



Our success is interlinked with the wellbeing of the societies in which we operate. We aim to amplify the positive impact of the Group by contributing to solutions that address a number of socio-economic and environmental challenges.

#### Key concerns and expectations

- Addressing societal challenges, such as access to financial services, education, employment opportunities and economic growth.
- Funding for strategic partnerships in community development and entrepreneurship development.
- Managing environmental and social impacts of our lending practices.
- Managing our environmental footprint.

#### Our material focus areas

- 1 Supporting the education ecosystem holistically.
- 2 Supporting initiatives that drive entrepreneurship and socioeconomic growth.
- 3 Improving access to financial services.
- 4 Environmental stewardship in our operations and lending.

#### SDG impacts



### 1 Supporting the education ecosystem holistically.

We achieve this by providing:

- financial support to individuals pursuing tertiary studies;
- strategic funding, training and infrastructure support to educational institutions and government agencies; and
- workplace exposure, job-shadowing and job placements.

We invested R266m in education disbursements (2017: R261m) of which R181m was invested in scholarships to 4 142 students across 100 universities in Africa (2017: R154m; 3 568; 21).

Our technical and vocational education training (TVET) college programme reached 50 TVETs, with 1 112 students completing their workplace exposure with Absa (2017: 36; 1 236).

We trained a further 2 107 governing body members from 656 schools in South Africa in financial management and governance (2017: 2 636; 669).

9 298 young people in South Africa and 4 223 in Absa Regional markets received work exposure, internships or placement opportunities.

**ReadyToWork**, our free e-learning platform, provides four soft skills modules – work, money, people and entrepreneurship – to improve employment or self-employment prospects for job seekers. We focused on the placement component of the programme, with young people receiving work exposure, internships or placement opportunities through our employability partnerships (South Africa: Afrika Tikun, Catalyx, Lulaway, GoodWork Foundation and Columbia Leadership Academy; Absa Regional Operations: universities, non-profit organisations and trade associations).



### 2 Supporting initiatives that drive entrepreneurship and socio-economic growth.

To encourage socio-economic growth, we:

- support small and medium enterprises (SMEs) by making procurement opportunities available;
- provide training and business development support to suppliers and entrepreneurs; and
- provide access to finance.

Successful, competitive, and sustainable entrepreneurs need access to business skills, information, networks and markets. Over 9 550 SMEs and aspiring entrepreneurs benefited from one or more business development support interventions. These include training activities, strategic events, partnerships with non-profits, global development organisations, government and access to corporate customers and their value chains.

We have a number of high-impact, high-value business solutions which are tailored to each entity such as the Absa Enterprise Development Programme and the Absa Accelerator. The Accelerator is a four-month programme for Absa-banked SMEs (with a turnover between R0.5m and R1m) and incubated 974 SMEs. An additional 550 Absa-banked businesses that generate turnover above R1m participated in the six-month one-on-one mentorship and coaching programme.

Our structured approach to value chain financing blends our commercial funding with more affordable funds and/or guarantees from third parties to provide more affordable financing rates for emerging businesses that would not otherwise qualify for traditional finance.

We provided R156m in supplier development contributions for SMEs in our supply chain (2017: R108m) of which R88.3m was lending at preferential rates including zero-rated loans (2017: R89m). We lent R371m in development funds to SMEs in corporate value chains across our African markets (2017: R107.4m).

In Ghana, 748 SMEs and aspiring entrepreneurs were upskilled in partnership with the British Council through customised trade and forex clinics conducted by RBB.

In Tanzania, 612 SMEs were trained in partnership with the Tanzania Revenue Authority, the Tanzania Investment Centre and the Tanzania Chamber of Commerce, Industries and Agriculture.

In Zambia, 78 SMEs were trained in partnership with the Zambia Development Agency.

In Botswana, 210 SMEs and young farmers were upskilled with business training. This included 45 who were supported via EntBanc MySME Toolbox (an online business planner that helps start-up and existing entrepreneurs to create their own business. It includes samples and templates, business planning resources and 'how-to' articles).

### B-BBEE progress in South Africa

We are increasing our spend with accredited Black-owned and Black women-owned suppliers in our focus areas, being corporate support services, technology, banking operations and professional services, through supplier development initiatives. These initiatives increase Black SMEs' capacity and their ability to meet our needs. We divide contracts into smaller pieces of work and include small suppliers in our database to develop qualifying small enterprises and exempted micro enterprises.

- R18.4bn total weighted spend with 2 244 B-BBEE-accredited suppliers (2017: R17.9bn; 2 347)
- 1 747 exempted micro-enterprises and qualifying small enterprises were supported with R2.9bn procurement spend (2017: R2.9bn; 1747)
- R8.6bn total weighted spend with 50% Black-owned suppliers (2017: R6.5bn)
- R6.4bn total weighted spend with 30% Black women-owned suppliers (2017: R5.5bn)

### 3 Improving access to financial services.

We contribute to a more inclusive economy and the financial wellness of our communities by developing affordable needs-based financial products and innovative convenient delivery channels, supported by consumer education and financial literacy training. We aim to use various communication channels to educate customers on managing the costs of everyday banking products.

A range of products serves the needs of the entry market, and we have sought ways to better meet customer needs and increase accessibility, such as Group Savings and PEP Money (South Africa), Atlas (Ghana) and Motshelo (Botswana).

Affordable housing home loans reach single or joint households earning less than R23 300 per month. We made R1 140m available to 3 519 customers. This approach includes loans through a government-led, finance linked, individual subsidy programme for individuals earning less than R22 000. We also provided 47 150 customers with R1 697m of micro and personal loans for building. 4 308 customers benefited from our borrower education programme covering key aspects of home ownership, home maintenance and personal financial matters.

In support of the South African government's affordable housing development projects, we increased our loans to R12.8bn (2017: R11.6bn).

Our consumer financial education interventions empower individuals to make informed choices and improve their lives through responsible personal financial management. 100 746 South African beneficiaries received consumer financial education (2017: 76 917). Financial literacy training was provided to 7 168 individuals across Absa Regional Operations.

 Customers page 31.

### 4 Environmental stewardship in our operations and lending.

Our environmental impacts are (i) indirect via our lending and investment practices; and (ii) in managing our direct environmental footprint.

As signatories to the Equator Principles, we expect project sponsors of large corporate deals to undertake environmentally and socially responsible developments.

A total of 13 Equator Principle projects reached financial close in 2018, of which 12 were project finance related (2017: 0) and 1 was a project-related corporate loan (2017: 2). Environmental and social risk guidance was provided on a further 103 transactions (2017: 98).

South Africa is the continent's largest renewable energy market. To date, the Department of Energy has approved 92 long-term projects, with a total capacity of 6 322MW, under the South African Renewable Energy Independent Power Producer Programme. We closed debt financing of R22bn for 12 renewable energy projects as part of the latest bidding round. In total, we have financed 33 long-term projects with a combined value of R80bn and 2 916MW across solar photovoltaic, wind, concentrated solar technologies and biomass.

In terms of our operations, we strive to reduce our natural resource consumption and pollution. Total energy consumption increased by 2.7% (2017: 8.6% reduction), and carbon emissions decreased 2.8% (2017: 0.5% increase). In South Africa, we have Green star ratings for five buildings; we maintain 1.4MW of solar photovoltaics and saved 42m litres of water (2017: 14.0m).

In 2018, we launched our #BeatPlasticPollution campaign by piloting the replacement of single-use plastic with biodegradable materials in four large offices in South Africa for three months. Following on the success of the pilot, single-use plastic will be replaced with biodegradable material in our main campuses housing more than 22 000 employees.

