



Introduction

IBIS ESG Consulting Africa (Pty) Ltd ("IBIS") has been contracted by Absa Group Limited ("Absa"), referred to as the 'Issuer', 'Bank' or 'Borrower', to conduct a pre-issuance Second Party Opinion ("SPO"). The purpose of this SPO is to assess the alignment of the Sustainable Finance Issuance Framework dated December 2023 (referred to as the "Framework") with the following principles and guidelines:

- International Capital Markets Association ("ICMA")
- Social Bond Principles (SBPs), of June 2023
- Green Bond Principles (GBPs) of June 2021,
- ICMA Sustainability Bond Guidelines (SBGs) of June 2021,
- Loan Market Association ("LMA") Social Loan Principles of February 2023,
- Loan Syndications and Trading Association, the Asia Pacific Loan Market Association (referred to as the "Social Loan Principles" or "SLPs"), and
- Green Loan Principles (GLPs) of February 2023.

The framework will be applied to sustainable finance instruments including, but not limited to, bonds, loans and deposits.

This opinion has been prepared in accordance with the signed service level agreement dated 13 September 2023.

IBIS Independence And Quality Control

IBIS is an independent provider of non-financial assurance services. This engagement was conducted by a multidisciplinary team of non-financial assurance specialists led by Petrus Gildenhuis, who has more than 25 years of experience in non-financial performance measurement involving both advisory and assurance work and supported by assurance consultants, Seko Mbatha and Uchechukwu Nwachukwu. As a basis for the SPO, IBIS conducted a limited assurance engagement based on the International Standard on Assurance Engagements ("ISAE") 3000 (Revised)¹

Scope and Objectives

The objective of this assurance engagement is to assess the alignment of the Framework with the GBP, SBP, SBG, GLP and SLP Pre-issuance core component requirements in terms of:

- Use of Proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.

IBIS' responsibilities do not extend to any other disclosures or assertions.

¹ International Standard on Assurance Engagements ("ISAE") 3000 (Revised) - Assurance engagements other than audits or reviews of historical financial information issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and complies with ethical requirements.

Absa's and IBIS' Responsibilities

The management of Absa is responsible for the development of the Framework and its application, and the provision of accurate and reliable information to IBIS for this assessment. IBIS shall not be held liable if any of the information provided by Absa management is not accurate or complete.

IBIS' responsibilities are to conduct a Limited Assurance engagement and to express an independent SPO in terms of the scope of work to Absa.

Inherent limitations

The evidence-gathering procedures performed in a Limited Assurance engagement vary in nature, and form, and are less in extent, than for a Reasonable Assurance engagement. As a result, the level of assurance obtained in a Limited Assurance engagement is lower than the assurance that would have been obtained had we performed a Reasonable Assurance engagement.

No limitations to information access were experienced by the assurance team.

Restriction of liability

Our work has been undertaken to enable us to conclude the specified scope and objectives of the engagement to Absa in accordance with the terms of our engagement, which include the publication of this SPO, and for no other purpose. We do not accept or assume responsibility to any third parties i.e., other than to Absa for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

Summary of work performed.

Absa provided IBIS with the Framework document and other supplementary information to support the second-party assurance process. IBIS's Limited Assurance procedures were based on our professional judgement and consisted of:

- Management enquiry.
- Inspection and corroboration of the publicly available market documentation and information; and
- Evaluation of the Framework characteristics against the GBP, SBP, SBG, GLP and SLP requirements related to the Bank's Strategy and Rationale, Use of Proceeds, Process for the Project Evaluation and Selection, Management of Proceeds and Reporting.

Summary of Findings

The Bank has an established sustainability strategy that follows a dedicated framework, reflecting its commitment to well-defined social and environmental goals. Absa aims to systematically issue sustainable finance instruments with a focus on promoting access to renewable energy, energy efficiency, pollution prevention and control, sustainable water and wastewater management, green buildings, clean transportation, climate change adaptation, environmentally sustainable management of living natural resources and land use, affordable housing, access to essential services, employment generation and socioeconomic advancement and empowerment. These initiatives are closely aligned with the organisation's Sustainable objectives and are designed to achieve specific Sustainable Development Goals (SDG) targets.

Use of Proceeds: IBIS has evaluated the Framework in accordance with the requirements outlined in GBPs, SBPs, SBGs, GLPs, and SLPs and affirms that the Utilization of Proceeds is clearly outlined therein. The criteria for eligibility, encompassing project categories, target population, and sectors, are clearly and explicitly presented. The Framework commits the Bank to channel the net proceeds of the sustainable finance instruments exclusively into projects that align with the defined eligibility criteria.

Process for Evaluation and Selection of Projects and Assets: IBIS, in its assessment, found that the Bank's Project Evaluation and Selection process aligns with the stipulated requirements of the GBPs, SBPs, SBGs, GLPs and SLPs.

Management of Proceeds: IBIS found that the Management of Proceeds proposed by the Bank is aligned with the requirements of GBPs, SBPs, SBGs, GLPs and SLPs. ABSA specifies to track the proceeds in an appropriate manner. The Bank has also disclosed the intended types of temporary investment instruments for unallocated proceeds.

Reporting: Absa's intended reporting on sustainable finance instruments' performance was found to be aligned with the GBPs, SBPs, SBGs, GLPs and SLPs. The Framework has established a transparent process on the level and frequency of reporting in terms of net proceeds allocation and indicative impact.

Conclusion

The Second Party Opinion prepared by IBIS is such an opinion as described in the guidelines on external reviews, and the appointment and preparation of the opinion was in accordance with the guidelines on external reviews. Specifically, our review was prepared with reference to the ICMA guidelines for external reviews of June 2022 and the ICMA Pre-issuance checklist for the GBP, SBP, SBG, GLP and SLP.

We believe that the information provided by Absa relating to the Sustainable Finance Issuance Framework, and the assessment performed by IBIS are sufficient and appropriate to form a basis for our Second Party Opinion.

In our opinion, and based on our Limited Assurance procedures conducted, nothing has come to our attention that causes us to believe that Absa's Sustainable Finance Issuance Framework - October 2023 does not conform in all material respects to the ICMA GBPs (June 2021), SBPs (June 2023), and SBGs (June 2021) and the LMA GLPs and SLPs (both of February 2023), with regard to:

- Use of Proceeds;
- Process for the Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.



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