Targets (continued)	
Disclosures	
Which approach, inputs and assumptions does the entity use to measure its GHG emissions?	Page 45
Why has the entity chosen to use the approach, inputs and assumptions it uses to measure the GHG emissions?	page 45
Have there been any changes in the measurement approach, inputs and assumptions the entity has used during the reporting period? Why were there changes?	page 45
How are the Scope 1 and Scope 2 GHG emissions disaggregated between the consolidated accounting entity and other investees such as associates, joint ventures and unconsolidated subsidiaries?	Not Applicable
How are the Scope 2 GHG emissions disaggregated per location, and which are their associated contractual instruments?	Not Applicable
What categories are included in the entity's measurement of Scope 3 greenhouse gas emissions, according to the categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3)?	Page 45
Which category 15 GHG emissions are associated with the entity's investments (financed emissions)?	Page 45
Does the entity apply a carbon price in decision-making? If so, how?	Not Applicable
Does the entity factor climate related considerations into executive remuneration? If so, how?	Not Applicable
Which approach has the entity used while setting each target? Has the approach been validated by a third party?	Page 47
How does the entity review each target and monitor its progress against it?	To be included in future disclosure
Have there been revisions to the targets? If so, why?	Not applicable
How has the entity been performing against each of the set targets? Have there been trends and changes in the entity's performance?	Pages 43-47
For each metric, indicate:	Pages 43-47
1. The metric used to set the target,	
2. The objective of the target,	
3. The part of the entity to which the target applies e.g., entire or part of the entity, specific business unit etc.	
4. The base period from which progress is measured,	
5. Existing milestones and interim targets	
6. Whether the quantitative target is an absolute or intensity target	
7. How has the target been informed by the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement?	
Which GHG emissions are covered by the target? In which category (Scope 1, 2 and 3) do these emissions fall?	Page 47
Is the target a gross GHG emission target or a net GHG emission target? If net, has the entity separately disclosed the associated gross greenhouse gas emission target?	Page 47
Was the target derived using a sectoral decarbonization approach?	To be included in future disclosure
To what extent does the entity rely on the use of carbon credit to achieve its net GHG emissions target?	Not Applicable
Which third-party scheme verified or certified the carbon credits used by the entity?	Not Applicable
Which type of carbon credit did the entity use?	Not Applicable

IFRS S1, S2 checklist continued

Metrics and Targets (continued)

Disclosures

Was the underlying offset nature-based or based on technological carbon removals?	Not Applicable
Was the underlying offset achieved through carbon reduction or carbon removal?	Not Applicable
Which other factors may be considered to verify the credibility and integrity of the carbon credits the entity has used/ plans to use?	Not Applicable



www.absabank.co.ke

Contact information

Absa Bank Kenya PLC

Registered office

Absa Bank Headquarters
Waiyaki Way
PO Box 30120 – 00100
Nairobi

Absa Bank of Kenya is regulated by the Central Bank of Kenya

Your story matters

