



# Barclays Africa Group Limited

2017 Broad-based black economic empowerment report

# Our reporting suite



All of the reports listed below are available on [barclaysafrica.com](http://barclaysafrica.com) and on our interactive report site [barclaysafrica2017ar.co.za](http://barclaysafrica2017ar.co.za). Comments or queries regarding these documents can be sent to [groupinvestorrelations@barclaysafrica.com](mailto:groupinvestorrelations@barclaysafrica.com) or [groupsecretariat@barclaysafrica.com](mailto:groupsecretariat@barclaysafrica.com)

Document	Scope and boundary	Reporting standards/frameworks	Assurance
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## Integrated report and environmental, social and governance disclosures

<ul style="list-style-type: none"> <li>• 2017 Integrated Report</li> <li>• 2017 GRI (Global Reporting Initiative) report</li> <li>• 2017 King IV review</li> <li>• 2017 Broad-based black economic empowerment (BBBEE) report</li> <li>• Notice of annual general meeting 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Barclays Africa, including key banking and insurance subsidiaries</li> <li>• BBBEE applies to our South African operations</li> </ul>	<ul style="list-style-type: none"> <li>• International Integrated Reporting Council's (IIRC's) Integrated Reporting &lt;IR&gt; Framework</li> <li>• Companies Act No 71 of 2008 of South Africa</li> <li>• JSE Listings Requirements</li> <li>• King IV Report on Corporate Governance for South Africa, 2016™ (King IV)</li> <li>• Amended Financial Sector Code</li> <li>• GRI G4 Standards; Financial Sector Supplement and the Greenhouse Gas Protocol</li> </ul>	<ul style="list-style-type: none"> <li>• Internal controls and management attestations</li> <li>• Compliance, internal audit and legal reviews</li> <li>• External audit opinion on financial information, and external assurance on select indicators</li> <li>• Independent BBBEE verification</li> <li>• Board approval, assisted by the Disclosure, Social and Ethics, and Directors' Affairs Committees</li> </ul>
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## Financial, risk and capital management disclosures

<ul style="list-style-type: none"> <li>• Summarised consolidated and separate financial statements</li> <li>• Annual consolidated and separate financial statements</li> <li>• Pillar 3 risk and capital management report</li> <li>• Financial results booklet and investor presentation</li> </ul>	<ul style="list-style-type: none"> <li>• Barclays Africa including subsidiaries, associates and joint ventures</li> <li>• Note 49.3 of the annual financial statements provides a list of material subsidiaries and consolidated structured entities</li> </ul>	<ul style="list-style-type: none"> <li>• International Financial Reporting Standards (IFRS)</li> <li>• Companies Act of South Africa</li> <li>• Banks Act, No 94 of 1990</li> <li>• JSE Listings Requirements</li> <li>• King IV</li> </ul>	<ul style="list-style-type: none"> <li>• Internal controls and management assurance</li> <li>• Compliance and internal audit and legal reviews</li> <li>• Board approval, assisted by the Group Audit and Compliance, and Group Risk and Capital Management Committees</li> <li>• External audit opinion (within the consolidated and separate financial statements)</li> </ul>
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# Introduction

In South Africa we embrace the principles of the Broad-Based Black Economic Empowerment (BBBEE) Amendment Act, which serves as the basis for the Department of Trade and Industry's Financial Sector Code (FS Code). Our long-standing commitment to transformation goes beyond the FS Code.

## We believe transformation has the following core components

- Investing in economic growth and entrepreneurs, creating sustainable jobs and reducing inequality;
- Strengthening South Africa's competitiveness by developing each demographic's skills base;
- Using intellectual, financial and human capital to improve our communities;
- Transforming our own organisation through a fair, equal-opportunity, values-based culture; and
- Addressing historic imbalances by enabling Black people, women, youth and people with disabilities to sustainably and independently participate in the economy.

## Transition to the Amended FS Code

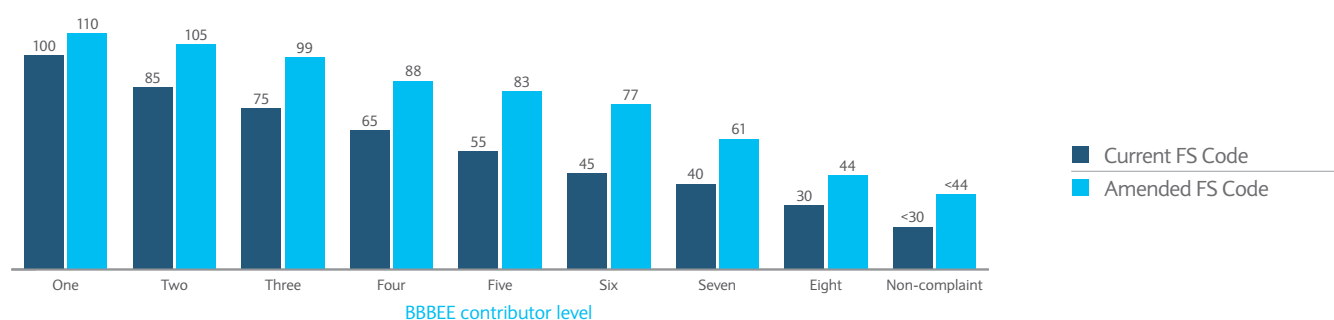
Since 2013 we have been reporting our transformation progress against the FS Code, gazetted in 2012. It was subsequently aligned with the Amended Generic Codes of Good Practice, and the Amended FS Code was gazetted (and became effective) on 1 December 2017. Other than supplier development the code has the same elements, however, certain changes within the elements do not allow for year-on-year comparison.

Other than higher targets, key changes include (i) revised qualification points required to attain each BBBEE contributor level; (ii) priority elements and the discounting principle effect – those elements that have minimum points requirements to avoid a level discount; (iii) a new measurement – supplier development; (iv) and heavier weightings for each FS Code element.

## Revised elements weightings, bonus and discounting

	Previous FS Code		Amended FS Code		Minimum points required for priority element to avoid level discount
	Basic points	Bonus points	Basic points	Bonus points	
Ownership	14	3	23	5	2.4
Management control	8	1	8	–	n/a
Employment equity	15	3	12	–	–
Skills development	10	–	20	3	6
Preferential procurement	16	–	15	4	n/a
Empowerment financing	15	–	15	–	6
Enterprise development	5	–	3	2	1.2
Supplier development	–	–	7	2	2.8
Socioeconomic development	3	–	3	2	n/a
Consumer education	2	–	2	1	n/a
Access to financial services	12	–	12	–	n/a
<b>Total</b>	<b>100</b>	<b>7</b>	<b>120</b>	<b>19</b>	

## Qualification points



Our reporting suite	IFC > Ownership	2	Preferential procurement	4	
Introduction	1 > Management control	2	Empowerment financing, supplier and enterprise development	5	
> Verified scorecard	2	Employment equity	3	Socioeconomic development and consumer education	6
Empowerdex certification	9	Skills development	3	Access to financial services	7
Contact details	IBC				

# Verified scorecard

Our BBBEE performance is independently verified by an accredited verification agency.

Black refers to all African, Coloured or Indian people qualifying for South African citizenship by birth or descent, or people who were naturalised before 27 April 1994.

Key elements	Old FS Code Points + (*)	2013 Points	2014 Points	2015 Points	2016 Points	Amended FS Code Points + (*)	2017 Points
1 Ownership	14 + (3)	6.62	8.73	8.66	9.94	23 + (5)	<b>17.67</b>
2.1 Management control – Board	8 + (1)	3.04	3.24	3.63	4.96	8	<b>5.01</b>
2.2 Management control – Employment equity	15 + (3)	9.70	9.87	10.22	11.72	12	<b>7.77</b>
3 Skills development	10	9.07	9.12	9.68	10.00	20 + (3)	<b>15.52</b>
4 Preferential procurement	16	14.92	15.28	16.00	16.00	15 + (4)	<b>14.52</b>
5 Empowerment financing	15	13.91	14.80	15.00	15.00	15	<b>15.00</b>
5 Enterprise development	5	5.00	5.00	5.00	5.00	3 + (2)	<b>3.00</b>
5 Supplier development	–	–	–	–	–	7 + (2)	<b>9.00</b>
6 Socioeconomic development and Consumer education	3	3.00	3.00	3.00	3.00	3 + (2)	<b>5.00</b>
	2	2.00	2.00	2.00	2.00	2 + (1)	<b>2.76</b>
7 Access to financial services	12	7.90	8.40	8.00	10.94	12	<b>10.27</b>
Total	100 + (7)	75.16	79.44	81.19	88.56	120 + (19)	<b>105.52</b>
BBBEE contributor level status		Level 3	Level 3	Level 3	Level 2		<b>Level 2</b>

\* Bonus points.

## 1. Ownership

In 2004 we allocated 10% ownership to Black participants through the Batho Bonke empowerment consortium. 4.99% of the deal was unwound partly in 2009 and the remaining 5.01% in 2012. The deal created a net value of R2.5bn after the consortium sold their equity. With the Amended FS Code, which recognises the Black ownership after the sale of shares, limited to the net value realised, we are still able to claim a portion of our Black ownership points in respect of the sale.

Our ownership score of 17.67 aggregates:

- (i) the recognition of ownership after the sale by Black participants;
- (ii) indirect ownership; and
- (iii) equity equivalents from surplus empowerment financing.

This translates to Black persons and Black women ownership of 14.96% (2016: 17.36%) and 6.41% (2016: 6.72%), respectively.

In 2017, Barclays PLC reduced its shareholding in Barclays Africa from 50.1% to 14.9%. As part of the Separation, Barclays PLC contributed the cash equivalent of 1.5% of our market capitalisation towards the establishment of a new BBBEE structure. This contribution was used to acquire a stake in Barclays Africa, pending a new BBBEE share ownership scheme. It was valued at R2.4bn as at 31 December 2017.

## 2.1 Management control

	2013 %	2014 %	2015 %	2016 %	2017 %	YoY trend
Black representation at Board level	25.0	23.1	23.1	25.0	<b>33.3</b>	▲
Black representation at top management level 1	15.1	18.3	18.4	25.9	<b>50.0<sup>1</sup></b>	▲

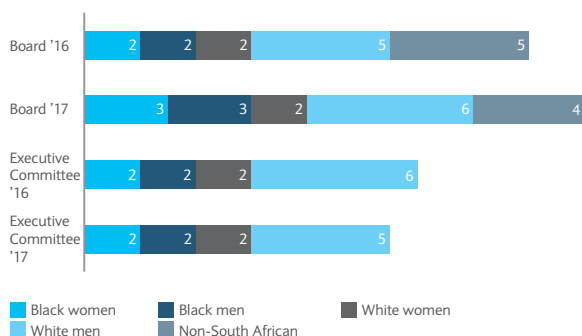
<sup>1</sup> excludes executive directors

The Amended FS Code requires that we disclose our ownership and management control at the effective date of our BBBEE certificate (7 March 2018).

Our Board comprises 18 directors, 14 members are South African, of whom three are Black men and three are Black women. The remaining four are Ghanaian, Kenyan and (two) British nationals. We appointed a Black South African woman, Tasneem Abdool-Samad on 1 February 2018, which increased our Board's Black representation to 33%.

The Executive Committee comprises 11 members of whom two are Black men and two are Black women. Our Chief Audit Executive is also a Black woman, however she is an *ex officio* member.

#### Management composition (number)



## 2.2 Employment equity

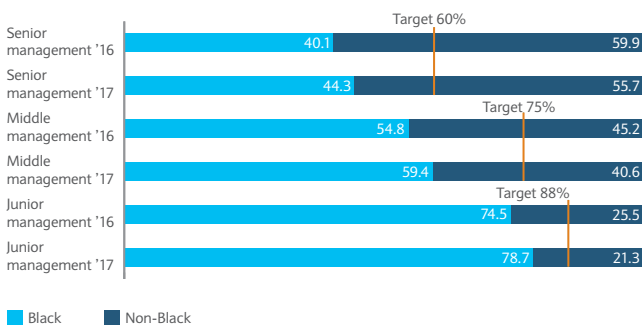
	2013 %	2014 %	2015 %	2016 %	2017 %	YoY trend
Black disabled employees as a % of total employees	0.3	0.3	0.3	10.0 <sup>1</sup>	- <sup>1</sup>	Not comparable
Black senior management representation	32.2	32.2	35.6	40.1	44.3	↗
Black women senior management representation	12.0	13.0	14.6	16.8	19.0	↗
Black middle management representation	49.8	51.2	52.4	54.8	59.4	↗
Black women middle management representation	26.1	26.7	27.4	29.0	31.8	↗
Black junior management representation	71.9	73.6	72.4	74.5	78.7	↗
Black women junior management representation	50.9	52.5	51.6	53.3	56.7	↗

<sup>1</sup> In 2016 disability status was confirmed by a third-party medical aid provider. From 2017 this is not a verifiable basis.

We are committed to the Employment Equity Act, and ensure equal opportunities and a fair workplace that is free of unfair discrimination. Race (ethnicity), gender and disability are our primary diversity and inclusion focus areas, and are complemented by our secondary focus on LGBTi, and age-inclusive agendas.

In South Africa, 71.9% of our employees, 90% of new hires and 80.8% of promotions were Black (2016: 68.6%; 88.0%; 82.5%, respectively). We have progressed against our internal targets but remain behind the Amended FS Code targets at all management levels, and continue applying talent development and skills retention programmes. Middle management employees are a critical pipeline for senior succession – we offer them a combination of formal learning, coaching and mentoring opportunities.

#### Management composition per level (%)

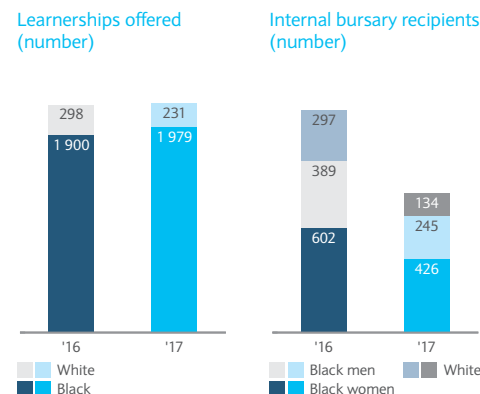


## 3. Skills development

	Black people <sup>1</sup> Rm	Black women <sup>1</sup> Rm	African only <sup>1</sup> Rm
Senior management	8.9	6.1	6.1
Middle management	141.8	79.5	84.8
Junior management	194.4	140.7	126.7
Non-management employees	50.5	37.3	37.6
Black unemployed people (Rm)	119.0	n/a	n/a
Black learnerships as a percentage of total headcount (%)	6.6	4.5	4.7

<sup>1</sup> Due to the changes in the skills development measurements, year-on-year comparisons are not possible.

We invest in skills development to address knowledge and skills gaps within the organisation and the wider South African labour market. We provide on-the-job training, management and leadership development, formal learnerships, internships, employee tertiary qualification bursaries, and the Rising Eagles Graduate Programme. Of our 2 210 learnership recipients, 1 979 are Black. 363 were unemployed Black learners, 174 of whom completed their learnerships in 2017 and 93 have been permanently placed in the Group or elsewhere in the financial services industry.



Our employees leveraged the internal development offerings available to them, contributing to the reduction in bursary recipients to 805, of which 671 were Black. (2016: 1 288: 991 respectively).

We participate in formally funded programmes with BANKSETA and INSETA – statutory bodies that support and develop skills for the financial services sector.

Through our banking relationships with technical and vocational education and training institutions (TVETs) and our partnerships with the public sector, we address youth employability issues. With these institutions, we actively manage students' workplace challenges, including retention post-learnerships, life skills, and management's ability to manage graduates. We also partner with TVETs to provide workplace exposure and job-shadowing as detailed in the socioeconomic development section. Over the past two years internship opportunities have been provided to 112 TVET interns in various business units. 49 of these interns have concluded their internships, and 30 now hold permanent positions in our organisation.

#### 4. Preferential procurement

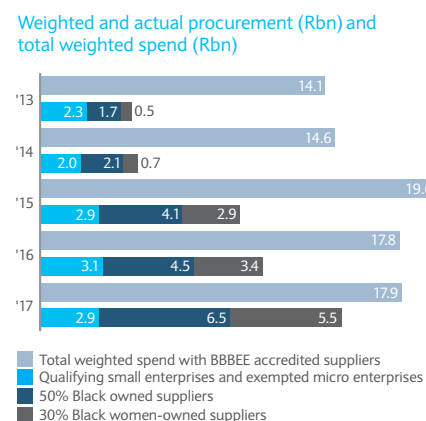
	2013 Rbn	2014 Rbn	2015 Rbn	2016 Rbn	2017 Rbn	YoY trend
Total measurable procurement	10.9	12.6	13.9	12.9	15.1	▲
Total weighted spend with BBBEE-accredited suppliers	14.1	14.6	19.6	17.8	17.9	▲
Procurement from qualifying small enterprises and exempted micro enterprises suppliers	2.3	2.0	2.9	3.1	2.9	▼
Procurement from 50% Black-owned suppliers	1.7	2.1	4.1	4.5	6.5	Not comparable
Procurement from 30% Black women-owned suppliers	0.5	0.7	2.9	3.4	5.5	Not comparable

Our procurement spend is weighted according to the BBBEE contributor level of suppliers. Our total weighted spend on products and services increased to R17.9bn from 2 374 BBBEE-accredited suppliers (2016: R17.8bn; 2 608 suppliers). However, total weighted spend with Black small and medium enterprises (SMEs) declined to R2.9bn from R3.1bn. The recent changes in the Amended Codes of Good Practice and Amended FS Code have made it difficult for some suppliers to maintain their BBBEE status, which in turn affects our qualifying spend.

We are increasing our spend with accredited Black-owned and Black women-owned suppliers through supplier development initiatives in our focus areas, being corporate support services, technology, banking operations and professional services. These initiatives increase Black SMEs' capacity and so their ability to meet our needs.

We segment contracts into smaller pieces of work and include small suppliers in our database to develop qualifying small enterprises and exempted micro enterprises.

As per the Amended FS Code, from 2017 our spend with 50% Black-owned and 30% Black women-owned suppliers is reported on a weighted basis. We have, however, presented our historical actual figures to present our progress over time.



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Introduction	1	Management control	2	Empowerment financing, supplier and enterprise development	5
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## 5. Empowerment financing, supplier and enterprise development

	2013 <sup>1</sup> Rm	2014 <sup>1</sup> Rm	2015 <sup>1</sup> Rm	2016 <sup>1</sup> Rm	2017 <sup>1</sup> Rm	YoY trend
Empowerment financing						
Targeted investments						
Transformational infrastructure financing	1 997.8	1 930.2	1 872.0	2 250.0	4 556.6	▲
Black SME financing	364.0	530.1	589.1	488.7	643.1	▲
Black agricultural financing	40.1	–	33.6	86.7	133.4	▲
Affordable housing	6 271.0	7 901.0	10 235.0	11 189.0	11 591.0	▲
BBBEE transaction financing <sup>2</sup>	6 294.3	12 255.5	14 665.7	16 472.4	7 476.2	Not comparable
Annual supplier development spend <sup>3</sup>	n/a	n/a	n/a	n/a	107.8	Not comparable
Annual enterprise development spend	21.6	23.6	27.4	37.7	24.6	▼

<sup>1</sup> Figures are cumulative in terms of reporting under the FS Code from 1 January 2012.

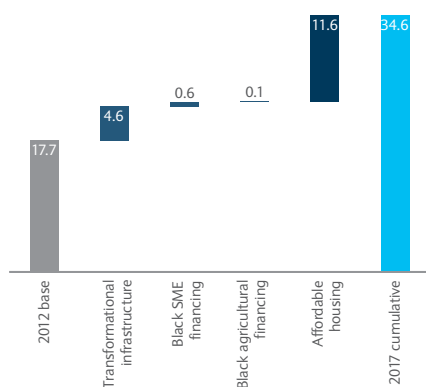
<sup>2</sup> Prior year figures include amounts recognised as equity equivalents under the ownership scorecard. Current year figure is in line with the Amended FS Code limitation.

<sup>3</sup> New metric in the Amended FS Code.

### Targeted investments

Per the Amended FS Code, targeted investments address gaps in economic development and job creation, including transformational infrastructure, Black SME financing, Black agricultural financing, and affordable housing. We financed R34.6bn against our target of R28.6bn (up R16.9bn from 2012 base of R17.7bn). Of the R34.6bn, R5.4bn was transferred to the ownership scorecard as equity equivalents and the remaining R29.2bn was recognised in this element.

Accumulated targeted investments (Rbn)



### Transformational infrastructure financing

We met our 2017 target by funding metropolitan, district and local municipalities R6.7bn (up R4.6bn from 2012 base of R2.1bn). R5.4bn was transferred to the ownership scorecard as equity equivalents.

### Black SME financing

We empower enterprises that would ordinarily not qualify for funding through a ring-fenced enterprise development credit fund. When funding a client in this sector, we rely more on the strength of their contract with a corporate client than their balance sheet or ability to provide collateral.

Entrepreneurs who are not part of a corporate supply chain can access Absa's Development Credit Fund or the Women Empowerment Fund, while the development of agricultural enterprises is financed through our partnership with Thembeni International Guarantee Fund.

### Black agricultural financing

We have substantially progressed our financing of Black agribusinesses, largely in Gauteng and KwaZulu-Natal, and our client base increased by 20%. The majority of our Gauteng clients are involved in intensive production systems, which is production conducted in small areas with high inputs/input costs and high yields, e.g. mushrooms, poultry or vegetable tunnels; while KwaZulu-Natal leads in forestry. We nearly doubled our spend commitment in this area.

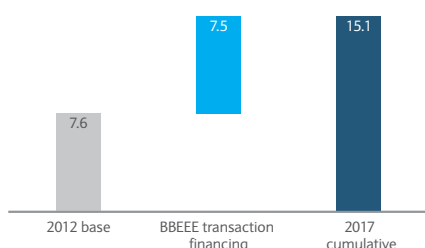
### Affordable housing

Our affordable housing business unit serves consumers who earn less than R22 000 per month (per household). In support of the government's affordable housing agenda, we provided R873m in new home loans to 2 508 customers (2016: R1 058m to 3 019 customers). We trained the majority of these customers through our borrower education programme, which covers key aspects of home ownership such as home maintenance and personal financial matters. Our lending increased slightly to R11.6bn, but was impacted by limited housing stock in the market and new competitors in the segment (2016: R11.2bn).

### BBBEE transaction financing

The Amended FS Code limits BBBEE transaction financing to the provision of finance for the acquisition, by Black people, of direct ownership in an existing or new entity. This sector is highly competitive and there were few new transactions concluded in recent years. Therefore, our focus remains on refinancing existing transactions. While our year-to-date finance is at R15.1bn (up R7.5bn since our 2012 base of R7.6bn) against the Amended FS Code target of R14.8bn, the decrease this year to R7.5bn is due to the Amended FS Code limiting BBBEE transaction financing to only transactions for the acquisition, by Black people, of direct ownership in an existing or new entity.

Accumulated BBBEE transaction financing (Rbn)



Supplier development

We have a supplier development fund that finances our Absa supplier SMEs at preferential rates. This funding is linked to Group procurement contracts of not less than three years, and supports SMEs’ operations, growth and ability to employ people.

Our aim is to develop SMEs to be sustainable, financially and operationally independent, and for them to have access to other markets. We have contributed R108m to supplier development in the form of grants, direct cost support, low interest rates and funding.

Delivery on our supplier development commitments included:

- Duratherm, South Africa’s first Black-owned geyser manufacturer: we granted a procurement contract, funding for the acquisition of a 51% stake in WE Geysers and a grant contribution for start-up operating capital. The organisation has grown during the year and created nine jobs.
- VBE Couriers, a 100% Black-owned entity: we granted a procurement contract, funding and a grant contribution for the acquisition of capital equipment to enable them to service their contracts.

6. Socioeconomic development and consumer education

	2013 Rm	2014 Rm	2015 Rm	2016 Rm	2017 Rm	YoY trend
Socioeconomic development spend	86.8	85.3	97.8	100.0	95.6	Not comparable
Consumer education	17.1	23.9	27.6	29.4	29.2	✓

Socioeconomic development

Our Shared Growth philosophy drives education initiatives centred on empowering youth. We offer skills-building programmes and mentorship to make them more employable, and financial assistance for better education. In line with the Amended FS Code, R114m that would previously have been measured under this element, was recorded as Black unemployed skills development.

Enterprise development

As we are a financial services provider, our enterprise development enables qualifying emerging SMEs to access development finance, and provides them with business development support and enhanced market access through our partnership with the supply chain network.

Our approach to value-chain lending blends our commercial funds and/or guarantees with more affordable options from third parties to improve these emerging businesses’ probability of success. We have signed over R2.1bn (R215m was disbursed) in financing mandates with our corporate clients and third-party financiers to support SMEs and to optimise and transform our corporate clients and their supply chains.

Our four enterprise development centres are hubs for emerging SMEs to network, access IT facilities and boardrooms, and receive training. In 2017, we incubated 179 SMEs and launched two new programmes, being (i) the Absa Accelerator Programme; and (ii) the Absa Development Programme, both designed to deliver high-impact, high-value business solutions tailored to each entity. In addition, we have three centres designed for early development stage entrepreneurs, providing solutions specific to their needs.

To date, we have provided training, workshops and conferences to more than 100 000 SMEs, often at our enterprise development centres and through various programmes with strategic partners.

Furthermore, our access-to-markets online portal has over 67 000 registered SMEs and over 7 000 registered corporate buyers, with R2.6m active tenders (2016: 59 200 SMEs, 7 000 buyers). In 2017, we held conferences to develop SMEs’ capacity and expertise such as Proudly SA Buy Local Summit; Smart Procurement World Summit; Women in Business; and the Global Entrepreneurship Congress.

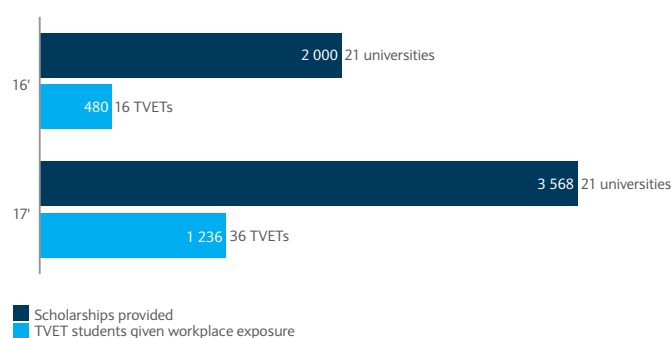


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We delivered on our commitment by:

- Financially supporting students to access education in institutions of higher education and training;
- Providing strategic funding, institutional development and infrastructure support to schools, universities and government agencies to improve their capacity and outcomes; and
- Making students more employable by facilitating opportunities for practical training through work-place exposure, job-shadowing and placements.

#### Beneficiaries (number)



Through public-private partnerships, we implement basic and tertiary education initiatives:

- To alleviate the student funding crisis, we enhanced our scholarship programme, and invested R154m in scholarships for 3 568 university students (2016: R80m; 2 000 students).

## 7. Access to financial services

	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>	YoY trend
Geographic access						
Transactional points (%) <sup>2</sup>	57.35	59.52	59.55	61.60	61.69	▲
Service points (%) <sup>3</sup>	72.83	73.26	73.71	76.85	76.73	▼
Sales points (%) <sup>4</sup>	74.45	74.55	76.57	73.49	73.62	▲
Electronic access (%)	14.31	14.88	13.57	13.09	12.49	▼
Access to qualifying product accounts ('000)	2 362	2 620	2 550	2 453	2 378	▼
Affordable housing origination (Rm)	7 371	10 243	13 701	16 424	–	

<sup>1</sup> Figures are cumulative in terms of reporting under the FS Code.

<sup>2</sup> Points at which customers can withdraw cash or make a purchase

<sup>3</sup> Points at which customers can reset a PIN, transfer money, obtain a statement and initiate account queries.

<sup>4</sup> Points at which customers can replace cards, deposit cash and acquire a transactional or savings account, funeral policy or apply for a loan.

The Amended FS Code sets targets with the aim to increase access to financial services, including geographic access, electronic access and banking access for registered voters corresponding with living standards measures 1 to 5. Affordable housing origination is no longer measured under the Amended FS Code, our affordable housing financing is however measured under the empowerment financing element.

### Geographic and electronic access

We expanded the reach of our sales and service points since the inception of the Financial Sector Charter in 2005. Of our entry-level customers (corresponding with Living Standards Measures<sup>1</sup> 1 to 5), 61.69% live within 5km of a transaction point (2016:61.60%); 76.73% live within 10km of a service point (2016: 76.85%); and 73.62% live within 15km of a sales point (2016: 73.49%). Among our Living Standards Measures<sup>1</sup> 1 to 5 customers, electronic access via any client-owned or third-party infrastructure decreased to 12.49% (2016: 13.09%). When we open or close points of presence, we consider the impact on coverage and, in the case of closures, identify a suitable alternative.

<sup>1</sup> Living Standards Measures is a unique means of segmenting the South African market and households: 1 being the lowest, to 20 being the highest.

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Our multi-channel imperative is to enable customers to bank better through the adoption of self-service and digital alternatives to make banking easy and accessible 24/7, while continuing to provide the best personal service and relevant advice through our skilled and friendly front-line employees. Over the past few years, we added new functionality to our channels which assisted both customer, from a usage point of view, and our ability to extend our coverage range.

Our pricing model rewards customers who opt to bank electronically or digitally. Electronic channels also incur lower indirect cost of banking (e.g. transport costs, opportunity cost of time). We have a number of options that make financial services more accessible, and we help customers choose channels that best suit their needs.

Examples of our digital channel actions are:

- Our ATM functionality includes services such as:
  - eight languages (Sesotho, isiXhosa, isiZulu, Tshivenda, Sesotho sa Leboa, Xitsonga, Afrikaans and English);
  - deposits;
  - cashSend (transfer funds via mobile or internet banking to a recipient who can then withdraw without a card or bank account);
  - scan-and-pay bill payment (payments to selected beneficiaries, by either scanning or keying in a reference/account number);
  - cash or card purchases of prepaid electricity, data bundles and airtime; and
  - stamped and printed e-statements from our ATMs.
- We pioneered ATM personalisation which recognises a customer by name and allows him/her to personalise their transactions according to their preferred language, favourite account, and whether or not they prefer a receipt.
- We have retained free access to digital banking channels (USSD, app and internet banking). Digital banking's adoption is hampered by data inaccessibility. Therefore, Absa has zero-rated data for the Absa banking app.
- We recognise that our customers wish to obtain financial advice in their own time, and we are rolling out web chat services on our website which allow customers 24/7 access to banking and insurance advice.

We have introduced the micro branch concept, which allows customers in rural communities access to financial services. The micro branch offers sales and services as well as an electronic banking hall, giving customers another point of access. With strong customer uptake, further roll outs are planned for rural and township malls.

In partnership with PEP stores, we serve people in marginalised and poor communities through a trusted and convenient channel. Launched in late 2014, approximately 230 000 customers use services provided through PEP stores, which has over 2 000 stores across South Africa.

Some challenges persist within our digital channels, including customers' lack of understanding and mistrust of electronic banking services. Digital channels are not yet a perfect substitute for the branch, and therefore branches remain important in furthering access to banking.

### Access to qualifying product accounts

Qualifying products are transactional, savings and hybrid products designed for those in Living Standards Measures 1 to 5. The decrease in these accounts is mainly driven by bank-initiated closures on:

- Transact (Sekulula2) which accounted for the majority of all closures, followed by accounts that were transferred into higher segments; and
- Flexi account, similar to Transact (Sekulula2), but with a larger proportion being transferred into cheque accounts.

Bank-initiated closures relate to those accounts that remain inactive over a period of time. There has been a progressively improving take up of the Simplified Bank Account, which we offer in PEP stores.

We relaunched our Flexi account with increased funeral cover of R15 000 (up from R3 000).

# EMPOWERDEX

Economic Empowerment Rating Agency



Generic Financial Sector Code B-BBEE Verification Certificate  
 - Local Entities not Exempt from Empowerment Financing & Access to Financial Services

## Barclays Africa Group Limited (Previously Absa Group Limited)

Consolidated rating of the South African operations comprising the  
 subsidiaries listed in Annexure "A" of the Certificate

Registration Number: 1986/003934/06

Address: 7<sup>th</sup> Floor, Barclays Towers West, 15 Troye Street, Johannesburg 2001

Level Two Contributor				
Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	17.67	23.00	Black Ownership Percentage	14.96%
Management Control	12.78	20.00	Black Women Ownership Percentage	6.41%
Skills Development	15.52	20.00	Modified Flow-Through Principle Applied	No
Procurement	14.52	15.00	Exclusion Principle Applied	No
Socio-Economic Development and Consumer Education	7.76	5.00		
Empowerment Financing and ESD	27.00	25.00	51% Black Owned Designated Group Supplier	No
Access to Financial Services	10.27	12.00	VAT Number	N/A
Overall Score	105.52	120.00	Financial Year End	31 December 2017
Equivalent Score	95.85	109.00	Issue Date	02 March 2018
Empowering Supplier	Yes		Expiry Date	01 March 2019
Recognised Procurement Recognition Level	125.00%			
Discounting Principle Applicable	No		Re-Issue Date	07 March 2018
Recorded Procurement Recognition Level	125.00%			

Technical Signatory - Patience Dozwa

07 March 2018

Date

This verification certificate and the verification report are based on information provided to Empowerdex and represent an independent opinion based on the verification and analysis completed by Empowerdex. The calculation of the scores has been determined in accordance with the Financial Sector Code as Gazetted on 01 December 2017

Empowerdex (Pty) Ltd Reg. 2001/027963/07  
 Directors: C Wu, V Jack, I Matsoma, J Brebnor



FS18J03483 (A)

BVA 030



C e r t i f i c a t e

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# EMPOWERDEX

Economic Empowerment Rating Agency



**BARCLAYS AFRICA GROUP LIMITED  
(PREVIOUSLY ABSA GROUP)**

## ANNEXURE A

No.	Company Name	Registration Number
1.	Absa Bank Limited	1986/004794/06
2.	Absa Life Limited	1992/001738/06
3.	Absa Insurance Company Limited	1992/001737/06
4.	Absa Financial Services Limited	1969/009007/06
5.	Absa Alternative Asset Management Proprietary Limited	1999/027973/07
6.	Absa Asset Management Proprietary Limited	1997/017903/07
7.	Absa Capital Securities Proprietary Limited	2008/021179/07
8.	Absa Consultants and Actuaries Proprietary Limited	1961/001434/07
9.	Absa Development Company Holdings Proprietary Limited	1968/001326/07
10.	Absa Financial Services Africa Holdings Proprietary Limited	1997/011695/07
11.	Absa Fleet Services Proprietary Limited	1977/002924/07
12.	Absa Fund Managers (RF) Proprietary Limited	1991/000881/07
13.	Absa indirect Limited	1988/091591/06
14.	Absa Insurance and Financial Advisers Proprietary Limited	1970/002732/07
15.	Absa Insurance Risk Management Services Limited	2000/025898/06
16.	Absa Investment Management Services Proprietary Limited	1980/002425/07
17.	Absa Ontwikkelingsmaatskappy Eiendoms Beperk	1969/012268/07
18.	Absa Outsource Competency Centre Proprietary Limited	1983/008344/07
19.	Absa Property Development Proprietary Limited	1962/000559/07
20.	Absa Secretarial Services Proprietary Limited	1973/014516/07
21.	Absa Stockbrokers and Portfolio Management Proprietary	1973/010798/07
22.	Absa Technology Finance Solutions Proprietary Limited	1980/010876/07
23.	Absa Trading and Investment Solutions Holdings Proprietary	1998/017358/07
24.	Absa Trading and Investment Solutions Proprietary Limited	1987/005258/07
25.	Absa Trust Limited	1915/004665/06
26.	Absa Vehicle Management Proprietary Limited	1998/006289/07
27.	Absa Vehicle Management Solutions Proprietary Limited	1994/005779/07
28.	ACS Nominees Proprietary Limited	2015/240317/07
29.	AIMS Nominees (RF) Proprietary Limited	1969/015989/07
30.	Alberton Industrial Properties Proprietary Limited	1972/009717/07



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C e r t i f i c a t e

# EMPOWERDEX

Economic Empowerment Rating Agency



31.	Barclays Africa Regional Office Proprietary Limited	2011/110944/07
32.	Barrie Island Property Investments Proprietary Limited	2004/015930/07
33.	Blue Age Properties 60 Proprietary Limited	2007/019053/07
34.	Compro Holdings Proprietary Limited	1984/009618/07
35.	Diluculo Investments Proprietary Limited	2006/033277/07
36.	Diluculo Property Trading Proprietary Limited	2006/033264/07
37.	Fradey Nominees (RF) Proprietary Limited	1964/000412/07
38.	Goldreef Village Share Block Limited	1971/003358/06
39.	Lekkerleef Eiendoms Beperk	1983/006584/07
40.	Marmanet Retirement Village Proprietary Limited	1984/007228/07
41.	Merfin Proprietary Limited	1972/008133/07
42.	NewFunds (RF) Proprietary Limited	2005/034899/07
43.	Ngwenya River Estate Proprietary Limited	2004/001484/07
44.	Nkwe Rosslyn Properties Proprietary Limited	2007/023824/07
45.	Northern Lights Trading 197 Proprietary Limited	2007/006051/07
46.	Pienaarsrivier Properties Proprietary Limited	2007/019824/07
47.	United Towers Proprietary Limited	1968/015550/07
48.	1900 Summerstrand Share Block Limited	1984/009433/06
49.	Absa Foundation Trust	IT 1810/94

Technical Signatory - Patience Dozwa

07 March 2018

Expiry date: 01 March 2019

FS18J03483 (A)



BVA 030

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C e r t i f i c a t e

<b>Our reporting suite</b>	<b>IFC</b> Ownership	2	Preferential procurement	4
<b>Introduction</b>	1 Management control	2	Empowerment financing, supplier and enterprise development	5
<b>Verified scorecard</b>	2 Employment equity	3	Socioeconomic development and consumer education	6
<b>Empowerdex certification</b>	9 Skills development	3	Access to financial services	7

[> Contact details](#) [IBC](#)

# Contact details

## Barclays Africa Group Limited

Incorporated in the Republic of South Africa  
 Registration number: 1986/003934/06  
 Authorised financial services and registered credit provider (NCRCP7)  
 JSE share code: BGA  
 ISIN: ZAE000174124

## Head Investor Relations

**Alan Hartdegen**  
 +27 (0)11 350 2598  
 ir@barclaysafrica.com

## Transfer secretaries

Computershare Investor Services Proprietary Limited

## Assurance providers

Empowerdex  
 Ernst & Young Inc.  
 KPMG Inc.  
 PricewaterhouseCoopers Inc.

## Significant banking subsidiaries

Information regarding our country operations can be found at [barclaysafrica.com](http://barclaysafrica.com)

## Registered office

7th Floor, Barclays Towers West, 15 Troye Street,  
 Johannesburg, 2001  
 PO Box 7735, Johannesburg, 2000  
 +27 (0)11 350 4000  
 barclaysafrica.com

Media queries: [questions@computershare.co.za](mailto:questions@computershare.co.za)

## Group Company Secretary

**Nadine Drutman**  
 +27 (0) 11 350 5347  
 groupsec@barclaysafrica.com

BBBEE queries: [lungile.mgiba@absa.co.za](mailto:lungile.mgiba@absa.co.za)  
 Share queries: [questions@computershare.co.za](mailto:questions@computershare.co.za)

## ADR depository

BNY Mellon

## Lead independent sponsor

J.P. Morgan Equities South Africa Proprietary Limited

## Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)