

## Additional sustainability disclosures on financial services sector and membership associations

### Introduction

As a financial institution, we place importance on transparency and accountability in our operations. In line with this commitment, the disclosures below address key aspects of our policies and practices concerning environmental and social considerations within our business.

### Policies with specific environmental and social components applied to business lines<sup>1</sup>

Our relationships with customers and the mitigation efforts regarding environmental and social risks are guided by standards such as the Wholesale Credit Standard and the Environmental and Social Management System Sustainability Risk Standard. The comprehensive framework outlines minimum requirements for identifying and managing such risks, ensuring compliance with global standards and local regulations. The Environmental and Social Management System Sustainability Risk Standard details the minimum requirements and controls for identifying transactions with potential environmental and social risks. It also outlines when the Equator Principles and guarantee provider requirements must be applied and provide details of the circumstances under which referral to the environmental credit risk management team is required. Further lending and investment banking environmental and social risk guidance is available to support the management of environmental and social risks in projects in accordance with Equator Principles requirements. This include covering additional relevant client-related environmental risk and impact management aspects such as environmental and social impact assessments, independent advice and monitoring and the need for adequate grievance mechanisms.

### Infrastructure transactions<sup>2</sup>

There were no infrastructure transactions closed during 2023.

### Processes for monitoring clients' implementation of environmental and social requirements<sup>3</sup>

Throughout the transaction life cycle, we engage with clients to ensure environmental and social risks are effectively mitigated. A rigorous risk assessment process and collaborate with customers is employed to address any concerns, fostering sustainable finance opportunities.

### Processes for improving employee competence<sup>4</sup>

To enhance internal expertise, we offer ongoing training programs focused on environmental and social risks in credit management. These initiatives ensure the employees are well-equipped to implement and adhere to the environmental and social policies.

### Membership associations and external initiatives

Associations and external initiatives	Absa participation
The Code of Banking Practices	Applicable to Absa from 2012, is a voluntary code that applies to personal and small business customers and sets out the minimum standards of service and conduct that banks should follow regarding services, products and interactions with these clients.
The King IV Report on Corporate Governance for South Africa 2016™	Applied by Absa from 2018, is mandatory due to our Johannesburg Stock Exchange listing. It contains principles and recommended practices aimed at achieving the intended governance outcomes of an ethical culture, effective control, good performance and legitimacy.
The Department of Trade, Industry and Competition Financial Sector Code	(As amended), applicable to Absa from 2012 and amended in 2017, is mandatory and provides strategic direction for developing policies and strategies that promote enterprise growth, empowerment and equity in the economy.
The Code for Responsible Investing in South Africa	Effective from 2016. A voluntary code that provides guidance on how institutional investors should conduct investment analysis and investment activities and how they should exercise rights to promote sound governance.

Associations and external initiatives	Absa participation
The Equator Principles	Applied by Absa from 2009, is a risk management framework for financial institutions and is intended to determine, assess and manage environmental and social risk when implementing projects. It provides a minimum standard for due diligence to support responsible risk decision-making.
The GRI	Applied by Absa from 2014, is a set of global sustainability reporting standards.
The Banking Association of South Africa's Principles on Environmental and Social Risk Management	Applicable to Absa from 2011, requires that financial institutions set up internal processes to identify high-risk industries. These are industries in which additional due diligence is required and for which processes are in place to ensure that, through their credit and risk management policies, these institutions take cognisance of environmental and social risks when making lending decisions.
The United Nations Sustainable Development Goals	Applied by Absa from 2018, encompass a blueprint comprising 17 goals to address global challenges related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.
The United Nations Finance Initiative's Principles for Responsible Banking	Applied by Absa from 2019, constitute six voluntary principles to provide the banking industry with a single framework that embeds sustainability at the strategic, portfolio and transactional levels and across all business areas.
The United Nations Principles for Responsible Investment	Applied by Absa from 2016, is a set of six voluntary principles developed to help investors understand the implications of sustainability and support signatories in incorporating them into their investment decision-making and ownership practices, thereby contributing to developing a more sustainable global financial system.
The United Nations Principles for Responsible Insurance	Launched in 2012, is a global framework for the insurance industry to address Environmental, Social and Governance risks and opportunities. In considering its strategy, Absa Life Insurance used the Principles for Sustainable Insurance as a framework, although we are not signatories to it.
The CDP	(Formerly known as the Carbon Disclosure Project), in which Absa has participated since 2010, is a voluntary measurement framework and disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.
The Dow Jones Sustainability Index	Applicable to Absa from 2012, is a voluntary participation investor index. It is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices.
The Johannesburg Stock Exchange /FTSE Russell FTSE4Good	Absa has participated since 2015. A non-binding assessment used to measure Environmental, Social and Governance exposures and practice on a multi-dimensional basis. The investment community uses it as a tool for designing and measuring portfolios
Vigeo Eiris	Part of Moody's Environmental, Social and Governance solutions, is a voluntary sustainability index in which Absa has participated since 2020. The index considers the efficiency of managerial systems in implementing Environmental, Social and Governance objectives.
Corporate Knights Global 100	A voluntary sustainability index in which Absa has participated since 2020. The index entails corporate rankings, research reports, and financial product ratings based on corporate sustainability performance.
Sustainalytics	A company that rates the sustainability of listed companies, providing high-quality, analytical Environmental, Social and Governance research, ratings and data to institutional investors and companies. Absa has formed part of this analysis since 2019.
ISS-oekom	Absa has participated since 2020. A sustainability solutions assessment company that provides investors with information regarding the impact of a company's product and

Associations and external initiatives	Absa participation
	service portfolio towards the Sustainable Development Goals. It contains an aggregate assessment in the form of a Sustainability Solutions Score and more detailed information and data points regarding specific sustainability objectives.

### Fair design and sale of financial products and services<sup>5</sup>

Our product development process adheres to rigorous risk assessments and regulatory standards to ensure fair treatment of clients and mitigate associated risks.

The product development and review process consider client and public feedback, new or amended laws and regulations, and feedback from regulators, trade bodies and consumer organisations. The products are developed and approved through a rigorous process overseen by our Product Approval Committee. Post-launch risk reviews are conducted to confirm that the product operates as designed and that the necessary controls to protect the client and the Group are in place. This process applies to new and existing products offered. Withdrawal occurs when a product is no longer offered because of business performance or regulatory reasons, the closure or disposal of a distinct business unit, the end of a strategic alliance, or due to a risk-based assessment after product launch.

### Conclusion

We remain steadfast in our commitment to responsible banking practices, incorporating environmental and social considerations into our operations. Through transparent policies, proactive monitoring, and ongoing engagement with stakeholders, we endeavour to uphold the highest standards of integrity and sustainability in the financial services sector.

<sup>1</sup> FS 1

<sup>2</sup> GRI 203-1

<sup>3</sup> FS 3

<sup>4</sup> FS 4

<sup>5</sup> FS 15