

2016

Our reporting suite

Our integrated report is our primary report to our shareholders and contains information relevant to other stakeholders



Our 2016 Integrated Report is supplemented by disclosures made available online (including our financial statements, risk management report and special interest fact sheets) and various documents published as part of our annual results announcement made on 23 February 2017.

The full suite of reports is available on our corporate website www.barclaysafrica.com and at our interactive report website www.barclaysafrica2016ar.co.za.

Report	Scope and boundary	Reporting standards/ frameworks	Assurance
2016 Integrated Report and supplementary fact sheets			
<ul style="list-style-type: none"> › 2016 Integrated Report › GRI (formerly the Global Reporting Initiative) fact sheet › King III fact sheet › Broad-based black economic empowerment (BBBEE) fact sheet 	<p>Barclays Africa Group, including key banking and insurance subsidiaries</p> <p>BBBEE applies to our South African operations</p>	<ul style="list-style-type: none"> › International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework › South African Companies Act, No 71 of 2008, as amended (Companies Act) › JSE Listings Requirements › King Report on Governance for South Africa, 2009 (King III) › GRI G4 Standards 	<ul style="list-style-type: none"> › Internal controls and management assurance › Compliance and internal audit reviews › External audit opinion on financial information, and external assurance on selected key performance indicators › Board approval, assisted by the Disclosure Committee (a Group Audit and Compliance Committee sub-committee) and our Social and Ethics Committee › Independent BBBEE verification by the National Empowerment Rating Agency (NERA)
Financial reports			
<ul style="list-style-type: none"> › 2016 Consolidated and separate financial statements › 2016 Pillar 3 risk management report › 2016 Financial results booklet 	<p>Barclays Africa Group, including subsidiaries and joint ventures</p> <p>Note 49.3 of the financial statements provides a list of material subsidiaries and consolidated structured entities</p>	<ul style="list-style-type: none"> › International Financial Reporting Standards (IFRS) › Companies Act › Banks Act, No 94 of 1990 › JSE Listings Requirements › King III 	<ul style="list-style-type: none"> › Internal controls and management assurance › Compliance and internal audit reviews › Governance oversight by our Board, assisted by our Group Audit, and Group Risk and Capital Management Committees › External audit opinion (the complete opinion statement can be found in the consolidated and separate financial statements)

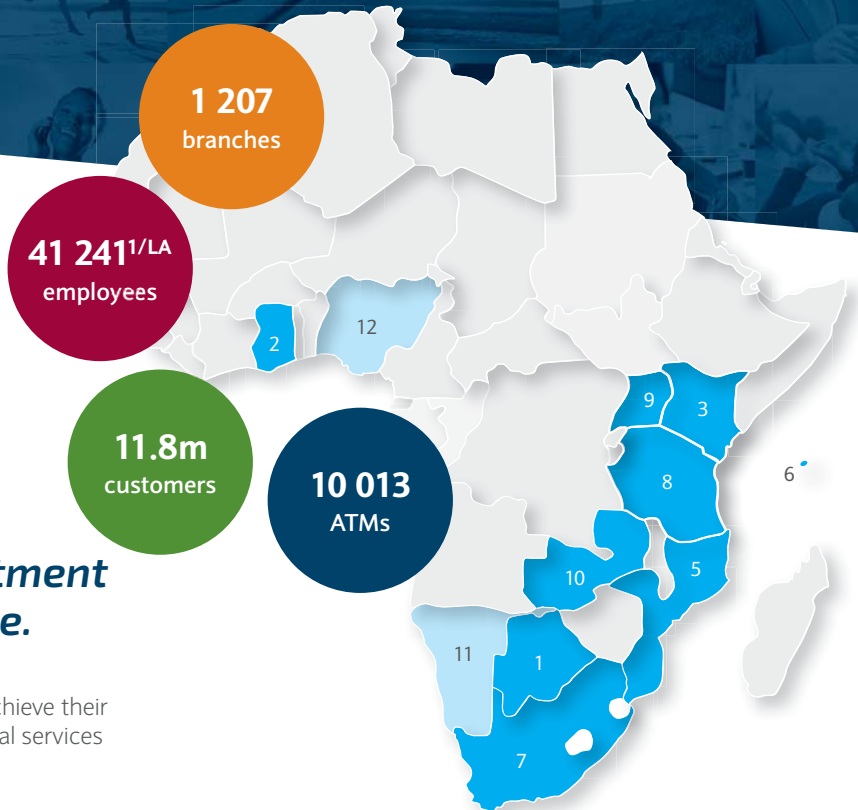


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Barclays Africa, a strong African franchise...

We are a diversified financial services provider offering an integrated set of products and services across personal and business banking, corporate and investment banking, wealth and investment management and insurance.



We are driven by **our Purpose** to help people achieve their ambitions – in the right way by fulfilling their financial services needs in a responsible and sustainable manner.

We are focused on **our Goal** to be the financial services group of choice in Africa.

Our **Values** define the way we think, work and act:

Respect

We respect and value those we work with and the contribution they make.

Integrity

We act fairly, ethically and openly in all we do.

Service

We put our customers and clients at the centre of what we do.

Excellence

We use our energy, skills and resources to deliver the best sustainable results.

Stewardship

We are passionate about leaving things better than we found them.

	Branches	ATMs	Customers	Employees ¹
1 Botswana	34	113	154 998	1 178
2 Ghana	65	165	518 758	1 111
3 Kenya	105	214	515 966	2 765
4 Mauritius	19	38	77 674	762
5 Mozambique	48	108	283 491	928
6 Seychelles	7	17	16 746	217
7 South Africa	774	8 885	9.425m ^{LA}	30 739
8 Tanzania BBT ²	18	51	62 980	496
8 Tanzania NBC ³	51	230	424 712	1 212
9 Uganda	39	69	130 565	869
10 Zambia	47	123	201 555	964

- Barclays Africa representative offices
- 11 Namibia
- 12 Nigeria

We are committed to **Shared Growth** which, for us, means having a positive impact on society and delivering shareholder value.

Our **Balanced Scorecard** provides a holistic approach to deliver commercial returns, while responding to stakeholders' needs.

¹ Includes permanent and temporary employees.

² Barclays Bank Tanzania.

³ National Bank of Commerce.

^{LA} This indicator is covered by the scope of a limited assurance engagement undertaken by EY and PwC. The basis of measurement thereof and the assurance statement can be found at barclaysafrica2016ar.co.za.

...delivering our One Africa strategy.

We are strongly positioned as a fully local bank with regional and international expertise. We aspire to build the leading financial services group in our chosen countries in Africa and selected customer and client segments, and to remain locally relevant and competitive in all our presence countries.

We continue our journey to distinguish ourselves ...

... from international banks by operating a bank with deep African insights from our local operations.

... from local and regional banks through our access to international technologies and products and our ability to connect our customers and clients seamlessly to international markets.

... by embodying Shared Growth as a business ethos and a sustainable way of conducting business.

Driving change through four strategic themes ...

African opportunity

Investing in the greatest growth opportunities and connecting Africa to international capital markets.

Customer and client experience

Making our customers' and clients' lives easier and helping them to prosper.

Simplify and accelerate

Simplifying our business processes to better serve our customers and clients, by sustainably reducing costs and improving efficiencies.

Powered by people and technology

Unlocking the power of a dynamic workforce enabled by technology, information and innovation to deliver value to our customers and clients.

By focusing on ...

- > Growing banking and insurance in key retail and business market segments
- > Serving corporate clients in key growth sectors and enabling international client coverage
- > Creating value propositions informed by data insights and innovation
- > Serving our customers and clients through a network of branches, ATMs, corporate offices and digital platforms including internet and apps, point-of-sale, and call centres
- > Developing, automating and optimising our products and product processes
- > Delivering our technology resilience programme
- > Attracting, developing and retaining employees
- > Empowering our employees with information and technology

Measured against our medium-term targets ...

- > A return on equity in the range of 18 – 20%
- > Top three by revenue in our five key markets (Botswana, Ghana, Kenya, South Africa and Zambia)
- > A revenue share of 20 – 25% from Rest of Africa
- > A cost-to-income ratio in the low 50s

While building the Group of the future ...

We keep evolving and building new strategic capabilities that enable us to be relevant and competitive as we move into the future.

These initiatives include:

- > new digital payment technologies (Blockchain); and
- > leveraging strategic partnerships to drive innovation (Rise Africa), increase market access and enhance our customer value propositions.

GRI G4 fact sheet

We have for the past five years, taken direction from the International Integrated Reporting Council's International <IR> Framework for Integrated Reporting and strive to follow the trend of focusing our reporting on only the most material issues within our integrated report. In doing so, our aim is to provide stakeholders with a succinct, yet sufficiently informed, view of the organisation, the challenges and opportunities we face and our approach to creating and distributing value.

The GRI aims to drive sustainability reporting by all organisations by producing a comprehensive Sustainability Reporting Framework. The GRI Sustainability Reporting Guidelines provide standard global principles and reporting criteria for stakeholders interested in management and disclosure of social, economic and environmental impacts and performance of organisations.

The fourth GRI Sustainability Reporting Guidelines (G4) was launched in 2013 with the G4 Standards being issued in October 2016. This is our third year providing a reference fact sheet using the G4 framework. A number of sector-specific indicators have been disclosed as per the Financial Services Sector Disclosures document. We have edited the GRI indicators description for the sake of clarity. Please refer to globalreporting.org/information/g4 for full indicator descriptions.

We will continue to refine our reporting against relevant frameworks and in the future we aim to align with the new GRI Standards which were launched in 2016.

General standard disclosures

- ① Strategy and analysis
- ② Organisational profile
- ③ Identified material aspects and boundaries
- ④ Stakeholder engagement
- ⑤ Report profile
- ⑥ Governance
- ⑦ Ethics and integrity

Specific standard disclosures¹

Economic

- ① Economic performance
- ② Indirect economic impacts

Environmental

- ① Materials
- ② Energy
- ③ Water²
- ④ Emissions
- ⑤ Effluents and waste
- ⑥ Products and services²
- ⑦ Compliance²

Social

- ① Labour practices and decent work
- ② Human rights
- ③ Society
- ④ Product responsibility



This report cross references to the following documents:

- > 2016 Integrated Report
- > 2016 Pillar 3 risk management report
- > BBBEE fact sheet
- > 2016 Independent Limited Assurance Report
- > 2016 Financial results booklet

Available for download at barclaysafrica2016ar.co.za.

Assurance

We used a combination of internal controls, management assurance and compliance, and internal audit reviews to ensure the accuracy of our integrated report.

Independent external assurance

We appointed PricewaterhouseCoopers Inc. (PwC) and Ernst & Young Inc. (EY) to:

- > audit the Group's financial statements. The auditors issued an unmodified opinion³ on these financial statements which are prepared in accordance with IFRS; and
- > undertake a limited assurance engagement on selected key performance indicators set out in our Balanced Scorecard (marked with an ^{1A}). The external assurance report provided by EY and PwC contains their unmodified conclusion⁴ for the limited assurance engagement performed.

Independent BBBEE verification

- > The National Empowerment Rating Agency (NERA) has verified our broad-based black economic empowerment (BBBEE) performance for the South African operations. They have confirmed a Level 2 rating⁵.

¹ Including select indicators of the Financial Services Sector Disclosure document.

² No disclosures currently.

³ 2016 Consolidated and separate annual financial statements (pages 6 to 11)

⁴ 2016 Independent Limited Assurance Report

⁵ 2016 BBBEE fact sheet (pages 12-19).

General standard disclosures

1 Strategy and analysis

G4-1 Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.

Board approval

Assisted by our Disclosure Committee, our Board accepts ultimate responsibility for the integrity and completeness of this integrated report. It is our directors' opinion that this report presents a fair and balanced view of our integrated performance. We believe this report shows we are creating sustainable value and prosperity for stakeholders.

The Board notes the uncertainty and potential future impact on our operations arising from Barclays PLC's sell down¹ of its shareholding in Barclays Africa, the resulting operational separation¹ process and, the impact on future value. An *Ad hoc* committee was established to provide oversight of the process and ensure operational stability, sound risk management and value maximisation for all stakeholders. The sell-down¹ is subject to regulatory review, and we will continue to communicate with our shareholders and other stakeholders as the process progresses.

The Board approved this 2016 Integrated Report on 22 March 2017.

The Six Capitals, materiality and our Balanced Scorecard

Our operations benefit from a number of key resources and stakeholder relationships. Through the execution of our business activities, we increase, decrease or transform the Six Capitals, as defined in the International Integrated Reporting Council's International <IR> Framework. Some impacts are easy to identify, quantify, manage and measure, while others are complex and require an active process for considering and managing trade-offs.

As we are a financial services group, financial capital is our most significant capital input – critical for achieving our strategic goals. The human, intellectual and manufactured capitals are the backbone of our product and service delivery. Social and relationship capital, and how we manage natural capital (even as a small consumer thereof) are significant to our social licence to operate. We believe our Balanced Scorecard is a suitable framework for measuring the impact of our business activities on the Six Capitals.

Our integrated report is focused on matters we consider to be material. Specifically, it focuses on those matters which have, or could have the ability to influence our financial performance or our reputation, or impact on our licence to operate. We report on our performance in managing these material matters through our Balanced Scorecard.

Our One Africa strategy

The Board and management concluded that our One Africa strategy remains relevant and targets the key areas for growth, while maintaining sound controls with a strong focus on risk management with sufficient stretch built in to deliver appropriate value for our stakeholders. Firstly, as a customer and client-focused organisation, we aim to ensure that customers' and clients' experience remains our primary focus; secondly, we are investing in growth opportunities and providing access to the African and global capital markets; thirdly, we are simplifying our business processes to improve efficiency; and lastly, we continue making significant investments in technology and automation. The near-term focus is on delivering on our current strategy while managing the separation from Barclays.

¹ Barclays PLC's sell down of its shares in Barclays Africa ('the sell-down') refers to the regulated disposal of its shares with the aim to achieve regulatory deconsolidation. The 'separation process' refers to the broader short, medium and long-term operational and administrative activities which disengage the businesses from one another.

2 Organisational profile

G4-3 Report the name of the organisation.	Barclays Africa Group Limited
G4-4 Report the primary brands, products, and services.	<p>2016 Integrated Report:</p> <ul style="list-style-type: none"> > Pages 8 to 9 – Group profile > Pages 14 to 15 – Business model > Pages 18 to 21 – Segment reviews <p>Further information is available on our corporate website (barclaysafrica.com/African-Operations) which includes links to relevant subsidiary websites.</p> <p>The following sub-brands exist within the Barclays Africa Group:</p> <ul style="list-style-type: none"> > Absa (South Africa) > Global Alliance (Mozambique) > NBC (National Bank of Commerce Limited, Tanzania)
G4-5 Report the location of the organisation's headquarters.	15 Troye Street, Johannesburg, South Africa.
G4-6 Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	<p>We operate in 12 countries in Africa. Our registered head office is in Johannesburg, South Africa and we have majority stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Barclays Bank Tanzania and National Bank of Commerce), Uganda and Zambia. We also have representative offices in Namibia and Nigeria as well as insurance operations in Botswana, Kenya, Mozambique, South Africa, Tanzania and Zambia.</p> <p>While we endeavour to include all our operations in our disclosures, where data on metrics disclosed in the Balanced Scorecard is not yet available, this is indicated in the footnotes of the section. Note 49.3 of our 2016 Consolidated and separate financial statements provides a list of subsidiaries and consolidated structured entities within our financial disclosures.</p>
G4-7 Report the nature of ownership and legal form.	Limited company, listed on the Johannesburg Stock Exchange (JSE).
G4-8 Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	<p>We are a diversified financial services provider offering an integrated set of products and services across personal and business banking, corporate and investment banking, wealth and investment management and insurance.</p> <p>2016 Integrated Report:</p> <ul style="list-style-type: none"> > Pages 8 to 9 – Group profile > Pages 18 to 21 – Segment reviews <p>2016 Financial results booklet</p> <ul style="list-style-type: none"> > Pages 46 to 110 – Segment performance
G4-9 Report the scale of the organisation.	<p>We are strongly positioned as a fully local bank with regional and international expertise, helping to create, grow and protect wealth.</p> <p>We are a diversified financial services provider offering an integrated set of products and services across personal and business banking, credit cards, corporate and investment banking, wealth and investment management and insurance.</p> <p>At 31 December 2016, we had 847.8 million shares in issue and a market capitalisation of R143bn. We operate in 12 countries, serving 11.8 million customers, employing 41 241^{LA} people, operating 1 207 branches and 10 013 ATMs as well as providing various online and mobile banking solutions.</p> <p>2016 Integrated Report:</p> <ul style="list-style-type: none"> > Pages 8 to 9 – Group profile further a country breakdown

G4-10 Workforce.

2016 Integrated Report:

- > Pages 32 to 34 – Colleague Balanced Scorecard review
- > We have 41 241^{1A} employees of whom:
- > 25 217^{1A} are women and 16 024^{1A} are men; and
- > 39 356^{1A} are permanent and 1 885^{1A} are temporary.

We do not currently report workforce statistics broken down by age and our multi-cultural (race) reporting is limited to BBBEE reporting for our South African operations.

2016 Integrated report:

- > Pages 82 to 83 – BBBEE performance summary

Supplementary fact sheet:

- > BBBEE

G4-11 Report the percentage of total employees covered by collective bargaining agreements.

We recognise employees' right to freedom of association, and we have positive partnerships with multiple trade unions across the continent. Trade unions represent 54% (2015: 47%) of our permanent employees.

G4-12 Describe the organisation's supply chain.

We have a diverse supply chain which includes start-ups, small and medium businesses, as well as multinational corporations. These suppliers provide services including retail operations, facilities management, technology and a broad range of professional services. Our supplier relationships are managed based upon a risk segmentation approach and are required to operate in accordance with our supplier code of conduct.

G4-13 Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain, including:

Changes in the location of, or changes in, operations, including facility openings, closings and expansions.

Changes in the share capital structure and other capital formation, maintenance and alteration operations (for private sector organisations).

Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.

On 1 March 2016, Barclays PLC announced its intention to sell down¹ its interest in Barclays Africa to a level which would permit deconsolidation from both regulatory and accounting perspectives. The first tranche of 12.2% was sold through an accelerated book build on 5 May 2016 – reducing its shareholding to 50.1%. Barclays PLC continues to explore strategic and capital market opportunities to further reduce its shareholding to achieve regulatory deconsolidation.

As our banks are systemically important in all our markets, regulators are actively engaged in separating Barclays Africa from Barclays PLC, to ensure there are no systemic implications, and to secure an orderly separation, with operational stability and continuity across the Group.

In response to the sell-down, we established a dedicated Board sub-committee, specifically to consider and provide guidance on the implications thereof. We have set up dedicated teams to manage the separation.

Announced on 23 February 2017, Barclays PLC has submitted an application to the South African Reserve Bank to approve the reduction of its shareholding in Barclays Africa to below 50%. The application included the terms of the separation payments and transitional services arrangements, including contracts securing Barclays PLC's operational support for the next three years, while we implement new technologies and build additional capacity.

We agreed on the terms of separation with Barclays PLC, and this agreement will see Barclays PLC contributing GBP765m (R12.8bn²), primarily to fund the investments required for the separation process. This enables us to complete the separation, provide certainty to our stakeholders, and invest in technology and re-branding over time.

An important feature of our discussions has been the provision for a broad-based black economic empowerment scheme. While the scheme's specifics are under consideration, Barclays PLC will contribute an amount equal to 1.5% of Barclays Africa's market capitalisation (R2.1bn³) towards establishing the scheme.

The sell-down is subject to regulatory review, and we will communicate with our shareholders and other stakeholders as the process progresses.

There have been no other significant changes during the year.

¹ Barclays PLC's sell down of its shares in Barclays Africa ('the sell-down') refers to the regulated disposal of its shares with the aim to achieve regulatory deconsolidation. The 'separation process' refers to the broader short, medium and long-term operational and administrative activities which disengage the businesses from one another.

² Based on the exchange rate at 31 December 2016.

³ Based on the Barclays Africa closing share price on 31 December 2016.

G4-14 Report whether and how the precautionary approach or principle is addressed by the organisation.

The precautionary approach is implemented through our enterprise risk management framework and in particular, through our credit, operational and conduct principal risks which includes the application of our environmental and social impact assessment policy in our lending practices as well as our approach to managing our direct environmental impact and other conduct/social risk.

Refer to 4. Product responsibility on page 29 of this document

G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.

Includes, but not limited to the King Code of Corporate Governance for South Africa 2009 (King III); the South African Department of Trade and Industry Codes of Good practice and the Financial Sector Code; the Code of Banking Practices; the United Nations Principles for Responsible Investment and the Code for Responsible Investing in South Africa (CRISA).

We use initiatives such as the JSE/FTSE Russell Indices; Dow Jones Sustainability Index; and the CDP as external benchmarking.

G4-16 List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation:

- > holds a position on the governance body;
- > participates in projects or committees;
- > provides substantive funding beyond routine membership dues; and
- > views membership as strategic.

We are members of several organisations across the continent. These associations work to represent their members and to shape industry's collective response to public policy issues. Examples include various Bankers Associations (such as the Banking Association of South Africa), Chambers of Commerce and Industries and other business associations such as Business Unity South Africa.

Similarly, we participate in such organisations as the World Economic Forum and the Equator Principles

3 Identified material aspects and boundaries

G4-17 List all entities included in the organisation's consolidated financial statements or equivalent documents. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.

2016 Consolidated and separate financial statements:

- > Pages 97 to 101 – Note 49.3 Related parties: Subsidiaries and consolidated structured entities

Our annual integrated report suite includes the following documents:

- > 2016 Integrated Report
- > GRI fact sheet (this document)
- > King III fact sheet
- > Broad-based black economic empowerment (BBBEE) fact sheet
- > Consolidated and separate financial statements
- > 2016 Pillar 3 risk management report
- > 2016 Financial results booklet

Our integrated report covers our performance between 1 January 2016 and 31 December 2016 (the reporting period). Distinct from a financial reporting boundary, this report includes information regarding our stakeholder relationships, opportunities and risks as the outcomes of our business activities including key banking and insurance subsidiaries.

The BBBEE information applies only to our South African operations. This report contains statements that relate to future operations and performance of the Group. These statements are not guarantees of future operating, financial or other results and involve uncertainty, as they rely on future circumstances – some of which are beyond our control. Therefore, actual results and outcomes may differ.

G4-18 Explain the process for defining the report content and the aspect boundaries. Explain how the organisation has implemented the reporting principles for defining report content.

We consider a matter to be material when it has, or could have, the ability to influence our financial performance, our reputation, or impact on our licence to operate.

We follow a three-step process to determine which matters we believe materially impact our ability to create value and on which we report.

1. Identify and assess

Matters are brought to light in a number of ways:

- > directly by stakeholders (such as regulatory change and customer insights through day-to-day engagement);
- > through internal deliberations;
- > through independent research; and
- > by continuously monitoring the external environment for trends signalling opportunities and risks that could have an impact on our operations.

These are considered taking into account the influence of the stakeholder, its ability to influence our financial performance, our reputation, or impact on our licence to operate and the expected impact on the sustainability of the Group.

2. Prioritise

Using the lens of our Balanced Scorecard, we consider the key matters identified through step 1 within the context of:

- > our Purpose to help people achieve their ambitions in the right way;
- > our Goal to be the financial services group of choice in Africa;
- > the expected behaviours as informed by our Values and our code of conduct (the Barclays Way);
- > our strategy, business model and the risks associated with our business model;
- > the operating environment challenges and priorities (international, regional and local);
- > our risk and capital management framework; and
- > the opportunities and trade-offs of possible responses.

The outcomes of step 2 are the material matters we consider most relevant to our sustainability.

3. Respond and monitor

Specific actions are identified to ensure we respond appropriately. These, along with the metrics against which we measure our progress, are incorporated in our Balanced Scorecard. Progress is monitored by our Executive Committee, Board and the various Board committees in accordance with their terms of reference.

How this is applied:

G4-26 Stakeholder engagement

2016 Integrated Report:

- > Inside front flap – Our reporting suite (scope and boundary)
- > Inside front cover – About this report (scope and boundary)
- > Pages 16 to 18 – Integrated planning
- > Pages 22 to 23 – Operating environment
- > Pages 26 to 42 – Balanced scorecard performance summary, specifically pages 27, 29, 32 and 38 for stakeholder issues reported on

2016 Consolidated and separate financial statements:

- > Pages 2 to 5 – Group Audit and Compliance Committee Report
- > Pages 97 to 101 – Note 49.3 Related parties: Subsidiaries and consolidated structured entities
- > Pages 102 to 103 – Note 49.5 Associates, joint ventures and retirement benefit fund

G4-19 List all the material aspects identified in the process for defining report content.	Refer to G4-18.
G4-20 For each material aspect, report the aspect boundary within the organisation.	Refer to G4-18.
G4-21 For each material aspect, report the aspect boundary outside the organisation.	<p>As part of our process we look at materiality both internally and externally. Aspects considered material outside of the organisation range from labour to environmental to economic, and stem from a variety of sources including government, regulators and special interest groups.</p> <p>2016 Integrated Report:</p> <ul style="list-style-type: none"> > Pages 16 to 18 – Integrated planning > Pages 22 to 23 – Operating environment > Pages 26 to 42 – Balanced Scorecard performance summary, specifically pages 26, 27, 29, 32, 35 and 38 for stakeholder issues reported on
G4-22 Report the effect of any restatements of information provided in previous reports and the reasons for such restatements.	<p>2016 Consolidated and separate financial statements:</p> <ul style="list-style-type: none"> > Page 47 – Note 1.21 – Reporting changes <p>For environmental data:</p> <ul style="list-style-type: none"> > Our data collection processes are continuous, and each year we report the most accurate data then available for the baseline and subsequent years. This can lead to restatements of previously reported data if data quality improves, more data is available, or updated CO₂ emission factors are applied. In cases where we have collected new data for previously unreported consumption, we will go back and restate the baseline if the new data amounts to a material change greater than 1% of the total consumption. If the change is less than 1%, we will report consumption from the point at which the data became available. If it is greater than 1%, we will restate the baseline and previous year's figures based on actual or estimated figures. Reasons for restatements in data are due to more accurate data being available, which led to replacements of estimates. In 2015, we have also aligned to the latest carbon conversion factors as released by the Greenhouse Gas (GHG) Protocol.
G4-23 Report significant changes from previous reporting periods in the scope and aspect boundaries.	No significant change.

4 Stakeholder engagement

G4-24 Provide a list of stakeholder groups engaged by the organisation.	<p>We have designated five stakeholder groups aligned to the Balanced Scorecard. The groups are:</p> <ul style="list-style-type: none"> > Customers and clients, who use our products and services (daily interaction with formal research done at least quarterly) > Colleagues, who deliver our products and services and provide support (daily interaction; trade unions – at least monthly) > Communities (via Citizenship), (including environmental disclosures) who accept us within their midst (daily interaction with formal interaction taking place through the year) > Regulators (via Conduct), who grant us our licence to operate in their jurisdictions (at least monthly) > Investors (via Company), who commit capital to us (daily interaction through formal engagements such as results announcements, AGM and one-on-one conferences taking place more than 10 times per year)
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G4-25 Report the basis for identification and selection of stakeholders with whom to engage.

Refer to G4-24 and G4-26

To deliver sustainable performance, we must balance the needs of the stakeholders over the short and long term. The input and challenges raised by these stakeholders are important in shaping and validating our strategy and our business conduct within the markets in which we operate.

Through our Balanced Scorecard, we have a framework for taking a more holistic and considered approach in delivering shareholder returns while responding to our stakeholders' needs.

G4-26 Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.

See table below.

Stakeholder group	Why they matter	How we engage
Customers and clients	Our customers and clients are at the core of everything we do and our strategy is based on meeting their needs and expectations. Our Purpose is to help them to achieve their ambitions in the right way.	Customer experience programmes including customer forums, surveys and focus groups; corporate websites and social media; complaints management process; face-to-face interactions; digital (internet and mobile) platforms; relationship managers; and marketing, sponsorship and advertising.
Colleagues (employees and trade unions)	Our employees are the primary interface with our key stakeholders and are critical to meeting our Goal to be the financial services group of choice in Africa. To ensure a fair balance in our relationship with our employees we adhere to applicable labour relations regulations and have recognition agreements with recognised trade unions.	Human resource business partners; employee opinion surveys; intranet (HR Portal) and leadership blogs; diversity forums; employee contact centre; television broadcasts, email communiqués, newsletters and magazine; line manager performance discussions; corporate-specific and other training interventions; and face-to-face, electronic and telephone consultations with trade unions.
Communities (including NGOs, suppliers, civil society and media)	Our success is interlinked with the wellbeing of the societies in which we operate. Charities and non-governmental organisations enable the Group to amplify our impact in addressing a number of socio-economic challenges. Outsourcing continues to grow and so does the importance of engagement, particularly with small and medium enterprises.	Community investments; financial literacy programmes; employee volunteering; stakeholder and sector forums and events, including sponsorship; research; dedicated supplier interventions including our procurement portal; media interviews and roundtables; and media releases; digital channels.
Regulators (including government and industry bodies)	Regulators and governments provide the legal and regulatory frameworks that guide the way we do business. These enable a fair, ethical and competitive environment. Industry bodies (and organised business interest groups) are an important channel through which we engage with regulators and government.	Management meetings; written responses in consultation processes; presentations and feedback sessions; conferences; participation in working groups and forums; regulator surveillance and interaction; and tenders.
Investors (and analysts)	As providers of capital, our shareholders have invested in the Group. We require a strong relationship to ensure a shared expectation around our vision, strategy and future performance.	JSE SENS announcements; financial results; roadshows and conferences; management meetings and query resolution; investor days; annual general meeting; and our integrated reporting suite.

G4-27 Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.

From the engagements listed in G4-26 on the previous page, a significant number of issues, concerns and opportunities arise. Over and above stakeholder inputs, other information and inputs are an important input into our material matters determination, including internal deliberations; independent research; and continuous monitoring of the external environment for trends signalling opportunities and risks that could have an impact on our operations.

2016 Integrated Report:

- > Pages 2 to 4 – Chairman’s reflections
- > Pages 5 to 7 – CEO’s reflections
- > Pages 16 to 17 – Integrated planning
- > Pages 22 to 23 – Operating environment
- > Pages 26 to 42 – Balanced Scorecard review

While not a formal part of our annual reporting process, we solicit views from stakeholders on the matters covered within the report through ongoing interaction, and seek informal feedback following the publication of our integrated reporting suite.

5 Report profile

G4-28 Reporting period (such as fiscal or calendar year) for information provided.

Reporting period ended 31 December 2016.

G4-29 Date of most recent previous report (if any).

Reporting period ended 31 December 2015.

The archive of our annual reports is available at www.barclaysafrica.com/

G4-30 Reporting cycle (such as annual, biennial).

Annual

G4-31 Provide the contact point for questions regarding the report or its contents.

ir@barclaysafrica.com

G4-32 Report the ‘in accordance’ option the organisation has chosen. Report the GRI Content Index for the chosen option. Report the reference to the external assurance report, if the report has been externally assured.

Our 2016 Integrated Report is presented in accordance with the IIRC’s International <IR> Framework. We believe this report shows we are creating sustainable value and prosperity for stakeholders. There are a number of other reporting frameworks considered in our disclosures including, but not limited to:

- > King Report on Governance for South Africa, 2009 (King III);
- > GRI G4 guidelines. When referring to the GRI G4 guidelines, we have considered the Core option, however we do not self-declare our disclosures as being ‘in accordance’.

We used a combination of internal controls, management assurance and compliance, and internal audit reviews to ensure the accuracy of our integrated report.

Independent external assurance

We appointed PricewaterhouseCoopers Inc. (PwC) and Ernst & Young Inc. (EY) to:

- > audit the Group’s financial statements. The auditors issued an unmodified opinion¹ on these financial statements which are prepared in accordance with IFRS; and
- > undertake a limited assurance engagement on selected key performance indicators set out in our Balanced Scorecard (marked with an ^{LA}). The external assurance report provided by EY and PwC contains their unmodified conclusion² for the limited assurance engagement performed.

Independent BBBEE verification

- > The National Empowerment Rating Agency (NERA) has verified our broad-based black economic empowerment (BBBEE) performance for the South African operations. They have confirmed a Level 2 rating.

The National Empowerment Rating Agency (NERA) has verified our broad-based black economic empowerment (BBBEE) performance for the South African operations. They have confirmed a Level 2 rating³.

¹ 2016 Consolidated and separate annual financial statements (pages 6 to 11).

² 2016 Independent Limited Assurance Report.

³ 2016 BBBEE fact sheets (pages 12 to 19).

G4-33 Report the organisation's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organisation and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.

Refer to G4-32
 2016 Integrated Report:
 > Inside front cover – Our reporting approach
 > Page 63 – Group Audit and Compliance Committee review
 2016 Independent Limited Assurance Report
 2016 Consolidated and separate financial statements
 > Page 2 – Group Audit and Compliance Committee report

6 Governance

G4-34 Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.

2016 Integrated Report:
 > Pages 55 to 68 – Governance review (environmental, social and reputational issues are primarily considered by the Social and Ethics Committee, page 66).
 Refer to G4-36 and G4-37

G4-35 Report the process for delegating authority for economic, environmental and social topics from the highest governing body to senior executives or other employees.

Our Board is responsible for creating and delivering sustainable shareholder value; ensures an appropriate balance between promoting long-term sustainable growth and delivering short-term performance; oversees the management of the Group's businesses, as assisted by various Board committees; reviews and approves the strategic objectives and policies of the Group; and provides overall strategic direction within a framework of incentives and controls.

The Board is assisted by our Social and Ethics Committee (SEC) in the oversight of conduct risk, sustainability, stakeholder management, corporate citizenship, ethics, labour, diversity and inclusion. The SEC reviews management's recommendations across a range of economic, environmental and social topics as defined in the committee's terms of reference.

The SEC provides strategic direction to management committees through the Group Chief Executive Officer, the Deputy Chief Executive Officer and Financial Director, the Group General Counsel, the Chief Executive: Human Resources and Chief Executive: Marketing and Corporate Relations and others who present to or attend the Committee.

The SEC is supported by, but not limited to, the following management committees:

- > Conduct and Reputation Risk Committee
- > Regulatory Investigations Oversight Committee
- > Africa Citizenship Leadership Committee
- > Remuneration Review Panel

G4-36 Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.

Our Chief Executive: Marketing and Corporate Relations leads the Group's Citizenship strategy and reports to our Chief Executive Officer (a Board member).

Other Executive Committee members, such as the Chief Executive: Human Resources, and our Head of Compliance (conduct and reputation issues) also play critical roles in leadership and management of these matters.

G4-37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.

We have a decentralised stakeholder engagement model, and results from the engagements as outlined in G4-24 to G4-27 are considered through various management and Board processes.

G4-38 Report the composition of the highest governance body and its committees.

As at 20 March 2017¹, our Board has 17 members, 10 of whom are independent and four of whom are executive directors. 12 are South African, of whom four are black and four are women. The remaining five consist of Ghanaian, Kenyan, Singaporean and British nationals (two), reflecting the pan-African nature of our business and our membership of Barclays PLC.

2016 Integrated Report:

- > Pages 10 to 13 – Our Board and Executive Committee (includes Board members and committee memberships as at 20 March 2017)
- > Pages 55 to 68 – Governance review, specifically page 59 (Board composition), page 62 to 68 for the 2016 Committee reviews which includes the 2016 members and attendees

¹ includes René van Wyk appointed in February 2017.

G4-39 Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement).

Our Group Chairman, Wendy Lucas-Bull, is as an independent director. Trevor Munday serves as the Lead Independent Director of our Board.

G4-40 Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.

Directors are appointed to the Board through a formal and transparent process. It is a matter for the Board as a whole, assisted by the Directors' Affairs Committee, which consists of a majority of independent directors and is chaired by our independent Group Chairman.

The following are taken into account when considering an appointment:

- > The balance and mix of appropriate skills and experience of non-executive directors
- > The behaviours likely to be demonstrated by potential non-executive directors
- > The benefits of diversity, including gender, and ensuring a geographical mix of directors, together with representatives from different industry sectors

G4-41 Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.

In accordance with King III, the duties of directors include avoiding a conflict of interest between their personal interests and their duties to the Group. Should a conflict arise, the director would recuse himself/herself.

G4-42 Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.

Refer to G4-34 and G4-45

G4-43 Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.

In the year under review, the Board received training/updates on a variety of matters including, but not limited to the following:

- > March/April – Training on wholesale credit, cybersecurity, and the implications of the then draft King IV Report on Corporate Governance for South Africa, 2016 (King IV)
- > October – Training on financial crime (with speakers from the Group and the South African Financial Intelligence Centre), as well as corporate insurance risk and coverage

The Social and Ethics Committee reviewed the mapping of sustainability frameworks (including the principles set out in the United Nations Global Compact and the Organisation for Economic Co-operation and Development recommendations regarding corruption), and agreed on the approach for participation in environmental, social and governance frameworks and related reporting.

In January 2017, the Board members evaluated the performance of the Board and the members, in respect of the 2016 year. The Board was found to be performing well. Identified areas of improvement will receive attention through the 2017 Board meeting cycle.

<p>G4-45 a) Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p> <p>b) Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	<p>Refer to G4-35, G4-36 and G4-37</p>
<p>G4-48 Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.</p>	<p>Refer to G4-1</p> <p>The Board approved our 2016 Integrated Report (our primary report which focuses on our material matters) for publication on 22 March 2017.</p>
<p>G4-51 a) Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration (fixed pay and variable pay including performance-based pay, equity-based pay, bonuses and deferred or vested shares); sign-on bonuses or recruitment incentive payments; termination payments; clawbacks; retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.</p> <p>b) Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	<p>2016 Integrated Report:</p> <ul style="list-style-type: none"> > Pages 69 to 81 – Remuneration report, specifically pages 71 to 77 <p>2016 Consolidated and separate financial statements</p> <ul style="list-style-type: none"> > Pages 174 to 190 – Directors' and prescribed officers' remuneration
<p>G4-52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation.</p>	<p>2016 Integrated Report:</p> <ul style="list-style-type: none"> > Pages 69 to 81 – Remuneration report, specifically pages 71 to 74
<p>G4-53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.</p>	<p>2016 Integrated Report:</p> <ul style="list-style-type: none"> > Pages 69 to 81 – Remuneration report, specifically page 70 <p>Outcomes of voting can be viewed at barclaysafrica.com at the Investor Relations tab > Shareholder meetings.</p>

7 Ethics and integrity

G4-56 Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.

Our Values are: Respect, Integrity, Service, Excellence and Stewardship. These define the way we think, work and act and our performance management approach places equal emphasis on our objectives ('what') and behaviours ('how').

Our code of conduct – the Barclays Way – outlines the behaviours which govern our way of working across the business. It is a point of reference covering all aspects of employees' working relationships with each other, our customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community. It is a framework that fosters values-based decision-making and shows how our policies and practices align with our Values.

In addition to our own defined ethics culture, are laws, regulations and codes that further define expectations of how we conduct our business. These cover a wide array of aspects within our business, from Know Your Customer requirements (identity document, proof of residence and proof of income), to the protection and processing of information through to how we design and sell our products and services. Regulations driving consumer protection and ethical behaviour in the financial services industry continue evolving. While this creates additional requirements from the Group, we support efforts to ensure a stable financial services sector and a safe and fair operating environment.

2016 Integrated Report:

- > Page 2 to 4 – Chairman's reflections, specifically page 3
- > Pages 5 to 7 – CEO's reflections, specifically pages 6 – 7
- > Page 8 – Group profile
- > Pages 32 to 42 – Colleague, Citizenship and Conduct Balanced Scorecard reviews
- > Pages 55 to 68 – Governance report, specifically page 58 (Corporate governance objectives) and page 66 (Social and Ethics Committee report)

G4-57 Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.

Our conduct culture fosters values-based decision-making, and shows how our policies and practices align with our Values. We also have a supplier code of conduct, which outlines the standards we expect from them. The Barclays Lens is a complementary framework that moves decision-making beyond legal, regulatory and compliance concerns towards considering broader societal impact and opportunities.

We have a comprehensive programme that educates and empowers all employees in terms of their rights and responsibilities. This contributes to a culture of trust. Our training and awareness programmes, underpinned by clear policies, ensure that our employees:

- > are aware of the values and behaviours expected of them – as outlined in our code of conduct – including those relating to gifts and entertainment;
- > complete fighting financial crime training, which includes anti-bribery and corruption, anti-money laundering and sanctions;
- > develop a sensitivity to situations of real or perceived conflict of interest and learn how to deal with them when they arise;
- > put Treating Customers Fairly at the forefront of what we do; and
- > are aware of the tools available to them to raise their concerns of unethical behaviour or suspected fraud through our whistleblowing programme.

Each of these training interventions, describe the relevant mechanisms for an employee to seek advice from subject matter specialists/specialist control functions.

G4-58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.

Our whistleblowing programme provides a safe platform (with internal and external gateways) to raise concerns of unethical behaviour or fraud confidentially and, where permissible, anonymously. Where a person raising a concern wishes to remain anonymous, no attempt is made to identify them. To promote awareness of the process and in particular the gateways, we introduced mandatory whistleblowing training.

In 2016, 251 employee conduct-related cases were reported and concluded, of which only 35% were substantiated. Of the substantiated cases that were closed in the year 24% related to policy and procedure breaches, 33% to dishonesty, 38% to human resource grievances, 4% came from employee complaints and 1% from 'other'. Tip-offs are the most common detection of fraud, proving the importance of a whistleblowing function.

Specific standard disclosures

Economic

Disclosure on management approach

A successful, vibrant finance and banking sector is an essential enabler of social and economic progress, growth and development. We focus on three key material aspects in the economic sub-category:

1. Economic performance – we believe the best way to support our stakeholders is by operating a strong, profitable and growing business, which creates jobs and contributes to the economic success of the communities in which we live and work. Our strategy to deliver economic performance is dealt with in our integrated report.
2. Indirect economic impacts – financial service organisations play a central role in financing the real economy, including individuals and households; small businesses; corporates; and institutions and governments. Our business model enables us to maintain relevance to our customers and clients, whatever stage of life they are in. For example, for individuals, our model can provide a safe place to store savings, help a first-time buyer make their first steps onto the property ladder, create an investment portfolio as wealth grows, or provide cross-border advice for the affluent. For businesses this means being ready to help entrepreneurs launch a business, fund its growth, expand internationally, protect against currency risk, and issue bonds and listed equity shares.
3. Community support – we play a broader role in the communities in which we live and work beyond what we deliver through our core business activities. We support communities by:
 - > Investing money, time and skills in partnerships with respected and relevant non-governmental organisations, charities and social enterprises.
 - > Enabling employees to use their professional skills and expertise in a range of activities, including volunteering and fundraising.
4. Procurement – our supplier relationships are managed based upon a risk segmentation approach and are required to operate in accordance with our supplier code of conduct. We will always require that our suppliers comply with all applicable laws, regulations and standards within the geographies in which they operate. In instances where standards outlined in the supplier code of conduct differ from local laws and customs, we expect suppliers to respect these standards within the context of the customs and the local laws of their specific geography.

Our supplier code of conduct has four principal components which focus specifically on our minimum expectations with regards to diversity and inclusion, environmental management, human rights and working in accordance with our Values.

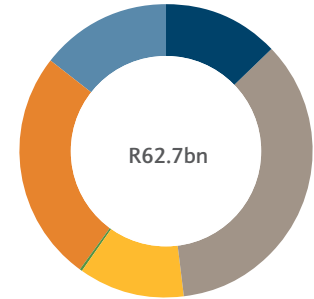
1 Economic performance

G4-EC1 Direct economic value generated and distributed.

We have a strong African franchise, play a critical role in society and contribute to the economic prosperity of Africa.

Value distributed (Rbn)

8.1 (7.8)	Expansion and growth
22.1 (20.9)	Employees
7.3 (7.3)	Taxes
0.2 (0.2)	Communities
16.1 (14.6)	Suppliers
8.9 (8.6)	Dividends



2016

2016 Integrated Report:

- > Pages 26 to 28, 35 to 37 – Company and Citizenship Balanced Scorecard reviews.
- > Pages 82 to 83 – BBBEE performance summary.

Tax

The Group significantly contributes to the economies in the countries in which it operates. In addition to tax on profits, it also pays withholding taxes (on dividends and certain other income received) as well as VAT on goods and services from suppliers (unlike most other businesses, banks can only claim back a small proportion of the VAT incurred, making this a significant final cost to the Group). Although taxes paid by us remain the focus, we have also included some information on the taxes that we collect on behalf of governments and others (together both taxes collected and paid make up our total tax contribution).

Tax continues to be an important issue for our stakeholders and transparency remains a priority.

- > We support a responsible approach to tax and therefore ensure that all taxes are paid in accordance with legislative requirements in each of the countries in which the Group operates.
- > We effectively assist with the collection of taxes from customers; employees and shareholders on behalf of the authorities.
- > We promote effective interaction with tax authorities in all the countries we operate in.
- > We support transparency and in the prevention of tax evasion.

Our tax approach

1. Responsible approach to tax:

We consider the needs of all stakeholders including shareholders, customers, tax authorities, regulators and wider society.

2. Effective interaction with tax authorities

We foster constructive and professional relationships with tax authorities to promote good relationships.

3. Transparency in relation to our tax affairs

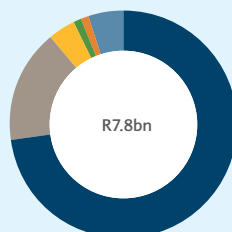
We believe it is important to be transparent in the disclosure of our tax affairs, making our external reporting informative and understandable.

Measuring our contributions

2016 taxes paid

Per tax type (%)

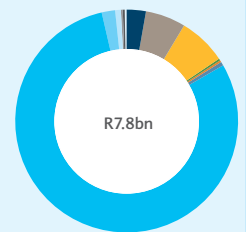
73.4	Corporate tax
15.9	Irrecoverable VAT
3.5	Payroll taxes
0.7	Regional Services Council Levy
1.2	Property taxes
5.4	Withholding taxes



2016

Per country (%)

2.9	Botswana
5.7	Ghana
6.6	Kenya
0.3	Mauritius
0.2	Mozambique
0.0	Seychelles
80.5	South Africa
2.5	Tanzania
1.0	Uganda
0.4	Zambia
0.1	Other



2016

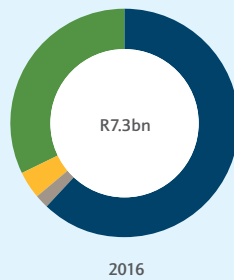
Taxes collected on behalf of governments (%):

62.1 ■ PAYE

1.7 ■ UIF/Social security

3.8 ■ Security transfer tax

32.4 ■ Vat recovered



2016

1.4 ■ Botswana

2.4 ■ Ghana

6.8 ■ Kenya

0.7 ■ Mauritius

1.1 ■ Mozambique

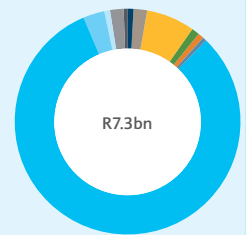
0.1 ■ Seychelles

81.9 ■ South Africa

2.5 ■ Tanzania

1.3 ■ Uganda

1.8 ■ Zambia



2016

Taxes we collect – our contribution includes:

- > Infrastructure for the collection of taxes on behalf of governments including taxes deducted from employees, customers and shareholders.
- > In supporting legislation aimed at good conduct, we are committed to providing to tax authorities the information required in terms of various reporting requirements such as the US FATCA legislation and the OECD's Common Reporting Standard, both of which require banks to share client information with tax authorities.

1. Responsible approach to tax:

Key elements of our approach include:

Our business

- > Tax influences decisions about how we run and organise our business. The various jurisdictions in which the Group operates influence the tax treatment followed. Therefore, when tax is a factor in deciding where or how we do business, we ensure that decisions made are consistent with our tax principles and that profits are taxed in the locations in which the economic activity generating them, takes place. These decisions are an integral part of running our business.
- > Dealings between different entities within our Group are priced on an arm's length basis, reflecting the economic substance of the transaction in accordance with established international standards and local tax laws.
- > We have business operations in a number of jurisdictions which have low tax rates. For example, we operate full-service retail and corporate banking businesses in Mauritius. However, we do not market the tax benefits of offshore financial centres to our clients. Where a client chooses to invest via an offshore financial centre, the Group will only provide the client with services that are compliant with our tax principles.
- > When necessary, we consult with reputable external advisors to help us manage our tax position and to ensure that we are making appropriate decisions.

Our clients

Our tax principles make it very clear that all tax planning for our clients must support genuine commercial activity. While our clients are ultimately responsible for any decisions in relation to their tax affairs, we, like other banks, do provide some tax-related product offerings to our clients. These products are well understood by tax authorities and often deliver tax incentives specifically intended by a government. We would not provide a product if the tax planning does not comply with the spirit, as well as the letter, of the law.

Our tax principles

We have set out clear tax principles that govern our approach to tax planning. Any tax planning must:

- > support genuine commercial activity;
- > comply with generally accepted custom and practice, in addition to the law;
- > be of a type that the tax authorities would expect;
- > only take place with customers sophisticated enough to assess its risks; and
- > be consistent with, and be seen to be consistent with, our Purpose and Values.

Our tax code of conduct

Our tax department comprises in-house professionals from a combination of tax, legal and accounting backgrounds. Our tax professionals are subject to clear standards to ensure that they uphold the tax principles.

- > We aim to take a 'no surprises' approach to our interactions with tax authorities.
- > We ensure that all tax planning is subject to a robust review and approval process.
- > Our approach to taxation is clearly set out, and our tax reporting is transparent and helpful to stakeholders.
- > We aim to have professional and constructive relationships with tax authorities.
- > Our dealings with tax authorities are handled proactively, constructively and transparently, recognising that early resolution of risks is in everyone's interest, and we respond to feedback from tax authorities.
- > We make our tax returns as clear as possible and we try to raise important issues proactively so that tax authorities can focus their resources effectively.
- > We aim to be cooperative and helpful when dealing with enquiries raised by tax authorities.
- > Any litigation necessary to resolve a difference of opinion will be handled in a way that is consistent with our Values.
- > From time to time, if it is unclear how tax law should be applied, we may engage with tax authorities in advance of undertaking transactions to confirm the correct application of tax law.
- > We consult with reputable external advisors to help us manage our tax position and to ensure that we are making appropriate decisions.

Our governance and tax risk management

We are aware that tax is a complex area and we understand the importance of having strong governance in place in relation to our tax affairs. We have a set of documented standards and procedures that must be adhered to by all employees.

These standards are kept under continuous review and are revised in the light of factors such as material changes to our business. Our Board is ultimately responsible for tax matters and oversight of tax risk is carried out through Board level committees.

The formal procedures around governance of tax matters are consistent with the broader framework for risk management that operates across the Group. The procedures in place ensure that all significant tax related decisions are subject to review and approval by appropriately qualified and experienced people.

The Group is subject to income taxes in numerous jurisdictions and the calculations of the Group's tax charge and provisions for income taxes necessarily involve a degree of estimation and judgement. There may be transactions and calculations for which the ultimate tax treatment is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the reporting period which such determination is made. These risks are managed in accordance with the Group's Tax Risk Framework which falls within the operational principle risk.

2. Effective interaction with tax authorities

With operations in 12 African countries, we operate in a complex and diverse tax environment with tax legislation and transfer pricing rules and regulations varying between countries. We engage with governments, non-governmental organisations and industry groups, through public consultations and other discussions, as part of our commitment to assisting with the development of tax policy and the improvement of tax systems. Our "no surprises" approach with tax authorities based on our code of conduct as discussed above.

Tax regimes in many countries are undergoing a period of review in response to the Organisation for Economic Co-operation and Development's (OECD's) Base Erosion and Profit Shifting (BEPS) project which is aimed at addressing the undesired consequences of differences in tax regimes and lack of transparency. We adhere to the key principles underpinning the BEPS programme, such as ensuring that profits are reported where value is being created, and will continue to apply these principles going forward.

We support the aims of the various initiatives which involve assisting tax regimes to develop in ways that make the tax system fairer and more transparent.

3. Transparency in relation to our tax affairs

We believe it is important to be transparent in the disclosure of our tax affairs and in this section we outline our total tax contribution, which includes corporate taxes, payroll taxes, indirect taxes (irrecoverable VAT), withholding taxes (WHT) and other payments to government authorities. The table below and notes that follow provide information on our tax contributions in our countries of operation.

2016
Taxes paid (Rm)

Country	Number of employees	Revenue Rm	Profit before tax Rm	Total tax	Corporate taxes ²	Payroll taxes	Irrecoverable VAT ¹	WHT and other taxes
Botswana	1 178	2 039	663	215	202	–	13	–
Ghana	1 111	2 582	1 447	487	385	28	1	73
Kenya	2 765	4 554	1 390	501	461	1	18	21
Mauritius	762	1 718	857	95	74	9	12	–
Mozambique	928	964	201	115	–	–	13	102
Seychelles	217	413	195	56	54	1	1	–
South Africa	30 739	55 211	16 235	5 882	4 363	195	1 107	217
Tanzania	1 708	1 630	89	182	71	10	50	51
Uganda	869	986	331	71	–	18	6	47
Zambia	964	1 274	409	171	93	11	16	51
Other ³	–	43	10	4	3	–	1	–
Total	41 241	71 414	21 827	7 779	5 706	273	1 238	562

¹ Disclosure refinement is a continuous process and changes to systems will ensure future accuracy, at this stage the irrecoverable VAT in some of the African jurisdictions is not reflected separate from the original expense.

² The Group is rolling out enhanced financial reporting systems which will provide the functionality to provide further breakdown of corporate tax in operations outside of South Africa.

³ Representative offices in Namibia and Nigeria

Explaining the above numbers

Country: our tax contributions are paid in local currency but translated into South Africa rand. In most cases, we have determined which country to report activity under by looking at country of tax residence. Where activities are conducted by entities that are not themselves subject to tax (for example certain partnerships), then we have considered other factors such as the location of management and employees, the jurisdiction in which the majority of revenues are generated, and the country of establishment of the entity's parent. In these cases it is possible that tax is paid in a different country to the one where profits, upon which the tax is paid, are reported.

Revenue: gives an indication of the size of our business in each country, it includes net interest income, net fee and commission income, net trading income, net investment income, net premiums from insurance contracts and net claims and benefits incurred on insurance contracts.

Profit/(loss) before tax: indicating the disclosed accounting profits (losses).

Total tax paid: This column shows the total tax the Group actually paid in each country in 2016. The following columns break this total down into its constituent parts. Most of the taxes paid in any given year will not relate directly to the profits earned in that year. For example, in some tax jurisdictions taxes are only paid upon assessment after the financial year-end (upon submission of the tax returns).

Corporate tax: paid in 2016 but rarely relates directly to the profits earned in the year as tax on profits are paid across multiple years, and taxable profits are calculated as prescribed by tax law. This usually results in differences between accounting and taxable profits. This means it is possible that relatively high corporation tax can be paid when accounting profits are low and vice-versa. The amount of tax paid of R5.484m (2015: R5.838m) is shown in the financial statements.

In addition to the standard corporate taxes paid, in some African jurisdictions, additional taxes are levied by way of stabilisation levies, turnover taxes and other percentage based levies.

Effective tax rate for the Group is 26.9% (2015: 27.7%).

Future tax relief is considered on a country-by-country tax legislation basis.

Payroll taxes paid: taxes borne by us, based on government social security policies in each country and, for example, in SA represent employer's Unemployment Insurance Fund (UIF) contributions as well as Skills Development Levies. They do not represent income tax on payments to our employees or employees' contributions which are taxes collected but not borne by us.

VAT paid: VAT excludes VAT charged to customers and collected on behalf of tax authorities, therefore only the irrecoverable VAT borne by the Group is reflected. Unlike many other industries, financial services are only able to reclaim a small proportion of the VAT they incur, making VAT a significant part of our tax contribution.

Withholding Taxes and Other: Withholding taxes comprise the tax charged on dividends or other income received, which is typically paid at the point of a distribution from one country to another. We have kept these amounts separate from corporation tax paid by country in the table above. Other taxes are the material property taxes that Barclays Africa paid in 2016 and include, for example, taxes on the property we use in our business such as our network of high street branches. Other taxes also include Regional Services levies as applicable to some jurisdictions.

G4-EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change.

Climate change, with its risks and financial implications, is a issue that must be addressed. Understanding those risks, as well as the opportunities, through increased disclosure and transparency is necessary for all market participants to make informed and efficient capital allocation decisions.

There has been activity to further the financial sector's understanding of the potential financial, operational and strategic implications of climate change during 2016. We will continue to engage with regulators and industry associations on the foundations from which companies, investors, banks and other market participants can move forward together to improve transparency and build better understanding of those potential climate-related risks and opportunities.

Risk management

Our Board is responsible for approving risk appetite. This is determined through the Enterprise Risk Management Framework (ERMF) with Principal Risks managed through a framework and policy which set out responsibilities for risk management. Business risks are split into eight categories: credit; market; funding; operational; conduct, reputation, legal and model risk.

Climate change considerations are currently managed mainly within credit, operational and reputation risk.

Credit risk: We have a dedicated Environmental Risk Management (ERM) team to advise on client transactions that have associated environmental or climate related risks. There is regular dialogue between the ERM and credit managers on environmental risk management issues to raise awareness and ensure protocol is followed.

Operational risk: Key risk indicators that affect the resilience and continuous operation of the business are identified, especially for key business locations. These include, amongst others, regulatory risks and extreme weather events. Premises risk management processes cover risks and opportunities associated with regulatory risks and extreme weather events. Business continuity management processes also include assessment of natural hazards associated with climate change and the impact of these on location selection as well as development of contingency plans. Location risk assessments also include climate change risks where relevant.

Reputation risk: banks are coming under increased pressure from society, shareholders and some national governments regarding the management and disclosure of their climate risks and opportunities, including the activities of certain sections of their client base.

Climate-related opportunities

Banks are uniquely positioned to facilitate the flow of capital towards environmentally and socially beneficial activity. We are positioned to help facilitate the capital required to accelerate the transition to a low carbon economy. Significant financing requirements for the energy transition and resilient infrastructure will require access to the capital markets, bank debt and wider funding solutions, providing revenue pools that are projected to grow over time. Multiple business lines are actively involved in delivering innovative solutions across product groups that help our clients achieve their environmental goals and ambitions. We support the renewable energy sector coverage offering strategic advice to and facilitating access to finance wind, solar, geothermal, waste and hydro.

G4-EC3 Coverage of the organisation's defined benefit plan obligations.

2016 Consolidated and separate financial statements:

> Pages 82 to 86 – Note 44 Retirement benefit obligations

G4-EC6 Proportion of senior management hired from the local community at significant locations of operation.

Supplementary fact sheet:

> BBBEE

South Africa remains the most significant contributor to our operations. We currently focus on the South African FS Code requirements. This requires that we report on the proportion of previously disadvantaged South African employees. In reporting in accordance with these requirements, we track this proportion by employee level, including management.

2 Indirect economic impacts

G4-EC8 Significant indirect economic impacts, including the extent of impacts.

We strive to fulfil our role as an enabler of social and economic progress, growth and development in our economies. Our Shared Growth agenda aims to make a positive impact on society while delivering shareholder returns. We are committed to contributing to Africa's growth, and towards sustainable solutions to some of the most pressing challenges facing the continent.

By supporting our customers and clients and working in partnership with other stakeholders, we can create an environment in which individuals, institutions and governments are able to invest in sustainable progress and enable growth.

To achieve long-term sustainable economic growth, a number of challenges must be addressed, including: raising employment, improving access to housing and supporting families in planning for their futures. All of these goals rely on access to appropriate and responsible finance. In addition, new solutions to help tackle social and environmental challenges also need access to appropriate financing to help innovate, develop, commercialise and scale deployment.

We play a key role in enabling the flow of capital towards environmentally or socially beneficial activity. A range of business lines across the Group are actively involved in delivering solutions across product groups, geographies and industry sectors.

G4-EC9 Proportion of spending on local suppliers at significant locations of operation.

South Africa remains the most significant contributor to our operations. We currently focus on South African FS Code requirements. This requires that we report on the proportion of previously disadvantaged South African suppliers.

Supplementary fact sheets:

> BBBEE

Environmental

Disclosure on management approach

We have an expansive physical footprint and it is important that we manage the direct environmental impact of our operations in terms of our carbon emissions and, increasingly, our paper and water consumption.

We aim for continuous improvement in mitigating our direct environmental impacts, reducing use of natural resources and preventing pollution. Environmental data related to energy, waste, paper and travel is collected and reported for offices, retail branches and data centres where Barclays has operational control and is financially responsible for the utility supply, and as defined by the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol GHG: A Corporate Accounting and Reporting Standard, Revised Edition.

- > Environmental data from travel is reported for business-related travel only, and excludes commuting travel
- > Environmental data from joint ventures and investments owned or properties sub-leased by Barclays have not been included within the reported figures.
- > Environmental data for 2013 – 2016 is reported for the periods running from 1 October to 30 September.

1 Materials

G4-EN1 Materials used by weight or volume.

We capture paper purchased data from our sourcing teams in South Africa. (ATMs) 2016: 240.7 tonnes

2 Energy

G4-EN3 Energy consumption within the organisation.

2012: 496 181 536kWh
 2013: 451 442 009kWh
 2014: 410 194 215kWh^{LA}
 2015: 397 920 885kWh^{LA}
 2016: 354 684 328kWh^{LA}

G4-EN5 Energy intensity

Our energy intensity ratio is 6 800 calculated as our total energy consumption divided by our total number of employees.

G4-EN6 Reduction of energy consumption.

In 2016 we launched a new target programme to achieve a 10.2% energy reduction by 2018 against the 2015 baseline. We achieved a 10.8% energy reduction in 2016. As part of this programme we will deploy managed energy efficiency initiatives in our property portfolio to reduce the amount of energy our sites consume.

4 Emissions

G4-EN15 Energy indirect GHG emissions (scope 1).

Scope 1 building related emissions include diesel fuel and natural gas for our operations. The reported emissions cover 100% of our portfolio by floor space, as defined in the 'reporting boundaries' section. For real estate related CO₂e emissions, 100% of the reported emissions come from data provided by on-site delegates, invoices and meter readings, as opposed to estimates.

For data centre-related CO₂e emissions, 100% of the reported emissions come from data provided by on-site delegates, invoices and meter readings.

For company car related CO₂e emissions, 100% of the reported emissions come from data provided by expense portal as managed by our Human Resources teams.

Total scope 1 emissions as a result of direct combustion of fuel and company owned vehicles:

- > Gas:
 2015: 28 516 tonnes CO₂e
 2016: 13 172 tonnes CO₂e
- > Diesel:
 2015: 2 164 tonnes CO₂e
 2016: 1 461 tonnes CO₂e
- > Company cars:
 2015: 4 935 tonnes CO₂e
 2016: 4 506 tonnes CO₂e

G4-EN16 Energy indirect GHG emissions (scope 2).

Scope 2 emissions are all building related and include electricity for our operations. The reporting boundaries are the same as for scope 1 building related emissions.

- > Electricity:
 2015: 167 455 tonnes CO₂e
 2016: 225 543 tonnes CO₂e

G4-EN17 Other indirect GHG emissions (scope 3).	<p>Scope 3 emissions include air travel for our operations as well as company, private and hired cars for our South Africa operations. Travel-related emissions cover 100% of travel.</p> <ul style="list-style-type: none"> > Flights: 2015: 20 136 tonnes CO₂e 2016: 12 790 tonnes CO₂e > Private Cars: 2015: 6 865 tonnes CO₂e 2016: 6 122 tonnes CO₂e > Car Hire: 2015: 193 tonnes CO₂e 2016: 148 tonnes CO₂e
G4-EN18 GHG emissions intensity.	Our greenhouse gas (GHG) emissions intensity ratio is 6.39 (calculated as our total GHG emissions divided by our total number of employees).
G4-EN19 Reduction of GHG emissions.	In 2016 we set a new carbon reduction target of 10% by the end of 31st September 2018, against the 2015 baseline. At the end of 2016 we achieved a 14.5% increase against the 2015 baseline due to increased reliance on the South African electricity grid which has a higher emission factor than diesel and gas. As a result we have experienced a decrease in scope 1 emissions and an increase in scope 2 emissions.

5 Effluents and Waste

G4-EN23 Total weight of waste by type and disposal method.	In 2016, South African operations recorded waste volumes of 783 tonnes of which 30% were recycled and diverted from landfills.
G4-EN27 Extent of impact mitigation of environmental impacts of products and services.	<p>We continued our journey to reduce our use of natural resources and prevent pollution by using alternative energies such as gas and solar power. This also reduces energy costs and dependence on conventional electricity supply. Our South African sites experienced more reliance on grid power in 2016 compared to 2015, when we relied on more expensive alternative energies, due to electricity supply constraints. Supply has since stabilised, and we continued to balance the most cost-efficient and environmentally-efficient energy sources. This resulted in an overall increase in our grid electricity consumption while we reduced gas and diesel consumption (cleaner yet less efficient), which, in turn, resulted in an increased attributed carbon emission factor. Because of this changed mix of energy sources, our total carbon footprint increased to 263 742 tonnes CO₂^{LA} (2015: 230 264 tonnes CO₂^{LA}) while our total energy use reduced to 354 684 328 kWh^{LA} (2015: 397 920 885 kWh^{LA}). Our carbon emissions increased by 14.5% (reduction target: 10.0% by 2018), and energy consumption reduced by 10.8% (reduction target: 10.2% by 2018).</p>

	2013 ¹	2014	2015	2016	YoY trend
Scope 1 emissions (tonnes CO ₂)	19 837	17 480 ^{LA}	35 615 ^{LA}	19 139 ^{LA}	▼
Scope 2 emissions (tonnes CO ₂)	326 210	293 089 ^{LA}	167 455 ^{LA}	225 543 ^{LA}	▲
Scope 3 emissions (tonnes CO ₂)	26 254	22 759 ^{LA}	27 194 ^{LA}	19 060 ^{LA}	▼
Total carbon footprint (tonnes CO ₂)	372 301	333 328 ^{LA}	230 264 ^{LA}	263 742 ^{LA}	▲
South Africa	346 004	307 354	215 361	229 706	▲
Rest of Africa	26 298	25 974	14 903	34 036	▲

¹ To align with Barclays PLC global requirements and reporting systems, the reporting period changed from the fourth quarter in 2012 to the third quarter from 2013 onwards. 2012 – 2014 have thus been restated.

The measurement of water use remains challenging. Data collection processes for water are fairly immature. Even though the cost of water is relatively cheap, we acknowledge that it is a vital resource and we continue working towards reducing our water consumption by investing in efficient fittings as well as opportunities for boreholes, grey water systems and rain water systems.

In 2016 we reduced our corporate real estate by a further 39 989m² and embedded Green Star rating requirements in six new and refurbished buildings. We decreased our demand from national energy suppliers by over 23m kWh (equivalent to powering 23 293 households) by relying on our Johannesburg Campus energy centre, and reduced our carbon footprint by 7 070 tonnes by using cleaner gas power supply. Our 1MW solar panel plant in Pretoria saved 1 548 tonnes of carbon emissions (equivalent to over 40 000 trees grown for 10 years). We saved 12.4m litres of water through leak management and grey water systems in five buildings. Our Carbon Disclosure Project score stayed steady at B rating ('taking coordinated action on climate change issues') which is above the C ('knowledge of impacts on, and of, climate change issues') industry average.

Social

1 Labour practices and decent work

Disclosure on management approach

We have continued attracting, developing and retaining the best talent. We continued to revise our internal policies and practices, particularly in the areas of leadership, talent, reward and performance, to support our commitment to making Barclays a values-driven business. South Africa remains the most significant contributor to our operations. We currently focus on South African Financial Sector Code requirements. This requires that we report on the proportion of previously disadvantaged South African employees. In reporting in accordance with these requirements, we track this proportion by employee level, including management.

G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender, and region.

We have 41 241^{LA} employees of which:

- > 25 217 are women and 16 024 are men; and
- > 39 356 are permanent and 1 885 are temporary.

	Employees ¹
1 Botswana	1 178
2 Ghana	1 111
3 Kenya	2 765
4 Mauritius	762
5 Mozambique	928
6 Seychelles	217
7 South Africa	30 739
8 Tanzania BBT ²	496
8 Tanzania NBC ³	1 212
9 Uganda	869
10 Zambia	964

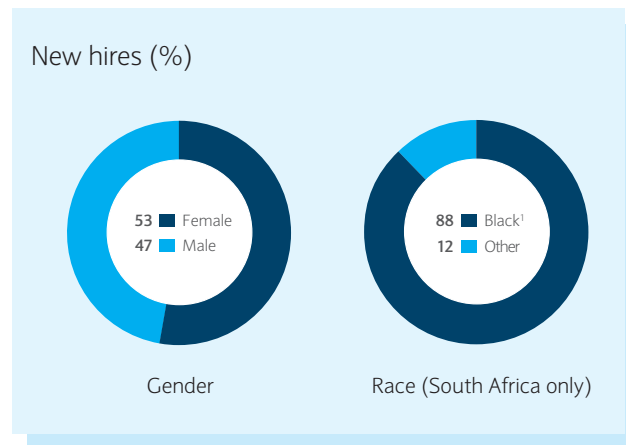
¹ Includes permanent and temporary employees.

We experienced the lowest total employee turnover in four years which reduced to 9.86%^{LA} (2015: 12.0%^{LA}). Importantly, 93.5% (2015: 91.4%) of high performers were retained and voluntary attrition reduced to 7.4% (2015: 8.0%).

2016 Integrated Report:

- > Pages 32 to 34 – Colleague Balanced Scorecard review

Our improving employer brand and the pan-African opportunities we offer underpin our ability to attract top employees. We hired 6 771 people.



¹ Definition as per South African Broad-Based Black Economic Empowerment Act.

We do not currently report workforce statistics broken down by age and our multi-cultural (race) reporting is limited to BBBEE reporting for our South African operations.

2016 Integrated Report:

- > Pages 82 to 83 – BBBEE performance summary

Supplementary fact sheet:

- > BBBEE

G4-LA12 Composition of governance bodies and breakdown of employees per employee sub-category according to gender, age group, minority group membership, and other indicators of diversity.

2016 Integrated Report:

- > Pages 9 to 13 – Board and Executive Committee
- > Pages 32 to 34 – Colleague Balanced Scorecard review

We do not currently report workforce statistics broken down by age and our multi-cultural (race) reporting is limited to BBBEE reporting for our South African operations.

2016 Integrated Report:

- > Pages 82 to 83 – BBBEE performance summary

Supplementary fact sheet:

- > BBBEE

2 Human Rights

Disclosure on management approach

We operate in accordance with the International Bill of Human Rights, including the UN Guiding Principles on Business and Human Rights, and take account of other internationally accepted human rights standards. We also respect and promote human rights through our employment policies and practices, through our supply chain and through the responsible provision of our products and services.

G4-HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

Evaluation of human rights and social aspects is integrated into our product development, business relationships and transaction review. Human rights are referenced explicitly in our code of conduct – the Barclays Way – and supplier code of conduct.

3 Society

Disclosure on management approach

We aspire to run our business in an open and transparent manner and therefore take a zero tolerance approach to bribery and corruption. Our anti-bribery and anti-corruption policy and standards summarise our commitments in conducting our global activities free from any form of bribery and corruption.

G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.

2016 Integrated Report:

- > Pages 2 to 4 – Chairman’s reflections, specifically page 3
- > Pages 5 to 7 – CEO’s reflections, specifically page 6 to 7
- > Pages 38 to 42 – Conduct Balanced Scorecard review
- > Pages 51 to 54 – Risk summary, specifically pages 53 and 54 operational and conduct risks
- > Pages 55 to 68 – Governance review, specific reviews include DAC (page 62), GACC (page 63), GRCMC (page 64) and SEC (page 66)

We conduct a comprehensive anti-bribery and anti-corruption (ABC) risk assessment on an annual basis. The risk assessment is administered by the financial crime team that monitors the completion of action plans to mitigate identified key risks. These risks tend to relate to the countries where we conduct business, how we engage certain parts of our diverse customer base, how we manage third-party relationships or areas of our anti-bribery and anti-corruption control framework that require further strengthening.

G4-SO4 Communication and training on anti-corruption policies and procedures.

2016 Integrated Report:

- > Pages 38 to 42 – Conduct Balanced Scorecard review

Supplementary information:

- > 2016 Pillar 3 risk management report > conduct risk

G4-SO5 Confirmed incident of corruption and actions taken.

2016 Integrated Report:

- > Pages 5 to 7 – CEO’s reflections, specifically page 7

2016 Consolidated and separate financial statements:

- > Page 107 – Note 54 Contingencies, which outlines our legal proceedings and regulatory matters

G4-SO6 Total value of political contributions by country and recipient/beneficiary.

We are politically neutral and do not participate in party political activities or make party political contributions.

G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

2016 Integrated Report:

- > Pages 38 to 42 – Conduct Balanced Scorecard review

2016 Consolidated and separate financial statements:

- > Page 107 – Note 54 Contingencies, which outlines our legal proceedings and regulatory matters

4 Product responsibility

Disclosure on management approach

There are a number of mechanisms in place guiding our behaviour. From our approach to responsible lending and assisting retail customers in financial difficulty, to managing the environmental and social risks in our lending, to our conduct.

- › Pages 35 to 37 – Citizenship Balanced Scorecard review
- › Pages 38 to 42 – Conduct Balanced Scorecard review
- › See our 2016 Pillar 3 risk management report for details on our forbearance programmes.

Lending practices

As an Equator Principles Financial Institution, we provide project financing only to project sponsors undertaking environmentally and socially responsible developments. We aim to ensure that the environmental and social risks related to our lending are well managed. Before obtaining credit approval, transactions must be screened and evidence provided that the identified risks (including reputational risks) can be properly mitigated. This is achieved through a number of mechanisms:

- › Our specialist environmental credit risk team assists and guides business and risk managers on managing these risks.
- › Our deal teams draw on environmental and social risk guidance notes to aid their understanding and identification of key sector risks, headline issues and considerations to inform their decision-making.
- › Our client relationships are guided by the Equator Principles' requirements, our client assessment and aggregation policy and the supporting environmental and social risk standards.
- › Where appropriate, environmental consultants are appointed to assess and mitigate the identified risks.

The Environmental Credit Risk Management Learning programme was completed by 145 employees, either by following an interactive online training course or by attending general environmental credit risk presentations. The training, targeting internal credit and business employees, enhances bankers' awareness of environmental and social risks and illustrates how these relate to sustainable finance.

In accordance with Equator Principles III we:

- › evaluate each proposed project's expected social and environmental impacts;
- › categorise the project in terms of the International Finance Corporation's environmental and social categorisation process as category A, B or C, based on the expected magnitude of its impacts; and from 2014, report in accordance with Equator Principles III (June 2013) requirements.

In 2016, we screened two^{LA} (2015: seven^{LA}) project finance transactions that reached financial close, and provided advisory services for a power project. We provided further guidance on 151 general transactions (outside the Equator Principles definitions or scope) across various sectors, with the majority in mining and metals, followed by infrastructure and power generation (including renewable energy). Both of the reported Equator Principles projects have been independently reviewed, and are located in South Africa, a non-designated country. We have no project finance advisory services or project-related corporate loans to report in 2016 (2015: nil).

We monitor developments in the environmental risk field and broaden our understanding of environmental and social risk. For example, our nuclear and defence policies provide further details on appropriate due diligence for credit transactions in these sensitive industries. We also recognise the challenges the power and energy sector face, and the vital role that it plays on the continent.

Equator Principle project finance transactions

	2015			2016		
	A	B	C	A	B	C
Sector						
Mining and metals	–	–	–	–	–	–
Infrastructure	–	–	–	–	–	1
Oil and gas	–	–	–	–	–	–
Power generation	1	6	–	–	1	–
Other	–	–	–	–	–	–
Region						
Americas	–	–	–	–	–	–
Europe, Middle East and Africa	1	6	–	–	1	1
Asia Pacific	–	–	–	–	–	–
Country designation						
Designated country	–	–	–	–	–	–
Non-designated country	1	6	–	–	1	1
Independent review						
Yes	1	6	–	–	1	1
No	–	–	–	–	–	–
Total	1	6	0	0	1	1

Other transactions

	2015	2016
Sector		
Mining and metals	19	35
Infrastructure	44	29
Oil and gas	17	12
Power generation	11	14
Power generation (renewable energy)	14	18
Agriculture and fisheries	1	5
Chemicals and pharmaceuticals	1	1
Manufacturing	10	18
Services	11	16
Utilities and waste management	3	3
Region		
Americas	–	–
Europe, Middle East and Africa	132	151
Asia Pacific	–	–
Total	132	151

G4-PR5 Results of surveys measuring customer satisfaction.

2016 Integrated Report:

- > Pages 26, 29 to 31 – Customer & Client Balanced Scorecard review
- > Pages 38 to 42 – Conduct Balanced Scorecard review

G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

We have robust controls in place to protect the personal data about our customers that we use in the course of our business activities. We continually review our procedures to ensure that they comply with international privacy laws. Protecting personal data is a top priority and a matter that we take extremely seriously. We handle privacy complaints in line with our complaints-handling procedures, however, there are challenges in terms of obtaining the granularity of data required to give a precise answer to this indicator requirement.

G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

2016 Integrated report

> Pages 38 to 42 – Conduct Balanced Scorecard review, specifically page 40

Consolidated and separate financial statements:

> Page 107 – Note 54 Contingencies, which outlines legal proceedings and regulatory matters.

FS7* Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.

Please refer to FS13 and FS14.

FS8* Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.

See below – renewable energy financing is one example.

Renewable energy financing

Both renewable energy projects and fossil fuel projects will be required, at least in the medium term, to ensure energy security as the global energy industry bridges the gap to cleaner options. In Africa, energy security is key to economic growth and we continue to play a role in funding both renewable energy and fossil fuel projects on the continent.

In South Africa, progress is being made in addressing climate change issues and shifting towards a low-carbon economy. One such initiative is the Renewable Energy Independent Power Producer Procurement Programme.

Implemented in 2010, it provides for participation by independent power producers through the procurement of targeted megawatt allocations. The renewable energy technologies supported include wind, solar photovoltaic, concentrated solar power and biomass, and have been designed to benefit local communities while also impacting many other businesses during the various construction phases. This programme is making a significant contribution to energy generation, environmental sustainability and economic growth and development.

South Africa is currently the continent's largest renewable energy market. 64 projects, with a total capacity of 3 916MW, have been approved by the Department of Energy. We have been involved in financing 20 projects, with a combined capital value of R52bn, making up a total of 1 598MW, including 456MW for solar photovoltaic, 892MW for wind and 250MW for concentrated solar technologies. This represents about 41% of all renewable energy projects (by MW) awarded so far. An additional 13 projects (1 318MW valued at R34bn) were expected to reach financial close in 2016; however, relevant approvals for 12 of these are still outstanding. We were lead arranger on the Kathu Concentrated Solar Project, a 100MW renewable energy plant to be constructed in the Northern Cape.

FS13* Access points in low-populated or economically disadvantaged areas by type.

See below – Initiatives reported represent a selection of examples.

Our ability to support customers and clients hinges on our ability to reach them through the channels most convenient and useful to them. We continued with our multi-channel programme which included the reshaping of our network to more closely reflect market opportunities and our customer base.

We continue to invest in digitisation, innovation, developing our people and reinvigorating the branch and ATM networks. Strengthening and extending our online and mobile service continues to be a priority. Internet banking is now available in all markets and we have intelligent ATMs in all markets. Over and above our online and mobile platforms, we provide access via 1 207 branches and 10 013 ATMs across our operations. We partner with various retailers to serve our customers in ways over and above those listed above.

In South Africa, we have worked actively to expand the reach of our sales and service points since the inception of the Financial Sector Charter and have maintained our coverage for the past four years. In 2016, 61.60% (2015: 59.55%) of our entry-level customers (corresponding with living standards measure 1 to 5) lived within five kilometres of a transaction point; 76.85% (2015: 73.71%) lived within 10 kilometres of a service point; and 73.49% (2015: 73.57%) lived within 15 kilometres of a sales point. Whenever we open or close points of presence, we carefully consider the resulting impact on coverage, and in the case of closures, identify a suitable alternative. Among these customers, electronic access penetration decreased to 13.09% from 13.57% in 2015.

* Financial Services Sector Disclosure indicator.

FS14* Initiatives to improve access to financial services for disadvantaged people. Initiatives reported represent a selection of examples.

We focus on relevant affordable products and services, innovative delivery channels designed to facilitate easier access to financial services, and consumer education that improves financial literacy. We have a clear focus on developing innovative ways to improve access to economically disadvantaged people.

In addition to the physical access outlined in FS13, we have a number of products aimed to increase access to financial services and we seek to help customers transition to 'smart banking' with cheaper and more convenient banking channels. Our pricing model encourages and rewards customers who choose to make use of electronic or digital channels.

- > Stokvels, a group savings and lending system, have long been a safety net for millions of Africans, providing financial security and social wellbeing. The Absa Club Account operates as a convenient savings and transactional tool for groups of people with common financial interests who want to save together.
- > Our affordable housing business unit addresses the housing challenges faced by consumers who earn less than R20 000 per month (single or joint household) in support of the South African government's agenda on providing affordable housing to people. We also trained the majority of these customers through our borrower education programme that covers key aspects of home ownership, home maintenance and personal financial matters.
- > We continue to expand our branchless banking to include more retailers whom are independent small businesses, enabling customers to deposit and withdraw money, check balances, obtain mini-statements and buy pre-paid airtime.
- > Our partnership with PEP stores in South Africa enables us to provide financial services to people in marginalised and poor communities through a channel that is convenient and trusted. Launched in late 2014, approximately 200 000 customers are using services provided through PEP stores. Additionally, money transfers through PEP stores regularly exceed 850 000 monthly transactions, facilitating easy person-to-person money transfer for people not necessarily involved in the formal banking system.
- > South African customers have free access to digital banking channels (USSD, App and Internet banking) – enabling customers to transact at any time, any place and at no monthly cost.
- > Account opening, via a tablet device is available at remote locations.
- > Our ATM and mobile channels functionality includes services such as cash acceptance, CashSend (customers can electronically transfer funds via mobile or internet banking to a recipient, who is then able to withdraw the funds without needing a card or bank account) and Scan and Pay (which allows anyone to make payments to selected beneficiaries by either scanning or keying in a reference/account number).
- > Access to affordable smartphones is a barrier to the adoption of electronic banking for some clients. As part of addressing this barrier in South Africa, we partnered with a national retailer to sell smart phones, including affordable ones, in our Absa branches.

* Financial Services Sector Disclosure indicator.