



Contact with Regulators

Key Compliance Considerations

Please note that the content contained in this presentation references the Contact with Regulators Policy

Introduction and Background

Contact with Regulator policy (CWR) is aligned to the Enterprise Risk Management Framework and should therefore be read in conjunction with relevant documents as stated in the policy.

The underlying principles central to the CWR policy are as follows:

- **Transparency:** To ensure that Absa Group Limited (AGL) maintains open and honest interactions with its regulators and delivers on commitments made, on time. It is critical that AGL fulfils its regulatory obligations and in doing so effectively manages the regulatory risk and adherence to the AGL values.
- **Co-ordination:** The policy was established to ensure that a coordinated and consistent approach is adopted on how AGL communicates with its regulators. The policy outlines the roles and responsibility of individuals across the three (3) lines of defense when interacting with regulators.
- **Communication:** AGL communicates with a wide range of regulatory authorities in various jurisdictions globally and it is imperative that communications with regulators are accurate, prompt, transparent and reflects a tone that is consistent with AGL values.
- **Issues management:** All significant regulator interactions, as well as any requests to and from a regulator, need to be captured on the Absa Regulatory Engagement System (ARES) for tracking, monitoring and reporting purposes. AGL's regulators may also raise issues that highlight deficiencies or make recommendations, which require actions or commitments from AGL. These issues need to be recorded, tracked, escalated, and remediated on time.

Relevance of Contact with Regulators Policy

Purpose of the Policy:

1. To manage who may interact with regulators through nomination of delegated employees and maintenance of list of delegated employees
2. Ensure all relevant interactions , regulatory issues and commitments are appropriately recorded and that key stakeholders are party to or have oversight of any significant engagements with regulators.

What is considered a significant regulatory interaction?

A significant regulatory interaction is any interaction with a regulator ;

- ***Whether initiated by the regulator or by Absa and;***
- ***That may have a positive or negative impact on Absa's relationship with that regulator.***
- A positive impact may lead to an improvement in regulators supervisory assessment of Absa's risk profile , a negative impact may lead to a deterioration of the regulator's supervisory assessment and possibly a sanction.
- Examples of significant interactions : regulatory onsite, reviews , inspections, scheduled visits , regulatory breaches and fines , applications requiring approval in terms of in country regulations.
- The policy covers both regulatory interactions and interactions with **industry bodies**.

Role Players in management of regulatory interactions :

Main Role players: CIB and ARO Exco ; Compliance ; Delegees and Group Regulatory Relations have the following accountabilities.

CIB and ARO Exco

- Only **CIB and ARO Exco members** and **delegated employees** are mandated to interact with regulators and industry bodies.
- Each Absa CIB and ARO business must nominate employees to receive delegated authority from the relevant Exco member.
- must complete **Regulatory Relations training** e – learning module within two weeks.
- **Must provide** written confirmation of completion must be sent to Compliance.
- All significant interactions must be brought to the attention of Compliance and Group Regulatory Relations.
- Consult Compliance and Group Regulatory Relations before formal correspondence is shared with regulators and industry bodies.

DELEGEES

- Delegees are responsible for capturing all significant regulatory interactions on ARES.
- must complete **Regulatory Relations training** e – learning module within two weeks of being added to the list of delegees.
- Consult Compliance and Group Regulatory Relations before formal correspondence is shared with regulators and industry bodies.

COMPLIANCE

- Compliance and Group Regulatory Relations must be consulted before formal correspondence is shared with regulators and industry bodies.
- Maintains the list of delegees it must be reviewed annually. Responsible for ensuring all significant interactions/commitments are captured on ARES.
- GRR or in country Head of Compliance should be invited to all meetings with regulators. Their attendance is at their discretion.

How Regulatory Commitments managed :

Two key principles that are important to understand relating to contact with regulators are Regulatory Commitments or Regulatory Issues.

1. All relevant interactions are recorded:

- All significant commitments to regulators must be captured on the ARES within five (5) working days.

2. All commitments to Regulators are delivered on :

- Fulfillment of a commitment remains the responsibility of the relevant AE.

3. All verbal commitments are confirmed and recorded:

- All verbal commitments must be confirmed with the regulator in writing within five (5) working days from the date of engagement They must be captured on the Absa Group Regulatory Relations System.

4. All Findings are confirmed with Regulators:

- Regulatory commitments may be made in response to findings emanating from regulatory exams, reviews or inspections. These must be confirmed with regulators within the regulatory timeframes provided or within four weeks of conclusion of findings

5. Communicate the risk of overdue commitments :

- If a date communicated to the regulator or set by regulator to close out a commitment is at risk of becoming overdue or is at risk of becoming overdue, the regulator must be notified in conjunction with Compliance and Group Regulatory Relations

6. Monitor and track issues and commitments:

- On a monthly basis or when required all open issues and commitments AE is responsible for must reviewed to ensure status is accurately reflected on ARES

How Regulatory Issues must be managed:

Regulatory Issues : All regulatory issues raised by regulators and/or identified by management for communication to regulators should be captured on the Absa Group Regulatory Relations System. Examples of issues : notifications of employee misconduct, material failures of technology infrastructure, change in management, or any other notification that may be required pursuant to jurisdictional requirements or laws.

Accountable Executives and Delegees must ensure:

1. **All Regulatory issues are recorded :**
 - Must be captured on the Absa Group Regulatory Relations system within five (5) working days.
2. **All issues are assigned a materiality rating:**
 - Issues must have a materiality rating of limited, major or critical assigned to them as per the risk and issue classification standard matrix.
3. **All issue closures are validated :**
 - The validation of issues closed by management will dealt on a case-by-case basis in accordance with minimum requirements set out in policy.
 - This is essential in order to determine the validation requirements of such issues and commitments.

Accountable Executives and Delegees must

- Classify an issue using the severity and likelihood assessments by plotting each result into the Classification Matrix.

Severity Rating	Exceptional					
	High					
	Moderate					
	Low					
		Unlikely	Possible	Likely	Almost Certain	Happened / Certain
		Likelihood Rating				

- The final classification/rating must be concluded based the colour of the resultant cell where the severity rating and likelihood rating intersect.
- may be upgrade or downgrade rating/classification to a higher overall rating where considered appropriate however, must be discussed with and agreed by BA 2LOD AND 1LOD.

Qualifying criteria for granting access to ARES

- AE approval must be provided via email (aressupport@absa.co.za) for end users to be granted approval of the ARES system;
- Users must complete the Absa Regulatory Relations training; and
- Users must complete the ARES system training.

Regulatory Relations Team support

All contact with regulator queries can be routed to the regulatory relations support team via africaregulatoryrelations@absa.africa

All ARES support queries can be routed to aressupport@absa.africa

Non- adherence to the CWR Policy

The provisions / control requirements of the Policy are mandatory and are used to implement a group-wide approach for managing the risk in support of the ERMF. Any deviations from these provisions / control requirements must be escalated per the requirements stipulated in [Breach Management of Regulatory Relations Policies – Supporting Document](#)

Non-adherence to any requirement in the policy may result in disciplinary action, which could lead to dismissal. Mo please will you help me add the new policy link for this

Call to Action