Barclays Africa Group Limited

2017 GRI report

BARCLAYS

Our reporting suite

Our integrated report is our primary report to shareholders and other stakeholders and is supplemented by the disclosures outlined below including documents published as part of our annual results announcement on 1 March 2018.

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

Document	Scope and boundary	Reporting standards/frameworks	Assurance
Integrated report and environmental, social and governance disclosures			
• 2017 Integrated Report • 2017 GRI (Global Reporting Initiative) report • 2017 King IV review • 2017 Broad-based black economic empowerment (BBBEE) report • Notice of annual general meeting 2018	• Barclays Africa, including key banking and insurance subsidiaries • BBBEE applies to our South African operations	• International Integrated Reporting Council's (IIRC's) Integrated Reporting <IR> Framework • Companies Act No 71 of 2008 of South Africa • JSE Listings Requirements • King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) • Amended Financial Sector Code • GRI G4 Standards; Financial Sector Supplement and the Greenhouse Gas Protocol	• Internal controls and management attestations • Compliance, internal audit and legal reviews • External audit opinion on financial information, and external assurance on select indicators • Independent BBBEE verification • Board approval, assisted by the Disclosure, Social and Ethics, and Directors' Affairs Committees
Financial, risk and capital management disclosures			
• Summarised consolidated and separate financial statements • Annual consolidated and separate financial statements • Pillar 3 risk and capital management report • Financial results booklet and investor presentation	• Barclays Africa including subsidiaries, associates and joint ventures • Note 49.3 of the annual financial statements provides a list of material subsidiaries and consolidated structured entities	• International Financial Reporting Standards (IFRS) • Companies Act of South Africa • Banks Act, No 94 of 1990 • JSE Listings Requirements • King IV	• Internal controls and management assurance • Compliance and internal audit and legal reviews • Board approval, assisted by the Group Audit and Compliance, and Group Risk and Capital Management Committees • External audit opinion (within the consolidated and separate financial statements)

Important shareholder dates

1 March 2018	2017 full year results announcement and 2017 final dividend declaration
16 April 2018	Final dividend payment
15 May 2018	Annual general meeting
1 August 2018[1]	2018 interim results announcement and interim dividend declaration
17 September 2018[1]	Interim dividend payment

[1] Subject to change.

About this report

Barclays Africa Group Limited ('Barclays Africa' or 'the Group') strives to incorporate the principles of integrated thinking and reporting as well as balancing the call for increasing disclosures relating to environmental, social and governance matters.

Our reporting approach

In communicating with our shareholders and other stakeholders, we publish a suite of reports aimed at meeting the various information requirements of these audiences.

Reporting period

This review covers the period 1 January 2017 to 31 December 2017. Any notable events after 31 December 2017 up until the Board approving the report on 12 March 2018 are included.

Integrated reporting

Our integrated report is our primary report to our shareholders and contains information that is relevant to other stakeholders. In this report, we strive to incorporate the principles of integrated thinking and reporting, taking direction from the International Integrated Reporting Council's <IR> Framework for Integrated Reporting. In doing so, we focus our integrated report on the most material matters to the Group, providing 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. Our 2017 Integrated Report aims to help the reader understand how we define and measure our value creation while executing our primary purpose – which is to help people achieve their ambitions by responsibly and sustainably, fulfilling their financial service needs.

Environmental, social and governance reporting

Further to our integrated report, and our financial and risk management disclosures, we recognise specific stakeholder interest in more detailed disclosures on matters of environmental, social and governance topics. For these disclosures, we have elected to take direction from the Global Reporting Initiative's GRI Standards, a global standard using a modular, inter-related structure, for reporting on a range of economic, environmental and social impacts.

This review has also been prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Standards and we have included 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/standards/ for full indicator descriptions.

Scope

This report encompasses the activities of Barclays Africa Group, and our banking and insurance subsidiaries. The BBBEE information applies only to our South African operations.

Stock of capital – the Six Capitals and our Balanced Scorecard

Our operations benefit from a number of key resources and stakeholder relationships. Through our business activities, we increase, decrease or transform the Six Capitals, as defined in the IIRC's <IR> Framework. Some impacts are easy to identify, quantify and manage, while others are complex and require us to actively consider and manage trade-offs. We believe our Balanced Scorecard – Customer & Client, Colleague, Citizenship, Conduct and Company – provides a suitable framework for measuring our business activities' impacts on the Six Capitals.

Financial

Balanced funding mix and solid equity position to support operations and business activities of taking deposits and lending.

Manufactured

Infrastructure (including property, equipment and digital) used in the production of services and the delivery of products to customers.

Human

- Engaged employees within a diverse workforce.
- Competent and skilled professionals.

Natural

- Carbon emissions (air quality) management.
- Water and waste management.

Intellectual

- Safe, effective information and technology infrastructure.
- Institutional knowledge and specialised skills and expertise.
- Strong brand.

Social and relationship

Collaborative relationships with a wide range of stakeholders including regulators, suppliers and the communities in which we operate. Contributing to socioeconomic development and societal wellbeing through our Shared Growth philosophy.

Materiality

Within our integrated report, material matters are those which have influenced, or could influence, our ability to create value over the short, medium and long term as we pursue our ambition to have a positive impact on society and deliver shareholder value. Within our GRI report, our material aspects are those that reflect our significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. As a financial services organisation, the correlation between these two views is high and, therefore, there are no significant differences between the material matters disclosed in the two reports. However, the level of disclosure on select aspects, for example, environmental disclosures, is more detailed within this report. Our Balanced Scorecard provides a suitable framework for reporting back on our performance and is presented along with our risk, governance and remuneration structures which support value creation. Our material matters have remained fundamentally unchanged, the Separation being a material matter extending across all elements of our Balanced Scorecard.

Company	Customer & Client	Colleague	Citizenship	Conduct
Sustainably growing revenue and delivering appropriate shareholder returns while managing the risks arising from the operating environment as well as the Separation.	Understanding customers' and clients' needs while ensuring trust and safety and providing relevant customer and client value propositions through a balanced distribution model that is engineered for the future.	Maintaining a diverse workforce of capable, committed and motivated employees with distributed leadership who are focused on, and empowered to, deliver on our strategic ambition.	Having a positive impact on society by investing in education small and medium business development and financial inclusion, while responsibly managing our environmental impact.	Driving ethical behaviour and delivering appropriate products and services compliant with the regulatory requirements and our social licence to operate.

United Nation's Sustainable Development Goals

The Sustainable Development Goals (SDGs) are 17 global sustainable development priorities and aspirations agreed by member countries at the United Nations in 2015, with input from business, civil society and other stakeholders. As articulated within our strategy, we will help shape society by actively facilitating Africa's growth and development, and will work with others to do the same. We want to be an active force for good by (i) bringing fresh thinking and thought leadership that accelerates innovative solutions to societal challenges; (ii) contributing to our societies, the growth and development of Africa; and (iii) caring for our environment and helping others to do so.

We believe we will deliver positive impacts by:

- providing financing solutions to address social challenges;
- continuing to support the transition to a low-carbon economy and managing our impacts on the environment;
- developing accessible products and services, and reducing barriers (for example, through digital solutions);
- helping people gain access to skills through our employability initiatives;
- supporting entrepreneurs with financial services and through procurement opportunities to drive economic growth and job creation; and
- embedding an equality culture and delivering on diversity goals across race and gender.

We have embarked on a process to review and formally map our business activities, products and programmes against the SDGs, and we will report our contributions against the SDGs in the future.

Assurance

Our external reports contain a range of information which is governed by a diverse set of regulations, frameworks and codes. Processes and systems are not equally mature across the reports. For integrated reports as well as environmental, social and governance-related disclosures, specifically:

- disclosures are evolving alongside integrated reporting practices;
- management applies significant judgement in deciding what information to report;
- interpretive, abstract, qualitative or forward-looking information is subjective, which limits the extent of assurance; and
- among other technical challenges, the difficulty in developing suitable criteria and the related records, systems and controls currently inhibit a complete assurance of the content of integrated reports.

Our internal controls, management assurance, and compliance and internal audit reviews support the accuracy of our various reports.

Integrated and GRI reports: We appointed PricewaterhouseCoopers Inc. (PwC) and Ernst & Young Inc. (EY) to undertake a limited assurance engagement on selected key performance indicators set out in this report and our integrated report. The external assurance report issued by PwC and EY that contains their unmodified conclusion, and refers to the basis of measurement for these indicators, is a standalone document available at barclaysafrica2017ar.co.za.

Financial statements: EY and KPMG Inc. have audited the Group's annual financial statements and have issued an unmodified opinion on these financial statements, which are presented in accordance with IFRS. The opinion is contained within the 2017 consolidated and separate financial statements.

Broad-based black economic empowerment (BBBEE): Empowerdex has verified the BBBEE performance for our South African operations. They have confirmed a Level 2 BBBEE rating. The verification certificate is included as an annexure to our BBBEE report.

Board approval

Assisted by our Social and Ethics Committee, our Board accepts ultimate responsibility for the integrity of this GRI report. It is our directors' opinion that this report presents a fair and balanced view of our environmental, social and governance performance.

The Board approved this report on 12 March 2018.

102 General disclosures

1. Organisational profile

102-1 Name of organisation

102-2 Activities, brands, products and services

102-3 Location of headquarters

102-4 Location of operations

102-5 Ownership and legal form

Barclays Africa Group Limited is a diversified financial services provider offering an integrated set of products and services across retail and business banking, corporate and investment banking, wealth and investment management and insurance. The Group, headquartered at 15 Troye Street, Johannesburg South Africa, is a publicly traded, limited liability entity, listed on the Johannesburg Stock Exchange – the JSE Limited.

We operate in 12 countries in Africa through:

- banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda and Zambia;
- banking representative offices in Namibia and Nigeria; and
- insurance operations in Botswana, Kenya, Mozambique, South Africa, Tanzania and Zambia.

We received regulatory approvals for a securities entity and office in the United Kingdom.

Our banking and insurance operations in South Africa and representative offices in Namibia and Nigeria operate under the Absa brand, while operations in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, Tanzania, Uganda and Zambia are currently Barclays. In Tanzania, we have a second bank, National Bank of Commerce (NBC).

Barclays Africa Group Limited will become Absa Group Limited (subject to shareholder and regulatory approval) and our operations across Africa will be launched as Absa. The name and trading brand for each of our businesses outside of South Africa is also subject to the approval of each respective regulator.

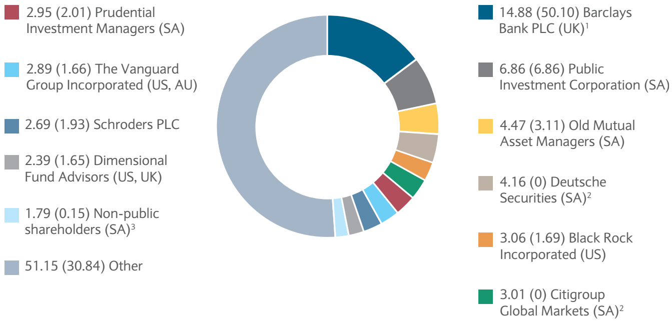
The primary activities of the Group are to:

- provide a safe place to save, invest and manage funds;
- provide funds for purchases and growth;
- manage business and financial risks;
- provide financial and business support; and
- protect against risks.

For further details, see GRI 102-6 for more insight into the products and services we offer to our various customer segments.

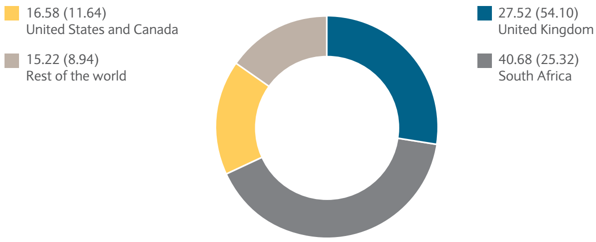
We have 847.8m shares in issue and as at 31 December 2017, our market capitalisation was R154bn.

Major shareholders (%) (2016 comparatives)



1 Barclays PLC shareholding has decreased as part of a structured sell-down of their shareholding in Barclays Africa.
2 Shares held pending regulatory approval for the holding of these shares by the Public Investment Corporation SOC Limited.
3 Treasury shares held by the Group 14.9m (2016: 1.1m) and directors' shareholding of 0.277m (2016: 0.205m), majority of which are held by our executive directors as part of their minimum shareholding requirement.

Major shareholders by geography (%) (2016 comparatives)



102-6 Markets served

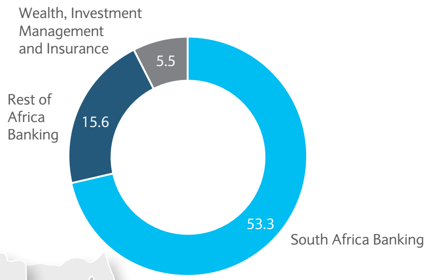
The matrix below depicts the continuum of products and services we offer to various categories of customers and clients.

<table>
<tr><th></th><th>Individuals</th><th>Small- and medium-sized businesses</th><th>Corporates</th><th>Banks and financial institutions</th><th>Sovereigns and institutions</th></tr>
<tr><td rowspan="6">A safe place to save, invest and manage funds
• Accepting customers' and clients' deposits and raising debt
• Facilitating payments and investments
• Investment management products and advice
• Managing shareholder funds</td><td colspan="5">Current accounts and overdrafts</td></tr>
<tr><td colspan="5">Savings, deposits and investment products</td></tr>
<tr><td colspan="3">Mobile and digital payments</td><td colspan="2"></td></tr>
<tr><td colspan="2">Stock broking and trading</td><td colspan="3">Access to international financial markets</td></tr>
<tr><td rowspan="2"></td><td colspan="4">Cash management, payment systems and international trade services</td></tr>
<tr><td colspan="2">Pension fund administration</td><td colspan="2"></td></tr>
<tr><td rowspan="4">Provide funds for purchases and growth
Extending credit, taking into account customers' and clients' credit standing and our risk appetite</td><td rowspan="4">Residential home loans, vehicle and asset finance, personal loans and credit cards</td><td colspan="3">Commercial property finance and loans</td><td rowspan="2"></td></tr>
<tr><td colspan="3">Asset and lease finance, trade and supplier finance and working capital solutions</td></tr>
<tr><td rowspan="2"></td><td colspan="3">Access to international capital markets</td></tr>
<tr><td colspan="2">Large corporate/inter-bank lending</td><td></td></tr>
<tr><td rowspan="3">Manage business and financial risks
Solutions to manage risks such as interest rate and foreign exchange</td><td></td><td colspan="4">Foreign exchange rate hedging</td></tr>
<tr><td colspan="3">Fixed-rate loans</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td><td colspan="3">Inflation and interest rate hedging</td></tr>
<tr><td rowspan="2">Provide financial and business support
Individual and business advice, investment research and advisory on large corporate deals</td><td rowspan="2">Wealth and private banking including investment advice, wills and trusts</td><td colspan="4">Relationship managers and support</td></tr>
<tr><td>Seminars and start-up support</td><td colspan="3">International investment research. Advice on large corporate deals, as well as mergers and acquisitions</td></tr>
<tr><td>Protect against risks
Compensation for retirement and/or a specified loss in return for a premium</td><td colspan="3">Insurance (life, investments, retirement, credit and short-term)</td><td colspan="2"></td></tr>
</table>

102-7 Scale of the organisation

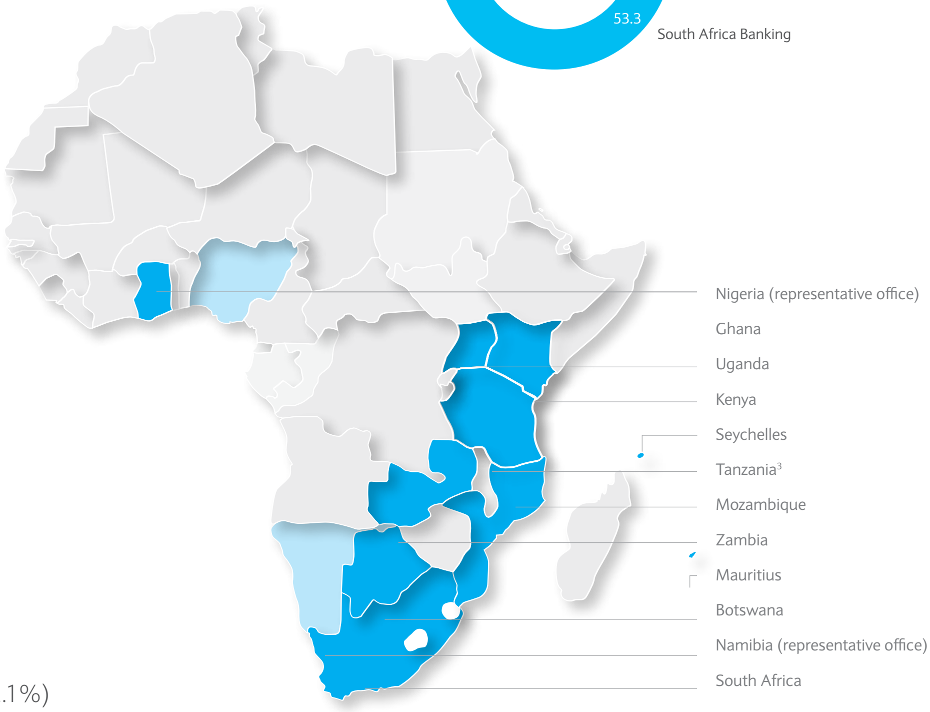
Delivering an integrated set of products and services across personal and business banking, corporate and investment banking, wealth and investment management and insurance.

Income per market segment (Rbn)[1]



Focus on growth with sustained returns

- Return on equity **16.4%**[2] (2016: 16.6%)
- Income **R73bn**[2] (2016: R72bn)
  - Non-interest income (R30.6bn)
  - Net interest income (R42.3bn)
- Headline earnings **R16bn**[2] (2016: R15bn)
- **R1.2trn** assets[2] (2016: R1.1 trillion)
- **R335bn** assets under management (2016: R288bn)



Sound risk profile

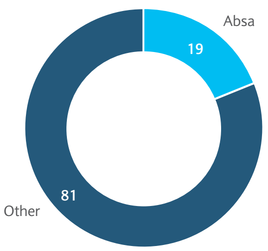
- Non-performing loans **3.75%** (2016: 3.94%)
- Credit loss ratio **0.87%** (2016: 1.08%)

Significant capital and liquidity

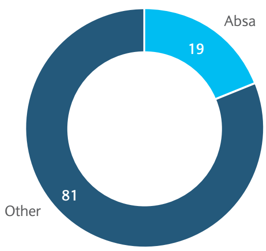
- Common equity tier 1 ratio **12.1%**[2] (2016: 12.1%)
- Liquidity coverage ratio **107.5%** (2016: 95.8%)
- Ordinary shareholder equity **R97.7bn** (2016: R93.1bn)
- Debt equity **R16bn** (2016: R16bn)

Group loans and advances to customers **R750bn** (2016: R720bn)

South Africa loans and advances market share (%)



South Africa deposits market share (%)



Group deposits due to customers **R690bn** (2016: R675bn)

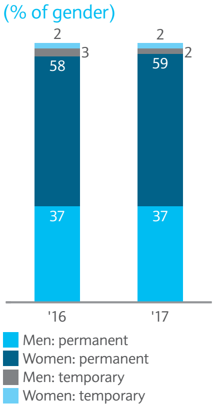
Our customers are able to transact across multiple platforms and devices including point-of-sale devices, telephone, digital solutions (online and app solutions) or face-to-face engagements (corporate offices), 1 136 branches, 10 053 ATMs and through various strategic partnerships. We employ 41 703 people.

[1] Excluding Head Office, Treasury and other operations.
[2] Normalised.
[3] Barclays Bank Tanzania and National Bank of Commerce.

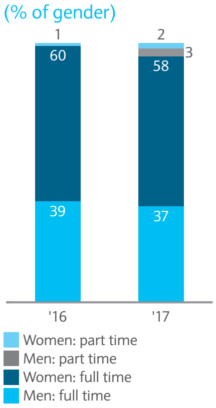
	Branches	ATM's	Employees
Botswana	34	113	1 194
Ghana	62	167	1 097
Kenya	89	214	2 432
Mauritius	20	39	697
Mozambique	43	109	882
Seychelles	8	20	237
South Africa	730	8 919	31 649
Tanzania BBT	15	53	518
Tanzania NBC	51	228	1 209
Uganda	39	71	885
Zambia	45	120	903
Representative/other offices			
Namibia			
Nigeria			
United Kingdom (UK Securities entity)			

102-8 Information on employees and other workers

Type of employment (% of gender)



Type of employment (% of gender)



96% of our total employees are permanent, of which 59% are women and 73% are South African. Our temporary employees are equally split between men and women. The majority of our employees are employed on a full-time basis.

102-9 Supply chain

Our supply chain includes start-ups; small and medium enterprises; and businesses owned, controlled and operated by individuals, historically disadvantaged South Africans as well as multinational corporations. These suppliers provide services including retail operations, facilities management, technological services and infrastructure, and a broad range of professional services. Our supplier relationships are managed based on a risk segmentation approach and are required to operate in accordance with our supplier code of conduct. Any banking-related (in our case either technology-related or cash management) outsourcing is required to be approved at a Board committee level and either approved by or noted to the South African Reserve Bank. All banking-related outsource agreements and other critical and significant outsource agreements are advised to the South African Reserve Bank on an annual basis.

102-10 Significant changes to the organisation and its supply chain

On 1 March 2016, Barclays PLC, majority shareholder of Barclays Africa, announced its intention to sell down its 62.3% interest. In May 2016, Barclays PLC sold its first tranche of shares, reducing its shareholding to 50.1%. In June 2017, Barclays PLC's shareholding in Barclays Africa reduced to 23.4% through a second bookbuild. This was followed in September 2017 by the delivery of a cash contribution enabling an interim empowerment structure to acquire 1.5% of the shares in Barclays Africa for purposes of a future BBBEE structure, and a further sale in November of 7% to two institutional shareholders. Barclays PLC transitioned from being our majority shareholder to holding just 14.9% and Barclays Africa ceased to be a subsidiary in a broader banking group, becoming a standalone African financial services group.

As part of its divestment, Barclays PLC contributed R12.6bn to Barclays Africa, mainly in recognition of the investments required to separate the businesses. This is being invested primarily in rebranding, technology and other Separation-related projects. This will have an impact on the Group's financial results for the next few years, most notably by increasing the capital base in the near term and generating endowment revenue thereon, with increased costs over time as the Separation investments are concluded. International Financial Reporting Standards (IFRS) require that the contribution is recognised directly in equity, while the subsequent investment expenditure (including the depreciation or amortisation of capitalised assets) will be recognised in profit or loss. The aforementioned will result in a disconnect between underlying business performance and the IFRS financial results during the Separation period. Normalised financial results will therefore also be disclosed, while the underlying business performance is materially different from the IFRS financial results.

Three key areas of change

Operational separation involves three key elements:

'Touch points'	Over two thousand dependencies need to be 'de-coupled', including approximately 600 systems and applications, 284 policies and frameworks, and more than 150 vendor relationships. Our Separation 'book of work' is a portfolio of about 300 projects. A Transitional Services Agreement secures services from Barclays PLC for 36 months and covers 129 material services.
Strategy	Our One Africa strategy formed part of the broader, global strategy of Barclays PLC. The Separation provided an opportunity to set a new business strategy. The strategic focus areas were crafted based on an understanding of the growth dynamics within Africa across markets, customers and products. Our ambition is to grow and be a financial services group that Africa can be proud of, with our employees and organisational culture at the centre. Delivering on these priorities will require a shift in mindset as well as organisational practices. To achieve this, we will accelerate the implementation of the three enablers to unlock the full potential of strategy. This bold new growth strategy reinforces the holistic transformation of the business to become both people and customer centric.
Brand	This aspect has two components: (i) removing 'a Member of Barclays' from Absa branded items; and (ii) the Group's re-branding journey. In December 2017, after more than 130 000 engagements with stakeholders in each of our operating countries, our Board approved a new brand strategy. Barclays Africa Group Limited will become Absa Group Limited (subject to shareholder and regulatory approval) and our operations across Africa will be launched as Absa. The approval of regulators in each of our markets is required to change the name and trading brand for each of our businesses outside of South Africa.

102-11 Precautionary principle or approach

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 risk standard in our lending practices as well as our approach to managing our direct environmental impact and other conduct/social risk.

102-12 External initiatives

102-13 Memberships of associations

- **Code of Banking Practices**, a voluntary code, sets out the minimum standards for service and conduct banks with regard to the services and products and interactions. The Code applies only to personal and small business customers. www.banking.org.za/consumer-information/legislation/code-of-banking-practice
- **Code for Responsible Investing in South Africa**, a voluntary code, gives guidance on how institutional investors should execute investment analysis and investment activities, and exercise rights so as to promote sound governance. www.iodsa.co.za
- **King IV Code on Corporate Governance** is mandatory for the Group due to its listing on the JSE, and it contains both principles and recommended practices aimed at achieving governance outcomes. www.iodsa.co.za
- **South African Department of Trade and Industry Financial Sector Code** is mandatory and provides strategic direction in the development of policies and strategies that promote enterprise growth, empowerment and equity in the economy. www.fscharter.co.za/
- **United Nations Principles for Responsible Investment** (UN PRI), a voluntary set of six principles with the aim to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices, thus contributing to the development of a more sustainable global financial system. www.unpri.org

External benchmarks

- **CDP**, a voluntary measurement framework, is a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. CDP was formerly known as the Carbon Disclosure Project. www.cdp.net/en
- **Dow Jones Sustainability Index** (DJSI) (voluntary) is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices. www.sustainability-indices.com/

- **JSE/FTSE Russell Indices** (non-binding) measures environmental, social and governance (ESG) exposures and practices on a multi-dimensional basis, and is used by the investment community as a tool for portfolio design and management.
  www.jse.co.za/services/market-data/indices/ftse-jse-africa-index-series/responsible-investment-index

We are members of several organisations across the continent. These associations work to represent their members and to shape the industry's collective response to public policy issues.

Industry associations

- **Association of Savings and Investment South Africa** represents the majority of the country's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers and life insurance companies. www.asisa.org.za
- **Banking Association of South Africa (BASA)** represents the interests of 32 banks in South Africa, both local and international. BASA has a host of committees and task groups established to deal with various policy and regulatory requirements facing the industry, of which there are 102 in total. It has three strategic areas of focus including regulatory and legislative advocacy; socioeconomic and political focus; and financial inclusion. www.banking.org.za
- **Institute of Retirement Funds Africa** represents and promotes the interests of the retirement industry in southern Africa. www.irf.org.za
- **Payments Association of South Africa** derives its mandate from the National Payments System Act and is considered a regulatory oversight body, an industry association and a payment system management body. www.pasa.org.za
- **South African Banking Risk Information Centre** was created by South Africa's major banks to assist banks and cash-in transit companies combat organised financial crimes. www.sabric.co.za
- **South African Insurance Association (SAIA)** is the representative body of the short-term insurance industry. It represents the industry to all relevant stakeholders to ensure a sustainable and dynamic industry. SAIA has five key focus areas: transformation and social risks, governance risks, insurance risks, stakeholder relations, and improving operations. www.saia.co.za

Business associations

- **Business Leadership South Africa** facilitates dialogue between business, government and other stakeholders. Individual or sectoral interests of members continue to be addressed and promoted by existing sectoral bodies. www.blsa.org.za
- **Business Unity South Africa** represents unisectoral organisations, corporate representative organisations, chambers of commerce, and industry and professional organisations. www.busa.org.za
- **CEO Initiative** is a partnership within which government, labour and business work together with a specific focus on averting a sovereign ratings downgrades. Members include the top 100 JSE-listed companies. www.ceopledge.co.za
- **National Business Initiative** is a coalition of South African and multi national companies working on influencing growth and development in South Africa by focusing on societal issues. www.nbi.org.za

Professional bodies

- **Association for Black Security and Investment Professionals** represents black professionals in the securities and investment industry. www.absip.co.za/home
- **Black Management Forum** promotes the development and empowerment of managerial leadership of black people within the corporate sector. www.bmfonline.co.za
- **Fiduciary Institute of South Africa** represents fiduciary practitioners and sets high minimum standards for the industry. www.fisa.net.za
- **Society for Trust and Estate Practitioners** is a global professional association for practitioners who specialise in family inheritance and succession planning. www.step.org/

Sponsored business associations

- **Association for Black Security and Investment Professionals** represents black professionals in the securities and investment industry. www.absip.co.za/home
- **British Chamber of Business in Southern Africa's** principal objective is promoting trade and commercial relations between southern Africa and the United Kingdom. www.britcham.co.za
- **Business Against Crime** was established by the business sector to partner with the South African government in the fight against crime. Its sole mandate is to leverage skills and expertise in business to support government on crime-related matters. www.bac.org.za
- **Corruption Watch** focuses on fighting corruption with the help of the public. It provides a platform for fighting corruption through a host of media channels including website, SMS, social media and email. www.corruptionwatch.org.za
- **Nepad Business Foundation** provides linkages between public and private sector organisations to accelerate development projects and programmes, and hence increase economic growth. nepadbusinessfoundation.org/
- **South African Chamber of Commerce and Industry (SACCI)** is the largest chamber of business in South Africa, and our membership gives us representation at business platforms on issues such as public policy and legislation. SACCI has a Policy Committee, which feeds into the Business Unity South Africa's Policy Desk. Barclays is represented on the SACCI committee on public policy. www.sacci.org.za
- **The Small Business Institute** (formerly AHI) advocates and lobbies on behalf of its members on matters relating to legislation, regulation and procurement policies. www.ahi.co.za

Other

- **Equator Principles** is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. www.equator-principles.com
- **Global Reporting Initiative** helps businesses and governments worldwide understand and communicate their impact on sustainability issues. www.globalreporting.org/
- **Group of Thirty** (G30) is a private international body with representatives from the private and public sectors and academia who explore the repercussions of financial and economic decisions taken in the public and private sectors. www.group30.org/
- **International Business Council** is a global organisation committed to advancing global economies by fostering business and leadership development opportunities amongst governments and businesses worldwide. www.intlbc.com
- **BASA's Principles on Environmental and Social Risk Management** requires financial institutions to set up internal processes to identify high-risk industries, where additional due diligence is required, and ensure that, through their credit and risk management policies, they will give due recognition to environmental and social risks when making lending decisions. www.banking.org.za/news-media/publications/presentation-submissions/principles-of-social-environment-risk
- **The World Economic Forum**, is an international organisation for public-private cooperation and engages political, business and other leaders of society to shape global, regional and industry agendas. www.weforum.org

Following a comprehensive review and assessment of these relationships at a Group level and our operations in South Africa, we will conduct a similar review for our Rest of Africa businesses in due course.

2. Strategy

102-14 Statement from the senior decision-maker

As the second enabler of the corporate strategy, we will help shape society. Our employees were clear that we must actively facilitate Africa's growth and development, and to work with others to do the same. We want to be an active force for good by:

- bringing fresh thinking and thought leadership that accelerates innovative solutions to societal challenges;
- contributing to our societies, the growth and development of Africa; and
- caring for our environment and helping others to do so.

This is articulated within our corporate strategy (2017 Integrated Report, pages 24 – 27)

Play a shaping role in society

Earning trust	• Fairness: providing just outcomes for our stakeholders • Reliability: consistently delivering on our promises
Shaping society	• Social: significantly contributing to the societies in which we operate • Economic: contributing towards the continent's growth and development
Promoting intergenerational sustainability	• Environmentally conscious: being accountable for our impact on the environment • Viable communities: evolving as our communities' needs change
Driving thought leadership	• Leading insights: being thought leaders in the industry • Relevant innovation: developing innovative solutions to societal challenges

102-15 Key impacts, risks, and opportunities

Beyond the key market drivers (2017 Integrated Report pages 14 – 15), there are risks from the external environment and a number of risks specific to Barclays Africa. The table below provides a thematic presentation of the risks and opportunities material to the Group's strategic ambitions. These are actively managed through the principal risks as defined within our enterprise risk management framework.

Themes	Opportunities	Key risks	Potential impacts	Mitigating actions
Macroeconomic environment impacts on our ability to sustain business and achieve our market commitments	• Proactive steps in positioning to take advantage of opportunities	• Subdued global and local growth • Economic performance of commodity-importing countries • Banking sector stress • Weak business confidence in South Africa and Sovereign downgrade	• Reduced revenue • Pressure on the credit portfolios • Liquidity and capital constraints • Increased impairments	• Strong risk management includes monitoring leading indicators combined with mitigation and management actions • Hedging of specific risks, including interest rate and foreign exchange • Strategy adapted to manage the business in slow economic growth
Socio and political environment impacts on our operating environment	• Positive impact on society	• Socioeconomic risk • Political uncertainty • Deteriorating fiscal position • Unemployment	• Reduced revenue • Social pressure • Pressure on the quality of select portfolios • Potential disruptions to operations	• Commitment to shared growth • Support of community initiatives • Close monitoring of portfolios
Strategic change impacts our ability to execute our plans that support market commitments	• New innovative ways of doing business • Diversification into new markets and geographies	• The Separation • Strategy execution risk • Reputational and brand risk • People risk	• Delayed completion of projects • Increased expenditure • Lack of focus on key strategic initiatives • Loss of customers • Loss of key resources	• Address business-as-usual, transition and transformation change requirements through our dedicated and integrated functions
Technology and the pace of change impacts competitiveness and operational risk	• Competitive advantage through client-centred solutions • New digital offerings • Reduced costs in the long term	• Cyber risk • Fraud and financial crime risk • Technology disruptions • Data management failures • Model risk • Disruption of fintechs and new competitor banks.	• Security breaches • Operational disruptions • Operational losses • Reputational damage • Incorrect models informing decisions • Loss of customers	• Continue to invest in technology platforms, processes and controls • Maintain IT systems stability through monitoring, enhancements and prioritising key issues • Driving innovation

Themes	Opportunities	Key risks	Potential impacts	Mitigating actions
New and emerging regulation impacts	• Client-centric implementation of regulations improving customer experience • Short-term negative impact but benefit of a strong balance sheet base for future growth	• The volume and increasing complexity of regulatory requirements • Model risk	• Reduced revenue and/or increased expenses • Fines or penalties due to non-compliance • Reputational damage • Increase in financial, technology and human resource requirements	• Maintain the coordinated, comprehensive and timely approach to identify, assess and respond to regulatory changes • Regulatory change oversight • Diversified business model that is sustainable and competitive
Climate change risks-impacts on the Group, our customers, clients, and the operating environment	• Value proposition for companies developing energy-efficient items • Enhanced reputation	• Adverse weather conditions (e.g. drought and floods) • Water stress • Resource depletion	• Impact on operational environment • Impact on ability to serve clients • Increased impairments	• Effective business recovery plan in place • Energy-efficient buildings • Formulation of a position on climate change risk

3. Ethics and integrity

102-16 Values, principles, standards and norms of behaviour

102-17 Mechanisms for advice and concerns about 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 outlines the behaviours which govern our interactions with stakeholders across the business. Our conduct culture fosters values-based decision-making and shows how our policies and practices align with our Values. Our supplier code of conduct outlines the standards we expect from our suppliers.

In addition to our own defined ethics and 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 to evolve. While this means additional requirements for the Group, we support efforts to ensure a stable financial services sector and a safe and fair operating environment.

10 conduct outcomes on which we aim to deliver

1. Our culture places customer and client interests at the heart of our strategy, planning, decision-making and judgments.
2. We do not disadvantage or exploit customers, customer segments, clients, or markets. We do not distort market competition.
3. We proactively identify conduct risks and intervene before they crystallise by managing, escalating and mitigating them promptly.
4. Our strategy is to develop long-term banking relationships with our customers and clients by providing products and services that meet their needs and do not cause detriment.
5. We provide banking products and services that meet our customers' and clients' expectations and perform as represented. Our representations are accurate and comprehensible, so our customers and clients understand the products and services they are purchasing.
6. Our products, services and distribution channels are designed, monitored and managed to provide value, accessibility, transparency, and to meet the needs of our customers and clients.
7. We safeguard the privacy of our customers', clients' and employees' personal data.
8. We address any customer or client detriment and dissatisfaction in a timely and fair manner.
9. We facilitate market integrity.
10. We uphold the reputation of Barclays Africa.

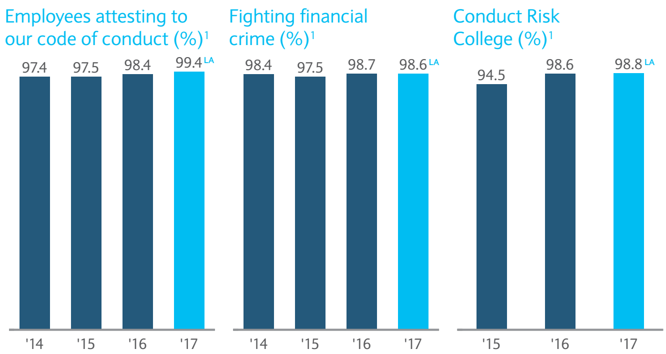
It is essential that we monitor our performance against our own as well as regulatory conduct standards, and this performance is embedded in our three lines of defence risk management approach. Our conduct risk framework brings together all our activities. Focusing on conduct risk helps us to:

- provide appropriate products and services at the right prices to our customers and clients;
- uphold market integrity;
- reward the right activities and behaviours; and
- mitigate potential risks.

We monitor our progress in managing conduct risk through a combination of internal processes and stakeholder feedback.

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 anti-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 (TCF) 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.

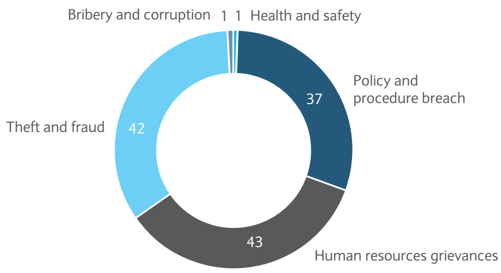


[1] Fighting financial crime and Conduct Risk College introduced in 2014 and 2015 respectively.

Our performance management processes and reward decisions emphasise behaviour and commercial objectives, encouraging the right conduct, and making the consequences of misconduct clear.

Our whistleblowing programme provides a safe platform to raise concerns of unethical behaviour or fraud confidentially and, where permissible, anonymously. 285 employee conduct-related whistleblowing cases were reported and concluded (2016: 251). However, only 44% (2016: 35%) were substantiated. Tip-offs are the most common detector of fraud, proving the importance of a whistleblowing function. Once a tip-off has been received, it is categorised and assessed for allocation to the appropriate investigative unit. This process allows for the management of actual or potential conflicts of interest of investigative parties on a case-by-case basis. Where issues are identified they are referred to senior management for remediation action.

Substantiated cases breakdown (number)



4. Governance

102-18 Governance structure

102-19 Delegating authority

102-20 Executive-level responsibility on economic, environmental and social topics

Our Board is the apex governance forum in the Barclays Africa Group. The leadership provided by the Board creates value for our shareholders and benefits for all stakeholders. The Board actively engages management in setting, approving and overseeing execution of the strategy and related policies. It monitors that management (i) maintains internal controls for assurance of effective and efficient operations, and compliance with laws and regulations; and (ii) does this within an ethical environment.

The Executive Committee, and its various committees, report to the Board and Board committees in accordance with their respective mandates to ensure the appropriate flow of information from the mandated executive forums to the relevant oversight forums.

Our Board committees and their key mandates are outlined below:

- **Directors' Affairs Committee** – assists the Board in establishing and maintaining an appropriate system of corporate governance for the Group. This includes Board and committee composition for all entities; induction of new Board members; director training and skills development; Board and committee effectiveness evaluations, and reviewing and proposing governing policies; and matters of regulatory and reputational risk.
- **Group Audit and Compliance Committee** (includes Disclosure Committee) – is accountable for accounting policies and the annual financial statements and reports; oversees the quality and integrity of the Group's integrated reporting; is the primary forum for engagement with internal and external audit; and monitors the Group's control and compliance environment.

- **Group Risk and Capital Management Committee** – assists the Board with matters relating to risk, capital and liquidity management within the Group. It receives assurance that processes are in place to comply with laws and regulations pertaining to risk, capital and liquidity management in the relevant jurisdictions.
- **Group Remuneration Committee** – assists the Board with remuneration and incentive arrangements, policy and disclosures (including stakeholder engagement related thereto), executive appointments and succession.
- **Social and Ethics Committee** – monitors:
  - key organisational health indicators, including ethics management; talent retention and acquisition; labour turnover; wellness; learning and development reach and spend; employee relations; diversity and inclusion; conduct and reputation risks; and
  - the Group's activities having regard to any relevant legislation and codes of best practice on matters relating to: social and economic development; good corporate citizenship; ethics and conduct; sustainable development; labour and employment; consumer relations; stakeholder management; transformation; the environment; and health and safety.

  The Committee oversees and evaluates management's performance against the Balanced Scorecard on all non-financial matters.
- **Information Technology Committee** – assists the Board with effective oversight and governance of technology and information for Barclays Africa. King IV distinguishes between governance oversight of (i) the organisation's information assets; and (ii) the technology infrastructure used to generate, process and store that information. The Committee's mandate has been updated accordingly.
- **Board Finance Committee** – assists the Board in approving certain levels of investments and types of transactions within its mandate. The Committee is also mandated by the Barclays Africa and Absa Bank boards to consider and approve their dividend declarations within the parameters determined by the boards, and to finalise the profit commentary as it relates to interim and year-end financial results. The committee considers and recommends to the Board the medium-term plan developed in terms of the Group strategy.
- **Credit Concentration Risk Committee** – main mandate is to consider and approve all large exposures including single-name exposures, key country risk limits, mandate and scale limits, and maximum exposure guideline levels, with reference to the risk appetite of the Group as approved by the Board from time to time.
- **Models Committee** – is the designated committee responsible for approving Barclays Africa's material risk models on inception and annually thereafter, in accordance with guidelines set out in the relevant policy and by the South African Reserve Bank, and other applicable regulatory requirements.
- **Separation Oversight Committee** – provides oversight of the execution of the Separation. Specific decisions in relation to the Separation activities rest with the relevant Board committees, in accordance with their respective mandates. This Committee will remain in place until the completion of the Separation (approximately three years).

With specific reference to economic, environmental and social matters, our Board is assisted by our Social and Ethics Committee to monitor the Group's activities, relating to any relevant legislation, or prevailing codes of best practice on matters relating to social and economic development, good corporate citizenship, ethics, sustainable development, labour and employment, consumer relations, stakeholder management, transformation, environment, and health and safety.

The committee comprises four non-executive directors (one of whom is the committee chairman and another being the Group Board Chairman), and one executive director – the Chief Executive Officer (CEO). The two Deputy CEOs are attendees. Meetings are attended by:

- Head of Compliance;
- Chief Executive, Human Resources;
- Group Executive, Marketing and Corporate Relations; and
- the Group General Counsel as a minimum.

These executives represent the key functions supporting the substantive matters within the remit of the Social and Ethics Committee. Our Chief Executive, Marketing and Corporate Relations leads the Group's citizenship strategy and reports to our CEO.

102-21 Consulting stakeholders on economic, environmental and social topics

We have a decentralised stakeholder engagement model and results from the engagements as outlined in GRI 102-40 to GRI 102-44 are considered through various management and Board processes.

102-22 Composition of the highest governance body

102-23 Chair of the highest governance body

102-24 Nominating and selecting the highest governance body

102-25 Conflicts of interest

As at the date of publication, our Board has 18 members, 14 of whom are independent and four of whom are executive directors. 14 are South African, of whom six are black and five are women. Of the remaining four, two are Ghanaian and Kenyan (reflecting the pan-African nature of our business), and two are British nationals, reflecting our relationship with Barclays PLC (past and present) and the strong banking skills that brings. Our Group Chairman, Wendy Lucas-Bull, is an independent director. Trevor Munday serves as the Lead Independent Director, however, will be retiring at the annual general meeting (AGM) in May 2018.

Directors' appointments

The Directors' Affairs Committee, comprising independent members only and chaired by the Group Chairman, formally facilitates and recommends directors' appointments for ultimate approval by the Board. The magnitude and complexity of the Group determines our Board's composition, and we have diverse criteria for candidates to ensure robust governance, keen commercial decision-making and strong technical inputs. New members are thoroughly inducted into the business, engaging with business executives and functional experts (including risk, finance, treasury, human resources, compliance and internal audit) for a holistic understanding of the Group.

The Board's structure balances the directors' powers so that no individual has unfettered authority in discussions or decision-making. The distinct roles of the CEO, Chairman, lead independent director and non-executive directors are engaged on standard employment contracts, subject to short-term notice periods.

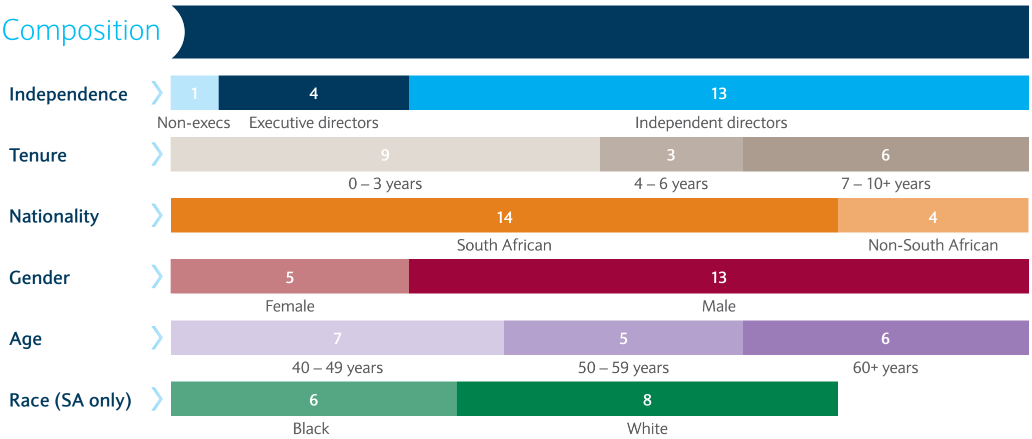
Directors who have served for more than nine years are subject to annual rotation after the Board has assessed their performance and confirmed that they remain suitably qualified to serve on the Board. Three independent directors have served on the Board for more than nine years, namely: Mohamed Husain, Yolanda Cuba and Trevor Munday. At the upcoming AGM Mohamed and Yolanda will offer themselves for re-election, but Trevor will be retiring. The Board assessed and concluded that Mohamed and Yolanda remain independent and that they continue to make an invaluable contribution to the Board's value creation.

Conflicts of interest

Directors have a responsibility to avoid situations that put, or may be perceived to put, their personal interests in conflict with their duties to the Group. The Board Charter requires directors to declare any actual or potential conflict of interest immediately when they become aware of such situation. Before each scheduled meeting, each director submits a 'declaration of interest' form, outlining other directorships and personal financial interests, including those of their related parties. Where actual or potential conflicts are declared, the recusal procedure is implemented, and affected directors are excluded from discussions and any decisions on the subject matter of the declared conflict. Actual and potential conflicts of interest are taken into account in the annual assessment of director independence.

Related parties

Refer to Note 49 within the 2017 consolidated and separate annual financial statements for disclosure of our related parties.



Detailed biographies of our Board members can be found at barclaysafrica.com

Members of our Board

The committee membership and committee status as shown below reflects the current composition of the committees. Historic committee membership and meeting attendance is outlined in the 2017 Integrated Report.

Board committees

DAC	Directors' Affairs Committee	A	Attendee
GACC	Group Audit and Compliance Committee	C	Chairman
GRCMC	Group Risk and Capital Management Committee	M	Member
RemCo	Group Remuneration Committee		
SEC	Social and Ethics Committee		
ITC	Information Technology Committee		
BFC	Board Finance Committee		
CoRC	Credit Concentration Risk Committee		
MC	Models Committee		
SC	Separation Oversight Committee		

Independent directors

Wendy Lucas-Bull [64]
Group Chairman
BSc
Appointed in April 2013
Committees: DAC^{C}, GACC^{A}, GRCMC^{M}, RemCo^{M}, SEC^{M}, CoRC^{M}, ITC^{M}, BFC^{M}, SC^{C}

Trevor Munday [68]
Lead Independent Director
BCom
Appointed in April 2007
Committees: DAC^{M}, GRCMC^{M}, BFC^{M}, SC^{M}

Alex Darko [65]
(Ghanaian)
MSc (Management Information Systems), FCCA
Appointed in May 2014
Committees: GACC^{M}, RemCo^{M}, ITC^{C}, SC^{M}

Colin Beggs [69]
BCom (Hons), CA(SA)
Appointed in June 2010
Committees: DAC^{M}, GACC^{C}, GRCMC^{M}, BFC^{M}, SC^{M}

Daisy Naidoo [45]
BCom, CA(SA), MAcc (Tax)
Appointed in May 2016
Committees: GACC^{M}, CoRC^{M}

Francis Okomo-Okello [68]
(Kenyan)
LLB (Hons), Dip (Law), Certified Public Secretary
Appointed in October 2014
Committees: SEC^{M}

Mark Merson [49]
(*British*)
MA (Hons), ACA
Appointed in January 2014
Committees: GRCMC^{M}, BFC^{M}

Mohamed Husain [57]
BProc
Appointed in November 2008
Committees: DAC^{M}, GACC^{M}, RemCo^{M}, SEC^{C}, SC^{M}

Monwabisi Fandeso [59]
BSc, MBA
Appointed in September 2017
Committees: SEC^{M}, ITC^{M}

Paul O'Flaherty [55]
BCom, BAcc (Hons), CA(SA)
Appointed in February 2016
Committees: DAC^{M}, GACC^{M}, GRCMC^{M}, RemCo^{C}, SC^{M}

René van Wyk [61]
BCom, BCompt (Hons), CA(SA)
Appointed in February 2017
Committees: GACC^{M}, GRCMC^{C}, CoRC^{C}, DAC^{M}, SC^{M}

Tasneem Abdool-Samad [43]
BCom, CA(SA)
Appointed in February 2018
Committees: GACC^{M}

Yolanda Cuba [40]
BCom, BCom (Hons), CA(SA)
Appointed in December 2006
Committees: RemCo^{M}, CoRC^{M}, BFC^{C}

Non-executive director

Daniel Hodge [44]
(British)
ACA, MA (Hons)
Appointed in May 2017
Committees: GRCMC^{M}

Executive directors

Maria Ramos [58]
Chief Executive Officer
BCom (Hons), MSc (Economics), CAIB(SA)
Appointed in March 2009
Committees: DAC^{A}, CoRC^{M}, GACC^{A}, GRCMC^{M}, RemCo^{A}, SEC^{M}, ITC^{M}, BFC^{A}, MC^{M}, SC^{M}

David Hodnett [48]
Deputy Chief Executive Officer: South Africa Banking
BCom, CA(SA), AdvDip (Banking), MBA
Appointed in March 2010
Committees: SEC^{A}, ITC^{M}, CoRC^{M}, MC^{M}, SC^{M}

Peter Matlare [58]
Deputy Chief Executive Officer: Rest of Africa Banking
BSc (Hons), MA (South African Studies)
Appointed in December 2011
Committees: SEC^{A}, ITC^{M}, SC^{M}

Jason Quinn [43]
Financial Director
BAcc (Hons), CA(SA)
Appointed in September 2016
Committees: DAC^{A}, GACC^{A}, GRCMC^{M}, BFC^{A}, CoRC^{M}, MC^{C}, ITC^{M}, RemCo^{A}, SC^{M}

102-26 Role of the highest governance body in setting purpose, values and strategy

102-27 Collective knowledge of highest governance body

102-28 Evaluating the highest governance body's performance

102-29 Identifying and managing economic, environmental and social impacts

Purpose, values and strategy

Our Board actively engages management in setting, approving and overseeing execution of the strategy and related policies. In December 2017, the Board considered and approved the new corporate strategy (outlined on pages 24 to 27 of our 2017 Integrated Report) developed by management. Key to our new strategy are three key promises:

- Our promise to our people
- Our promise to our customers
- Our promise to our societies

We will test our decisions against the promise of 'Do the best for people and planet'

- Best: the most desirable and sustainable standard
- People: individuals, communities and society
- Planet: nature and the environment

The Board further monitors that management (i) maintains a system of internal control which provides assurance of effective and efficient operations, and compliance with laws and regulations; and (ii) does this within a strong ethical environment. The Board monitors the execution of our strategy through the regular updates from the executive directors; the Directors' Affairs Committee monitors the Board governance objectives which are derived from the strategic imperatives for the year; and the Social and Ethics Committee provides oversight and evaluation of management's performance against the Balanced Scorecard on all non-financial matters.

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.

Since the advent of King IV, measures have been taken to enhance the oversight role of the Social and Ethics Committee in respect of the conduct risk and reputation risk frameworks; the supplier due diligence framework; and the conflicts of interest policy. The terms of reference of the committee have been amended accordingly.

Knowledge of ESG

We had a significant pension and benefits update to the Board covering all our presence countries, relevant legislation/regulation, and the status of each of our pension funds. We deliberated the impact of King IV, which includes the triple context, at the relevant Board committees and presented to the Board, and subsequently the South African Reserve Bank, on our application of King IV. Citizenship and shared growth, employment equity and BBBEE are standing agenda items of the Social and Ethics Committee. Many topics related to governance are covered at the Directors' Affairs Committee on a regular basis.

Refer to GRI 102-18 and GRI 102-29.

Board evaluations

In view of the increased activities relating to the Separation in 2017, and the consequent revision of the Group's strategy, the Board decided that it would be more beneficial to hold the next evaluation in 2018/2019. In line with recommendation of King IV, we have taken a decision to adopt biennial reviews which will also allow for sufficient time to remedy identified matters. Directors standing for re-election will have their performance evaluated based on previous year's assessment, together with other current and relevant factors.

Identifying and managing economic, environmental and social impacts

The Social and Ethics Committee monitors the Group's activities, having regard to any relevant legislation and codes of best practice on matters relating to social and economic development, good corporate citizenship, ethics, sustainable development, labour and employment, consumer relations, stakeholder management, transformation, the environment, and health and safety.

Refer to GRI 102-19, GRI 102-20 and GRI 102-21.

102-30 Effectiveness of risk management processes

102-31 Review of economic, environmental, and social topics

102-32 Highest governance body's role in sustainability reporting

Assessment of risk management processes for economic, environmental, and social topics

The Board approved our 2017 Integrated Report (our primary report which focuses on our material matters) for publication on 12 March 2018.

Measures have been taken to enhance the oversight role of the Social and Ethics Committee in respect of the conduct risk and reputation risk frameworks; our supplier due diligence framework; and our conflicts of interest policy. The terms of reference of the committee has been amended accordingly.

Our environmental risk standard is used to guide our relationships with clients and to mitigate environmental and social risks. This standard details the minimum requirements and controls for identifying transactions with potential environmental and social risks; outlines where the Equator Principles must be applied; the circumstances under which referral to the environmental credit risk management team is required; and provides guidance on the considerations for inclusion in loan documentation.

Review of economic, environmental, and social topics

The Social and Ethics Committee monitors the Group's activities, relating to relevant legislation or prevailing codes of best practice on matters relating to social and economic development, good corporate citizenship, ethics, sustainable development, labour and employment, consumer relations, stakeholder management, transformation, the environment, and health and safety. The committee also provides oversight and evaluation of management's performance against our Balanced Scorecard on all non-financial matters. The Social and Ethics Committee met three times during 2017.

Oversight of external sustainability reporting

During 2017 the Social and Ethics Committee reviewed the key indices against which Barclays Africa reported including the CDP; Dow Jones Sustainability Index; and the JSE FTSE 4Good Environmental Social Governance Index. The committee reviewed, and recommended for approval to the Board, this 2017 GRI report as well as our 2017 BBBEE report (for our South African operations).

102-33 Communicating critical concerns; and

102-34 Nature and total number of critical concerns

The process for communicating critical concerns is conducted:

- through the Barclays Africa Group Exco or the relevant management committee which reports in to the Exco;
- followed by escalation to the relevant committee chair, and then to the committee in question; and finally
- to the Board as (i) a standing topic; (ii) through CEO, risk or financial director reports; or (iii) through a committee chairman's report back.

The number and nature of critical concerns are not specifically disclosed, as information is subject to specific confidentiality constraints.

Our spectrum of concerns is as follows:

- Regulatory frameworks including IFRS 9 (accounting for financial instruments), BCBS 239 (Basel Committee on Banking Supervision's principles for effective risk data aggregation and reporting), and King IV.
- Separation and the requirements for a new strategy.
- Socio-political issues as the State Capture and the related credit concerns regarding state-owned companies.
- Transformation in the financial sector and the related ownership of equity for the Group.

102-35 Remuneration policies

102-36 Process for determining remuneration

102-37 Stakeholders' involvement in remuneration

Our remuneration policy and implementation approach is detailed on pages 81 – 86 of our 2017 Integrated Report.

Our remuneration policy details the principles that govern our remuneration approach. Our principles ensure remuneration is competitive, incentivises performance and reflects regulatory requirements. A central feature of our remuneration policy is that remuneration must be aligned with risk, and the conduct expectations of Barclays Africa, our regulators and stakeholders.

While we apply a common remuneration structure across the Group, we differentiate its implementation according to local market practice and statutory or regulatory requirements. Remuneration is split between fixed (salary, role based pay for material risk takers, and lifestyle benefits) and variable elements (non-deferred annual bonus, non-deferred share incentive award, deferred bonus and long-term incentives). The variable elements reward the achievement of Group, business unit, team and individual objectives.

Until we achieve regulatory deconsolidation from Barclays PLC (expected during 2018), we are required to comply with the European Union's Capital Requirements Directive IV (CRD IV), and the Prudential Regulatory Authority Remuneration Rulebook, which create an explicit regulatory and shareholder reward framework. Since 1 January 2017, the European Banking Authority Guidelines (which the Prudential Regulatory Authority accepts) have prohibited dividend shares on deferred share awards for material risk takers (for awards from the performance year 2017), and further extended the holding periods from three years to five years, which are applicable to the executive directors and material risk takers.

CRD IV, which came into effect in January 2014, has also had a significant impact on our reward practices and pay mix, primarily as a result of the 2:1 maximum ratio of variable to fixed pay for executives and material risk takers. Consequently, we implemented role based pay to remain market competitive. This has distorted the executive and material risk taker pay mix and undermined the nexus between performance and pay. Lower variable pay, partly due to contained short-term incentives and no long-term incentive awards during the period 2014 to 2016, resulted in inadequate executive exposure to the share price and gearing to long-term performance. These regulations are not applicable to local peers and competitors, and have impacted our market competitiveness.

We achieved a 75.7% non-binding vote in favour of our remuneration policy at our 2017 AGM (2016: 81.7%) and we seek to improve this result, and so we have enhanced our disclosure to inform our active and extensive engagement with our shareholders. 98.0% (2016: 98.9%) of shareholders voted for the proposed remuneration of the non-executive directors at the 2017 AGM.

Our response to remuneration matters raised by shareholders is outlined below:

Feedback	Actions taken/response to feedback
The pay mix of executives is distorted and too high due to the combination of conventional salary and role based pay.	Role based pay remains in place to ensure market competitiveness until we achieve regulatory deconsolidation from Barclays PLC, after which it will terminate, and we will align fixed pay with the market. 29 material risk takers received role based pay in 2017.
The current 10% new share issuance limit for 'reward shares' is higher than what is considered appropriate.	Currently Barclays Africa does not issue new shares for the release of deferred or long-term incentive share awards. These shares are purchased on the open market, and therefore have no impact on share price dilution. We seek shareholder approval at the 2018 annual general meeting for a maximum 5% limit, and a 0.5% individual limit, for the number of shares awarded across all share incentive schemes.
The variable remuneration arrangements are not subject to performance periods longer than one year.	Long-term incentive awards made in 2017 were under the existing Long-Term Incentive Plan which has a three-year performance period. These will vest between three and five-and-a-half years depending on an individual's material risk taker status. The Group Remuneration Committee (RemCo) determined the 2017 short-term bonus incentive pool based on the 2017 financial year performance of Barclays Africa and individual business units. Specific deferrals of payout are highlighted later in this report.
The level of disclosure around performance measurement should be enhanced.	We held numerous engagements with shareholders, and include additional disclosure regarding targets and stretch in this remuneration report.
No clear linkage to targets on incentives – there should be quantitative stretch targets that can be tracked.	The Long-Term Incentive Plan awards in 2017 have a threshold, target and stretch approach. The RemCo determined the 2017 short-term bonus incentive pool based on affordability as well as the Group's and individual business units' performance (in particular headline earnings).
Success in separating from Barclays PLC should be a factor in the Long-Term Incentive Plan conditions.	The 2017 Long-Term Incentive Plan metrics incorporate a strategic measure which includes progress against organisational objectives such as the Separation.

Outcomes of voting at the 2018 AGM scheduled for 17 May 2018, will be made available thereafter on barclaysafrica.com at the Investor Relations tab > Shareholder meetings.

Our new reward strategy is being developed for the future taking into account regulatory deconsolidation and will accordingly move away from role based pay and towards a more conventional split between fixed and variable pay. The reward strategy will underpin our corporate strategy, entrepreneurial culture and risk management approach. The philosophy and principles will be deliberate in addressing the views of our stakeholders, and will be informed by a fact base of competitor practices while complying with our changing regulatory landscape. While implementing this revised reward strategy is a journey with financial and regulatory constraints, we are confident that it will ultimately build stakeholder confidence in our reward outcomes through a strong and transparent correlation with performance; encourage and direct our employees' discretionary efforts; and ensure we make fair and responsible reward decisions.

5. Stakeholder engagement

102-40 List of stakeholder groups

102-41 Collective bargaining agreements

102-42 Identifying and selecting stakeholders

102-43 Approach to stakeholder engagement

102-44 Key topics and concerns raised

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

Management of stakeholder risks as an integral part of Group-wide risk management, is a work in progress. We are developing a stakeholder management framework that will (i) improve the Board and Social and Ethics Committee's supervision and direction, and (ii) recognise our decentralised stakeholder engagement approach, but with a central point to collate engagement results. We continue to improve the measurement of the quality and maturity of stakeholder relationships. The foundational elements for stakeholder relationship management exist in our governance structure, with varying levels of maturity. We are:

- developing a new Group-level stakeholder engagement policy;
- reviewing governance structures, including executive-level accountability for each stakeholder group;
- annually reviewing our identified stakeholder groups, and prioritising key matters;
- developing stakeholder management methodologies; and
- formalising centralised reporting on stakeholder activities and outcomes, including the development of measurement tools, to determine the effectiveness of engagement activities.

We have a decentralised stakeholder engagement approach, from which a significant number of issues, risks and opportunities arise. Over and above stakeholder inputs, other information is important in our determination of material matters, including internal deliberations; independent research; and continuous monitoring of the external environment for trends signalling opportunities and risks. While not a formal part of our annual reporting process, we solicit views from stakeholders on the matters covered within the integrated report through ongoing interaction, and seek informal feedback following the publication of our integrated reporting suite.

Customers and clients

Why they matter	Key concerns
Our customers and clients are at the core of everything we do and quality service is central to our growth. To retain and acquire customers and clients, we have to remain relevant by offering innovative and cost-effective products and solutions.	• Managing the impact of compliance requirements on client experience. • Access to cost-effective, simple and convenient financial services. • Financial inclusion through products, increased access points (physical and digital) and markets. • System reliability and availability to transact on their chosen platform. • Service levels and efficient resolution of service failures (complaints). • Protection against fraud, and safety of personal data (customer privacy and data security).

How we engage	Our response
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	• Our data strategy enables us to use a combination of data and interactions with our customers and clients to better understand their needs and create richer solutions with the correct products, services and advice. • We focus on quality service and experience when creating and delivering solutions through our balanced distribution model. • We use local and global alliances to continuously share threat intelligence and best practices for detection and prevention. • Our three core initiatives to effectively manage information technology while driving innovation will make banking easier, safer and more affordable: – Transform and modernise our applications and innovate ways to deploy our technology infrastructure. – Build advanced data solutions that will provide us deeper insights and improve customer and client experience. – Make financial services safer through significant investments in leading-edge capabilities.

Employees and trade unions

Why they matter	Key concerns
Our employees are the primary interface with our key stakeholders. Capable and engaged employees will advance our reputation and drive our commercial success. To ensure a fair relationship with our employees, we adhere to applicable labour relations regulations and have recognition agreements with recognised trade unions.	• Job security and change management through the Separation. • Fair pay and terms of employment, and market-related reward and benefits. • Leadership continuity and managerial depth. • Talent attraction, development and retention of critical skills. • Productivity through an agile culture. • Diversity and transformation. • Skilling of employees for a digital future.

How we engage	Our response
Human resource business partners; employee opinion surveys; intranet 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	• We have a competent executive team and invest in leaders and managers to create a strong leadership pipeline, deliver value for our customers and clients, and sustain investor and regulator confidence. • We are creating an entrepreneurial and innovative culture. Our employees are aligned with our new objectives, but we are improving leadership, culture and talent management. • We attract and retain a diverse workforce to broaden our perspectives and enhance performance. We continue investing in our critical skills needs in technology, digital, data and cybersecurity. • We develop the technical, commercial and leadership capabilities along with career experience are key components of our employee value proposition. In addition, we collaborate with organisations within our presence countries to develop business leaders and opportunities that focus on scarce skills. • We are accelerating our diversity as it is core to our values and key to our commercial success. We embed gender parity principles into our core employee processes and practices. • Our human resource systems have been aligned to the digital world in which we operate, consolidating our systems into one platform that connects mobile, tablet and desktop interfaces for an enhanced, intuitive employee experience.

Communities, civil society and charitable organisations

Why they matter	Key concerns
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 positive impact in addressing a number of socio-economic challenges.	• Societal challenges, such as access to financial services, education, employment opportunities and economic growth. • Funding for strategic partnerships in community development. • Our environmental footprint and how we manage it.
How we engage	**Our response**
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; and digital channels	• We aim to holistically improve the education ecosystem by focusing on learners, administrators and institutions. This includes financial support to individuals; strategic funding, training and infrastructure support to educational institutions and government agencies; and workplace exposure, job-shadowing and placements. • We support small and medium enterprises with procurement opportunities, supplier and entrepreneur training and business development support, and access to finance. • We develop affordable needs-based financial products and innovative, convenient delivery channels, supported by consumer education and financial literacy training. Our consumer financial education interventions empower individuals to make informed choices and improve their lives through responsible personal financial management. • We act as environmental stewards in the management of our impacts: (i) indirectly via our lending, investing and procurement practices; and (ii) in managing our direct environmental footprint. • We provide project financing to project sponsors undertaking environmentally and socially responsible developments In line with the Equator Principles. • We continue to balance the most cost-efficient and environmentally friendly energy sources.

Regulators (including government and industry bodies)

Why they matter	Key concerns
Regulators and governments provide the legal and regulatory frameworks that guide the way we do business. These enable a fair, ethical and competitive environment, enhance customer outcomes, promote trust in the financial system, and help ensure that we provide appropriate products and services. Industry bodies (and organised business interest groups) are an important channel through which we engage with regulators and government.	• Compliance with all relevant laws and regulations. • Robust engagement through the Separation. • Contribution to fiscus through financial system stability, and fair tax payments. • Contribution to government development plans and national priorities (such as BBBEE in South Africa, skills development and job creation). • Ethical work environment underpinned by sound conduct and corporate values. • Financial system stability spanning financial soundness to fair treatment of consumers. • Adequate and timeous response to consumer and customer-focused legislative changes. • Adapting and influencing changes to legislation and regulations that have a substantial impact on the business and the financial services sector.

How we engage	Our response
Management meetings; written responses in consultation processes; presentations and feedback sessions; conferences; participation in working groups and forums; regulator surveillance and interaction; and tenders	• We drive an ethical culture through the financial services industry. Our code of conduct outlines the behaviours which govern our interactions with stakeholders across the business and our Supplier code of conduct outlines the standards we expect from them . • Our comprehensive compliance framework integrates policies and procedures overseen by a combined assurance model, including internal controls compliance and internal audit activities. We follow a structured approach to ensure that business processes, policies or system changes necessary for regulatory change are implemented. • We have a zero-tolerance approach to non-compliance and constantly enhance our control environment to reduce the risk of our employees, customers and clients breaching legislation when dealing with the Group. • We take remediation action in the event of any non-compliance. Where necessary, penalties are incurred and disciplinary actions are taken. • Our engagement strategy is multi-faceted, with Board and executives taking responsibility. • We maintain a strong focus on transformation in South Africa that includes employment equity, supplier development, employment and ownership.

Media

Why they matter	Key concerns
To communicate and educate our stakeholders and the broader public on our business results and other topical issues	• Maintaining the competency levels and standards of the Group in providing commentary on topical issues as they arise.

How we engage	Our response
One-on-one meetings and media related functions, product launches and sponsorship	• Our media relations team actively engage by responding to queries and hosting roundtables. • We sponsored 20 financial journalists to attend the Rhodes University journalism training in South Africa with participants from newsrooms across Africa.

Suppliers

Why they matter	Key concerns
We engage with our suppliers to maintain an ideal supply of goods and services for our operations. We embrace the principles of the Broad-Based Black Economic Empowerment Amendment Act by increasing our spend with accredited Black-owned and Black women-owned suppliers.	• Opportunities for business. • Timely payments. • Aligning the Group's procurement practices to support transformation in South Africa. • Providing practical business support in respect of financial aspects of the supplier.

How we engage	Our response
We have ongoing interaction with our suppliers for procurement purposes and we provide supplier educational workshops.	• Our supplier development programme designed to increase small and medium enterprises' capacity and ability to meet our supply needs. We also segment contracts into smaller pieces of work to provide opportunities to smaller suppliers. • Our structured approach to value chain financing blends our commercial funding with more affordable funds and/or guarantees from third parties to provide more affordable financing rates to emerging businesses that would not otherwise qualify for traditional finance. • We invest in emerging entrepreneurs through partnerships that provide business and skills development support. • We expect our suppliers to behave in accordance with our supplier code of conduct.

Shareholders and investors (analysts)

Why they matter	Key concerns
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.	• Executive remuneration based on performance metrics that take environmental, social and governance issues into account. • Transformation of South African operations in line with the South African BBBEE Amendment Act, which serves as the basis of the Amended Financial Sector Code. • Barclays PLC's sell-down, the resulting Separation and potential revenue loss, system changes and management capacity. • Resilience and revenue growth in an uncertain/volatile economic environment, and sustainable cost containment. • Strong and emerging competition, particularly fintech in the retail space. • Operational risks including IT, cybercrime and physical security.
How we engage	**Our response**
JSE SENS announcements; financial results; roadshows and conferences; management meetings and query resolution; investor days; AGM; and our integrated reporting suite.	• We issue comprehensive financial performance reporting including normalisation of key information for the duration of the Separation. • A structural cost programme producing efficiency gains, allowing investment in strategic initiatives by effectively managing risks, reflected in decreased credit impairments and improved credit loss ratios in 2017. • Delivering appropriate shareholder returns for the environment in which we operate. • Implementation of a Long Term Incentive Plan for executives and key senior managers to assist with retention of talent and alignment to shareholders through financial and non-financial metrics. • Strong governance from the Board. • In South Africa, we maintained a Level 2 broad-based black economic empowerment contributor status after the amendment of the Financial Sector Code. • We sponsored the Barclays Africa Group Africa Financial Index and the Official Monetary & Financial Institutions Forum conducted the research that answered vital questions about the strengths and shortcomings of key African financial markets.

102-45 Entities included in the consolidated financial statements

In terms of our financial reports, a list of related parties (Subsidiaries and consolidated structured entities) is provided in Note 49.3 of the Group's consolidated and separate financial statements. Our integrated report includes information regarding our stakeholder relationships, opportunities and risks, and the outcomes of our business activities including key banking and insurance subsidiaries. Our BBBEE disclosures apply to our South African operations.

102-46 Defining report content and topic boundaries

102-47 List of material topics

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

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
- 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.

Prioritise

Using the lens of our Balanced Scorecard, we consider the key matters identified through step one 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;
- 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 two are the material matters we consider most relevant to our sustainability.

Respond

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.

The material matters identified for reporting

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.

Company

- Sustainably growing revenue
- Effectively managing risks
- Disciplined cost management while enabling strategic investments
- Delivering appropriate shareholder returns while executing the Separation

Customer & Client

- Understanding customer and client needs
- Creating and delivering solutions through a balanced distribution model
- Ensuring trust and safety
- Effective management of information and technology while driving innovation

Colleague

- Distributed leadership as a source of value
- Creating an entrepreneurial and innovative culture with greater ownership and autonomy
- Attracting and retaining quality employees in a competitive employment environment
- Building bench strength through distinctive development opportunities
- Accelerating our diversity with a focus on gender and, in South Africa, race
- Building human resources capability for a digital world

Citizenship

- Supporting education and skills development
- Investing in enterprise development
- Improving access to financial services
- Environmental stewardship

Conduct

- Driving an ethical culture
- Responding to conduct-related regulations
- Managing conduct-related risk

102-48 Restatements of information

102-49 Changes in reporting

Financial reporting

There were three notable changes in the year under review:

1. Normalisation of financial results (see GRI 102:10).
2. Changes to segmental reporting structures resulted in restatement on a business segment level but not overall Group results.
3. Adoption of own credit exemption of IFRS 9: we adopted the requirement to present the effects of changes in the fair value, which relate to own credit, of financial liabilities designated at fair value through profit or loss in other comprehensive income at 1 January 2018. The impact of this change has been detailed in the statement of comprehensive income as disclosed in the annual financial statements and has no impact on opening reserves/retained earnings. Comparatives have not been restated.

For further details see the 2017 consolidated and separate financial statements (Note 1.21 – Reporting changes)

For environmental data

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 CO_2 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 also aligned to the latest carbon conversion factors back-dated to January 2015 as released by the International Energy Agency.

Material topics/topic boundaries

Incorporated into our material matters in 2016, the Separation activities resulting from the Barclays PLC sell-down of its shareholding in Barclays Africa, may result in changes in our responses to other matters identified as material. These changes will be dealt with through the structured Separation change programme. We continue to monitor the socioeconomic, natural capital and regulatory environments for matters that may influence some or all of our material matters, either fundamentally or in ways that require refinements to our responses to these issues.

102-50 Reporting period

102-51 Date of most recent previous report

102-52 Reporting cycle

102-53 Contact point for questions regarding the report

Our reporting period runs from 1 January to 31 December, with our annual reports released by the end of the first quarter after the year end i.e. before 31 March. Select disclosures are also issued on a quarterly (Pillar 3 capital disclosures) and interim (Pillar 3 financial results and risk and capital management) basis.

This document forms part of our 2017 Integrated Report suite issued for the reporting period ended 31 December 2017. The archive of our annual reports is available at barclaysafrica.com/barclaysafrica/Investor-Relations/Announcements-and-publications/Annual-and-interim-reports

Questions relating to the report can be directed to groupinvestorrelations@barclaysafrica.com or to groupsecretariat@barclaysafrica.com and will be directed internally, taking into account the nature of the query.

102-54 Claim of reporting in accordance with GRI Standards

102-55 GRI content index

This report has been prepared in accordance with the 'GRI Standards: Core option'. This report is presented in a GRI content index format which covers the number of disclosure, page numbers or URL(s), as well as the reasons in cases where information has been omitted.

102-56 External assurance

We apply a combined assurance model with the overall objective being to optimise overall assurance provided to the executives and Board. Our combined assurance strategy is a more risk-based approach, across those areas that are most material to the Group. Our internal controls, management assurance, and compliance and internal audit reviews support the accuracy of our integrated report. In addition, we use a combination of external assurance on select indicators, and the external auditors have reviewed this report to ensure no information or statements contradict the audited annual financial statements.

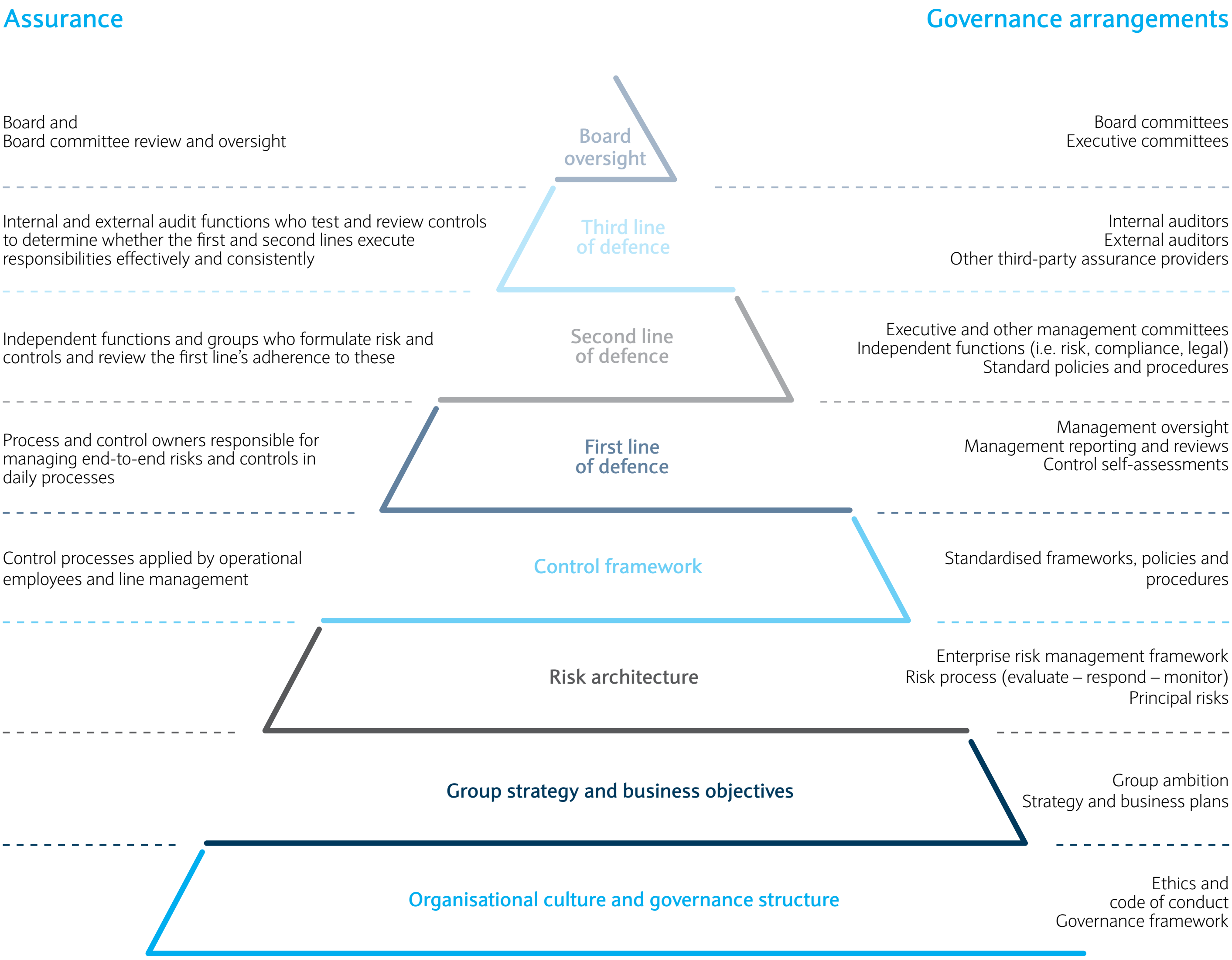
Assurance service providers and functions may include the following:

- Our line functions that own and manage risks
- Our specialist functions that facilitate and oversee risk management and compliance
- Internal auditors, internal forensic fraud examiners and auditors, safety and process assessors, and statutory actuaries
- Independent external assurance providers
- Other assurance providers such as sustainability and environmental auditors, external actuaries, and external forensic fraud examiners and auditors
- Regulatory inspectors

A more comprehensive combined assurance model is being developed to ensure coverage of all key risks across the three lines of defence. Although no gaps were specifically identified, (i) the combined assurance process is a work in progress; and (ii) assurance of external reports with a framework (identifying qualifying external reports, levels of assurance, and provider of assurance in respect of each) is required.

In addition to legislative or regulatory requirements, we are determining the appropriate type/level of assurance to support the integrity of each external report. We developed a framework for external reporting, identifying the combination of internal and external assurance providers per report. The Board or committee will be in a position to determine the effectiveness of the assurance process applied to each external report and issue a statement on the integrity of such report accordingly. Effective from the first financial results publication on 1 March 2018, the detail of the assurance provided on each report issued will be published within each report.

Phase two of the process involves identification of reports outside of the regular reporting suite (such as to regulators) which may fall within the ambit of this King IV recommendation.



103 Management approach

103-1 Explanation of the material topic and its boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

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.

Within our integrated report, material matters are those which have influenced, or could influence, our ability to create value over the short, medium and long term as we pursue our ambition to have a positive impact on society and deliver shareholder value. Within our GRI report, our material aspects are those that reflect our significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. As a financial services organisation, the correlation between these two views is high and, therefore, there are no significant differences between the material matters disclosed in the two reports. However, the level of disclosure on selected aspects, for example, environmental disclosures, is more detailed within this report. Our Balanced Scorecard provides a suitable framework for reporting back on our performance and is presented along with our risk, governance and remuneration structures which support value creation. Our material matters have remained fundamentally the same as 2016, with the Separation being a material matter extending across all elements of our Balanced Scorecard.

Company	Customer & Client	Colleague	Citizenship	Conduct
Sustainably growing revenue and delivering appropriate shareholder returns while managing the risks arising from the operating environment as well as the Separation.	Understanding customers' and clients' needs while ensuring trust and safety and providing relevant customer and client value propositions through a balanced distribution model that is engineered for the future.	Maintaining a diverse workforce of capable, committed and motivated employees with distributed leadership who are focused on, and empowered to, deliver on our strategic ambition.	Having a positive impact on society by investing in education small and medium business development and financial inclusion, while responsibly managing our environmental impact.	Driving ethical behaviour and delivering appropriate products and services compliant with the regulatory requirements and our social licence to operate.

Management approach

Economic

A successful, vibrant finance and banking sector is an essential enabler of social and economic progress, growth and development. We focus on four 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. For example, for individuals, we 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; and
   - 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. 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.

Environmental

Operational environmental sustainability risks and opportunities include greenhouse gas emissions, water use, and waste generation, as well as the procurement of the goods and services needed to operate our business. Our corporate real estate team evaluates and manages these risks and opportunities in collaboration with the business units who are responsible for specific issues. 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 business travel is collected and reported for where we have operational control and are financially responsible as defined by the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition. Environmental data for 2013 to 2017 is reported for the periods running from 1 October to 30 September. Travel is reported for business-related travel only and excludes commuting travel. Environmental data from joint ventures, investments, or sub-leased properties that are owned or leased by Barclays Africa have not been included within the reported figures.

Social

Labour practices and decent work: 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 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.

Human rights: 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.

Anti-bribery and anti-corruption: 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 or corruption. Our performance management processes and reward decisions emphasise behaviour and commercial objectives, encouraging the right conduct, and making the consequences of misconduct clear.

Transformation: We report against the South African FS Code, a requirement which focuses on the proportion of previously disadvantaged South African suppliers using year-on-year movements as well as presenting the 2013 baseline.

Responsible lending: 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.

Approach evaluation

We have embarked on a process of assessing the Group's contribution to the achievement of the United Nations Sustainable Development Goals.

For environment specifically: we continually develop our central environmental data collection system, Greenstone, to capture data across our operations. The system is used by all countries to provide monthly environmental data to enable the monitoring of performance against targets across the organisation. This data enables us to identify areas where investment or focus is required to ensure we continue to deliver emissions reductions. CDP and DJSI have rated our emissions management system at a management level, which is assessed as having set medium-term targets, tracks its progress against goals and implements emissions reduction activities to reach them. Our rating is above the industry average. We are assessing a science based target approach for our target setting going forward.

In terms of labour practices and decent work: the Group receives feedback via multiple mechanisms, including but not limited to trade unions engagements, employee surveys and assessments by regulators. For human rights: reviews are conducted within the reviews of our code of conduct and supplier code of conduct.

Our anti-bribery and anti-corruption: we continuously evaluate our conduct-monitoring process, our review activities and our compliance controls. Based on these activities, we are able to either affirm the effectiveness of these programmes and controls or, where deficiencies are identified, adopt appropriate remedial and/or mitigating steps. When and where appropriate, we make public disclosures on material findings.

200 Economic

Refer to GRI 103 for our management approach.

201 Economic performance

201-1 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 added statement (normalised)

Total income
R72.9bn

+

Share of post-tax results of associates and joint ventures
R0.2bn

–

Impairments
R7.0bn

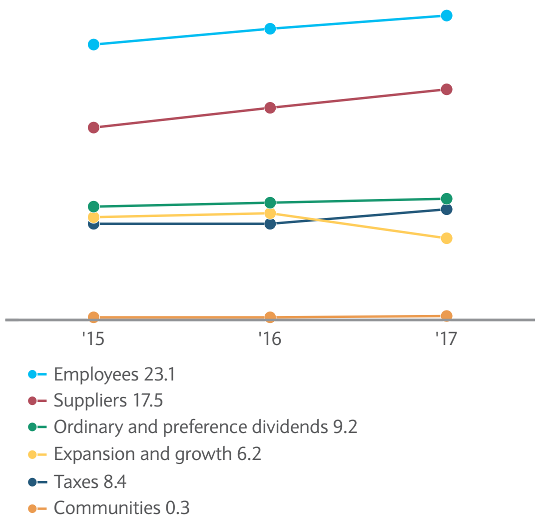
–

Non-controlling interest
R1.2bn

=

Value added
R64.9bn

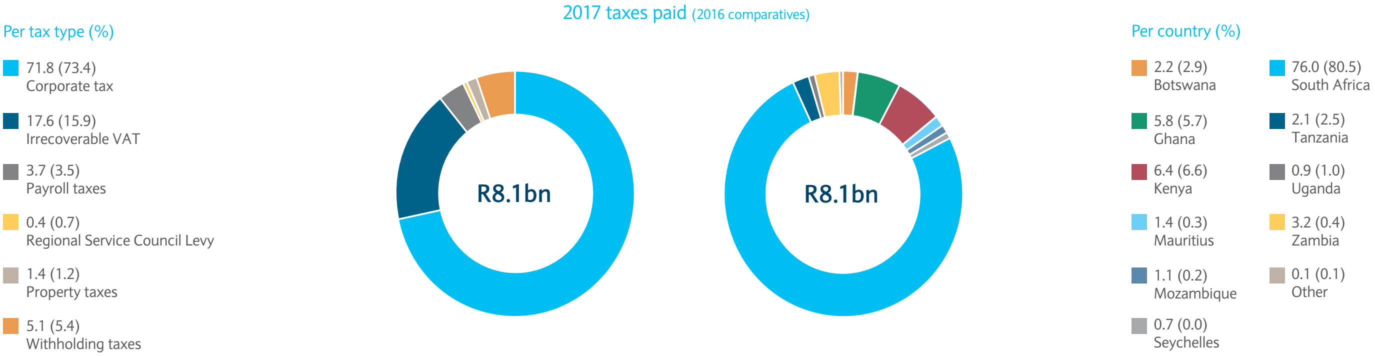
Value allocation (%)



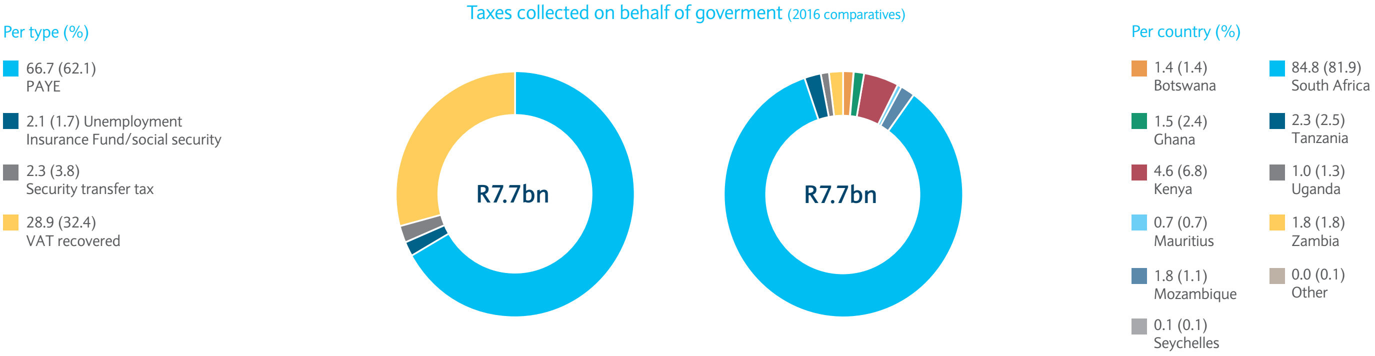
Focus on tax

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).

2017 taxes paid (2016 comparatives)



Taxes collected on behalf of goverment (2016 comparatives)



Tax continues to be an important issue for our stakeholders and we support a responsible approach to tax to ensure that all taxes are paid in accordance with legislative requirements in each of the countries in which the Group operates.

Responsible approach to tax

The purpose of our tax function is to manage the impact of taxes through appropriate and responsible planning, to support all of our businesses and to manage financial and reputational risks. Key elements of our approach include:

Our Philosophy

- We consider the needs of all stakeholders including shareholders, customers, tax authorities, regulators and wider society. Any tax planning will only be undertaken if aligned with our tax planning principles.
- We foster constructive and professional relationships with tax authorities and other government departments. 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 the tax policy and the improvement of tax systems.
- 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.
- We align our tax function with businesses, to ensure that we optimise commercial outcomes.
- Systems and processes are automated where appropriate, to ensure we can manage tax compliance efficiently and effectively.
- We seek to fully comply with tax laws and regulations and address legacy tax exposures promptly.

Our business

- Tax influences decisions about how we run and organise our business. 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 recognised and 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.

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 our entities across Africa to share client information with tax authorities. This helps to prevent tax evasion.

Our tax principles

We have clear tax principles that govern our approach to tax planning. These principles originated from Barclays and we retain them without major modification.

Any tax planning must:

- support genuine commercial activity;
- comply with generally accepted customs 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.

Should any of these principles be threatened, we will not proceed – regardless of the commercial implications.

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.

- 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 aim to be cooperative and helpful when dealing with enquiries raised by tax authorities.
- We ensure that all tax planning is subject to a robust review and approval process.
- Any litigation necessary to resolve a difference of opinion will be handled in a way that is consistent with our Values.
- 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 (i.e. the Group Audit and Compliance Committee and Africa Tax Committee).

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 during which such determination is made. These risks are managed in accordance with the Group's tax risk framework, which falls within the operational principal risk.

In 2016, the UK government introduced legislation which requires large businesses to publish their UK tax strategy. Our approach to managing UK taxes is fully in line with our overall approach to tax as set out in this document.

Transparency in relation to our tax affairs

We believe it is important to be transparent in the disclosure of our tax affairs. In this section we outline further details regarding our total tax contribution. This 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.

				2017 Taxes paid				
Country	Number of employees	Revenue less other income Rm	Profit before tax Rm	Total tax Rm	Corporate taxes Rm	Payroll taxes Rm	Irrevocable[1] VAT Rm	WHT and other taxes Rm
Botswana	1 194	1 923	741	178	128	0	8	42
Ghana	1 097	2 854	1 665	475	418	23	6	28
Kenya	2 432	4 144	1 391	521	499	1	15	6
Mauritius	697	1 406	805	112	81	8	21	1
Mozambique	882	1 253	320	88	26	0	9	53
Seychelles	237	389	185	58	54	0	3	1
South Africa	31 649	56 471	14 754	6 177	4 387	216	1 292	283
Tanzania	1 727	1 676	116	174	62	25	39	49
Uganda	885	956	296	77	0	17	10	50
Zambia	903	1 575	599	260	177	12	28	43
Other[2]	–	61	5	5	3	0	1	0
Total	41 703[LA]	72 657	20 879	8 125	5 835	302	1 431	557

[1] At this stage the irrecoverable VAT in some of the African jurisdictions is not reflected separate from the original expense.
[2] Representative offices in Namibia and Nigeria.

Explaining the 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, 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 or loss before tax: Indicating the disclosed accounting for profits or losses.

Total tax: This column shows the total tax the Group actually paid in each country in 2017. 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 taxes: Paid in 2017 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 corporate tax paid of R5 835m (2016: R5 484m) is not separately disclosed 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. The effective tax rate for the Group is 27.5% (2016: 26.9%).

Payroll taxes: Taxes borne by us, based on government social security policies in each country and, for example, in South Africa 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.

WHT 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 2017 and include, for example, taxes on the property we use in our business such as our network of branches. Other taxes also include regional services levies as applicable to some jurisdictions.

201-2 Financial implications and other risks and opportunities due to climate change

Climate change, with its risks and financial implications, is an 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 2017. 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 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, treasury and capital, insurance, operational, model, conduct, reputation, and legal.

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

Credit risk: We have a dedicated environmental risk management team to advise on client transactions that have associated environmental or climate related risks. There is regular dialogue between the environmental risk management and credit managers on environmental risk management issues to raise awareness and ensure protocol is followed. Our environmental and social impact assessment policy is the mechanism that implements our commitment to the Equator Principles, which recognises the importance of climate change.

Operational risk: Key risk indicators that affect the resilience and continuous operation of the business are identified, especially for key business locations. These include, among 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 on and facilitating access to finance wind, solar, geothermal, waste and hydro.

The greatest opportunity for reducing our impact is in the way we manage our buildings and business travel. We continue to reduce our use of natural resources and prevent pollution by using alternative energies such as gas and solar power.

201-3 Defined benefit plan obligations and other retirement plans

We operate a number of pension fund schemes (defined benefit schemes and defined contribution schemes) and post-retirement medical aid plans. The most significant schemes operated by us are the Absa Pension Fund and the Barclays Bank Kenya Pension Fund. Apart from these, we operate a number of smaller pension and post-retirement medical aid plans. The benefits provided under these schemes, the approach to funding, and the legal basis of the plans, reflect their local environments.

Majority of our employees are participants of defined contribution plans.

The Absa Pension Fund

The fund is financed by employer and employee contributions and investment income. Employer contributions in respect of the defined benefit portion are based on actuarial advice. The expense or income recorded in profit or loss includes the current service cost, interest income on plan assets as well as interest expense on the defined benefit obligation and the irrecoverable surplus. It is the Group's policy to ensure that the fund is adequately funded to provide for the benefits due to members, and particularly to ensure that any shortfall with regard to the defined benefit portion will be met by way of additional contributions.

The fund investments are managed on a liability driven investment (LDI) mandate. This mandate was introduced in the 2016 reporting period, previously, the fund was managed on a target return basis. The primary objective of the portfolio managed for the defined benefit section of the fund to achieve is a net real return of 4.5% per annum, measured over rolling 36-month periods.

Other subsidiaries' plans

Defined benefit structure

The majority of the defined benefit liability relates to deferred pensioners and pensioners. There is not a significant number of active members accruing additional defined benefit liabilities. Liabilities in respect of the defined benefit structures are calculated based on assumptions in respect of expected death, withdrawals, early retirement, family statistics, rate of increase in pensionable remuneration and medical allowances and administration costs based on past experience. In the current reporting period, Barclays Bank Mauritius and Barclays Bank Mozambique paid a cash contribution into their Pension Funds to reduce the deficit reflected in the valuations as at 31 December 2016.

Defined contribution structure

The benefits provided by the defined contribution structures are determined by accumulated retirement funding contributions and the return on investments. The funds are governed by legislation applicable in the various countries in which the funds are based. The funds are operated on a pre-funded basis. That is, assets are accumulated on a monthly basis with the aim that sufficient funding exists to meet the benefits payable under all modes of exit. Contributions are generally determined by the employer in consultation with the actuary following the funding valuation to ensure the sustainability and financial soundness of the funds. Minimum funding requirements are limited to the deficits of the fund.

The pension fund plans across Rest of Africa are administered by separate funds that are legally separated from the individual companies. The boards of trustees of the funds are responsible for the overall management of the funds.

The power of deciding what the final applicable contribution rate should be, rests with the employer on advice from the actuary, and in some cases with the agreement of the trustees. Where pension increases are granted in excess of that which can be afforded by the fund, the employer must agree to such an increase and will make an additional contribution to fund this. In addition, should the valuation disclose a deficit and regulations require special additional contributions to be made to the fund, the employer will need to make such contributions in line with a funding plan approved by the relevant country's regulator.

For further details see our 2017 consolidated and separate financial statements (Note 44 – Retirement benefit obligations).

201-4 Financial assistance from government

We do not receive financial assistance from any government. Foreign tax credits only result in us not being taxed on the same income twice, and do not qualify as financial assistance. The Public Investment Corporation SOC Limited, an investment manager for government pension funds, is a shareholder of the Group. This shareholding is on an arm's-length basis and forms part of the publicly traded shares on the JSE Limited.

202 Market presence

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

Our annual minimum basic pay of R144 000 is higher than the national minimum and living wage, and where feasible, we monitor the remuneration paid by our third party services providers. The Group's Gini coefficient increased marginally to 0.45% from 0.44% in 2016, due to the specific interventions to lock in critical senior employees during the Separation. For at least the last 10 years, we have awarded proportionately higher percentage increases to our bargaining unit employees (than our management employees).

202-2 Proportion of senior management hired from the local community

The South African businesses remain the most significant contributors to our operations. In South Africa we report against the FS Code, which focuses on the proportion of previously disadvantaged South African employees. Black representation at top management level (Exco) has steadily increased over time to 41.67% from 33.3% in 2016 (2013: 15.07%). Black senior management (managing principals and principals) representation increased to 44.3% from 38.3% in 2016 (2013: 32.2) and Black female senior management representation increased to 19.0% from 16.8% in 2016 (2013: 12.0%).

203 Indirect economic impacts

203-1 Infrastructure investments and services supported

We did not close new infrastructure or power deals during the course of 2017.

203-2 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.

204 Procurement Practices

204-1 Proportion of spending on local suppliers

The businesses in South Africa remain the most significant contributors to our operations. We report against the South African Financial Sector Code, a requirement which focuses on the proportion of previously disadvantaged South African suppliers using year on year movements as well as presenting the 2013 baseline.

- Total measurable procurement is R15.1bn from R12.9bn in 2016 (2013: R10.9bn)
- Total weighted spend with BBBEE-accredited suppliers R17.9bn from R17.8bn in 2016 (2013: R14.1bn)
- Procurement from qualifying small enterprises and exempted micro enterprises suppliers R2.9bn from R3.1bn (2013: R2.3bn);
- Total weighted spend with 50% Black-owned suppliers R6.5bn from R5.6bn
- Total weighted spend with 30% Black women-owned suppliers R5.5bn from R4.3bn

Total weighted spend with BBBEE–accredited suppliers

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 in our focus areas, being corporate support services, technology, banking operations and professional services, through supplier development initiatives. These initiatives increase Black SMEs' capacity and 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.

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 Enterprise Development Programme, both designed to deliver high-impact, high-value business solutions tailored to each entity. In addition, we have three centres designed for the 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 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.

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 access other markets. We have contributed R108m on supplier development in the form of grants, direct cost support, low interest rate 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 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.

205 Anti-corruption

205-1 Operations assessed for risks related to corruption

205-2 Communication and training about anti-corruption policies and procedures

We conduct a comprehensive anti-bribery and anti-corruption 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 in which 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.

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:

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

Introducers (third parties who win or retain business on behalf of Barclays Africa) are also subject to our anti-bribery and anti-corruption policies. Contracts with our business partners include anti-bribery and anti-corruption clauses which communicate our zero tolerance of bribery and corruption.

205-3 Confirmed incidents of corruption and actions taken

The Group is engaged in various other legal, competition and regulatory matters both in South Africa and a number of other jurisdictions. It is involved in legal proceedings which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data protection, money laundering, employment, environmental and other statutory and common law issues. We are also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Group is or has been engaged.

The number of disciplinary cases as a percentage of employees remains stable, and the majority of matters dealt with in 2017 relate to less serious offences. Of the 2 036 disciplinary cases concluded in the year (2016: 1 976), 444 were as a result of ethical breaches (2016: 462).

206 Anti-competitive behaviour

206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices

In February 2017 the South African Competition Commission (SACC) referred Absa Bank Limited, among other banks, to the Competition Tribunal to be prosecuted for breaches of South African competition law related to foreign exchange trading of the South African Rand. The SACC found from its investigation that, between 2007 and 2013, the respondents had engaged in various forms of collusive behaviour. Absa Bank Limited and its parent, Barclays PLC, brought the conduct to the attention of the SACC under its leniency programme and have cooperated with, and will continue to cooperate with, the SACC in relation to this matter. The SACC is therefore not seeking an order from the Tribunal to impose any administrative fine on Absa Bank Limited.

300 Environmental

Refer to GRI 103 for our management approach.

301 Materials

301-1 Materials used by weight or volume

301-2 Recycled input materials used

301-3 Reclaimed products and their packing materials

We procured 1 310.7 tonnes of paper from our supplier, who is certified by the Forest Stewardship Council as the paper has been sourced in an environmentally friendly manner to promote the responsible management of the world's forests. The Group does not use recycled input materials and reclaimed products and packaging in the execution of our business activities.

302 Energy

302-1 Energy consumption within the organisation

302-2 Energy consumption outside of the organisation

302-3 Energy intensity

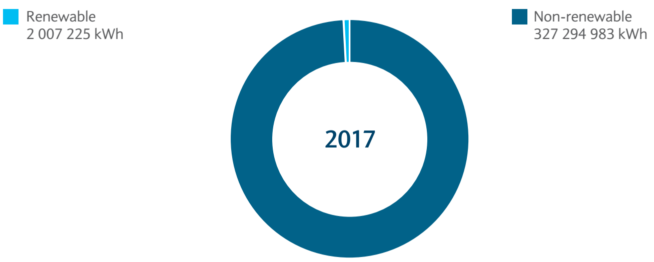
302-4 Reduction of energy consumption

302-5 Reduction in energy requirements of products and services

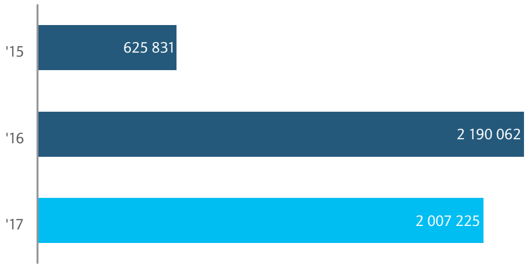
We use the International Energy Agency and DEFRA and apply the greenhouse gas protocol to calculate our fuel consumption (329 302 208 kWh[LA]). Our 2017 energy intensity ratio was 7 848 (calculated including all energy types and the total number of employees as the denominator).

In 2016 we launched a new target programme to achieve a 10.2% energy reduction by 2018 against the 2015 baseline. Our energy and carbon footprint, which includes all types of energy, was externally verified and assured. As part of this, we have a programme to deploy managed energy efficiency initiatives in our property portfolio to reduce the amount of energy our sites consume. We surpassed the three year energy target in the second year (17.3%; 68 794 958 kWh).

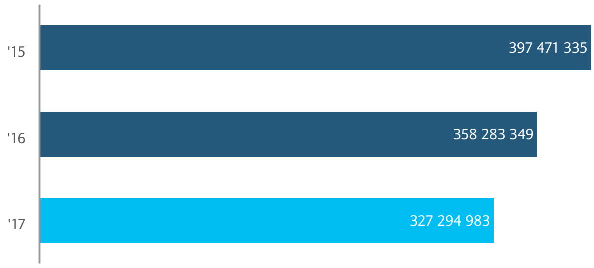
Energy consumed



Renewable energy consumed (kWh)



Now-renewable energy consumed (kWh)



Based on the nature of our business, we do not measure energy consumption outside of the organisation and the reduction in energy requirements of products and services provided to our customers and clients is not applicable.

303 Water

303-1 Water withdrawal by source

303-2 Water sourced significantly affected by withdrawal of water

303-3 Water recycled and reused

The Group procures its water from municipal water supplies and is currently not measured across the Group.

Within select operations, we set a target to save 22 million litres of water by 2018, and this target was exceeded in 2017 with a total of 26.1 million litres saved. Through our measurement using the International Performance Measurement and Verification Protocol we have recycled and reused 13.9 million litres from grey water recycling and saved water from leak management.

305 Emissions

305-1 Direct (scope 1) GHG emissions

305-2 Energy indirect (scope 2) GHG emissions

305-3 Other indirect (scope 3) GHG emissions

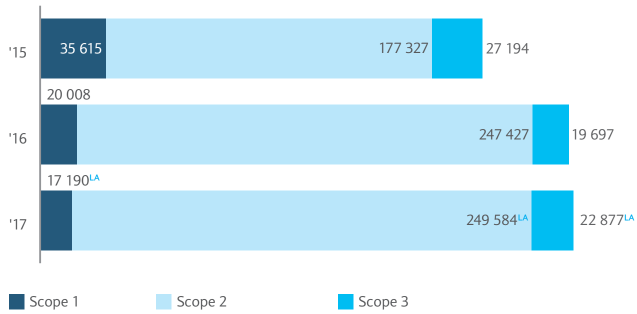
305-4 GHG emissions intensity

305-5 Reduction of GHG emissions

Scope 1 building-related emissions include diesel fuel (South Africa and Mozambique) and natural gas (South Africa) for our operations. Scope 2 emissions are all building-related and include grid electricity for our operations. For real estate-related CO_2 emissions, 100% of the reported emissions come from data provided by on-site delegates, invoices and meter readings, including system generated estimates where no actual data is available. 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, and have an accuracy rate of 100%.

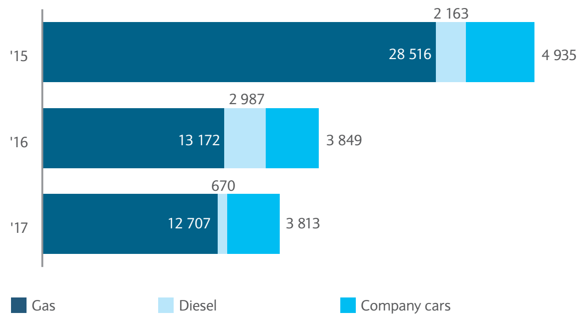
In 2016, we set a new carbon reduction target of 10% by the end of September 2018, against the 2015 baseline. However, in 2015 South Africa experienced extended periods of power outages resulting in more self-generated energy being produced from natural gas and diesel. At the end of 2017, we had a 20% 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. Although the Group carbon footprint has increased 0.9% from 2016 to 2017, we have implemented reduction initiatives that have reduced 2 600 tonnes through initiative measurement and verification in 2017.

Total emissions (tonnes CO_2)

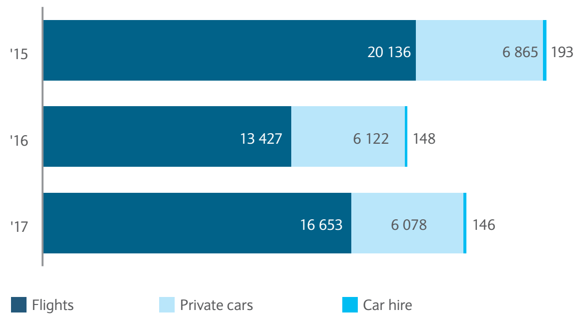


We use the GHG protocol in our assumptions and calculations, including the operational control consolidation approach. We don't have Biogenic CO_2 emissions in scope 1 or 3.

Total Scope 1 emissions (tonnes CO_2)



Total Scope 3 emissions (tonnes CO_2)



We include all three scopes of emissions in our intensity ratio (6.95%) which is based on the total number of employees.

In 2017, the International Energy Agency updated the global data base of carbon factors and back-dated them to 1 January 2015. Due to this update, we have seen an increase in overall emissions of 4.1%, 8.1% and 4.5% in 2015, 2016 and 2017 respectively. Scope 1 emissions increased by 4.3% in 2016 and Scope 2 emissions increased 5.6%, 8.8% and 4.6% in 2015, 2016 and 2017 respectively.

As part of our support of communities and our dedication to climate change, 8 728 fruit and indigenous trees will be planted at about 50 schools that have already committed to ecological education and nutrition by growing food gardens. The trees will ultimately result in approximately 418 944 tonnes CO_2 being absorbed from the atmosphere. Additionally, 3 500 homes in the area will receive one fruit and one indigenous shade tree.

305-6 Emissions of ozone-depleting substances (ODS)

305-7 Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions

These emissions are very small and are not measured on our environmental measurement system.

306 Effluents and waste

306-1 Water discharge by quality and destination

306-2 Waste by type and disposal method

306-3 Significant spills

306-4 Transport of hazardous waste

306-5 Water bodies affected by water discharges and/or runoff

Our waste disposal is managed by an International Standards Organisation accredited waste partner. We generated 1 067 tonnes of hazardous waste, of which 238 tonnes were recycled, 43 tonnes were recovered and 786 tonnes were taken to a landfill. There were no significant spills experienced in 2017.

While we do not consider it hazardous waste, we consumed 1 310.7 tonnes of Forestry Stewardship Council certified paper, and recycled 1 298.1 tonnes.

400 Social

Refer to GRI 103 for our management approach.

401 Employment

401-1 Total number and rates of new employee hires and employee turnover by age group, gender, and region

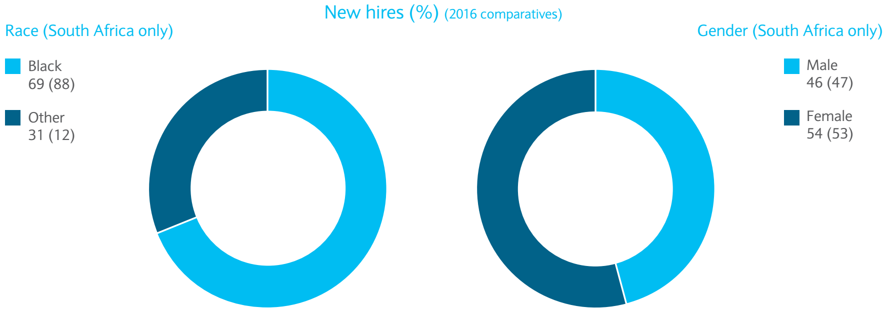
We are attracting and retaining a diverse workforce to broaden our perspectives and enhance performance.

Our improving employer brand, and the pan-African opportunities we offer, underpin our ability to attract top employees. We filled 7 438 vacancies (2016: 6 771), up 9.9% and our average time to hire improved for the fourth consecutive year, down by 9.2%, to 35 days (2016: 38 days). We invested significantly in specialist, and senior hiring to meet our needs following the Separation and we have filled 3 393 professional roles (2016: 2 516).

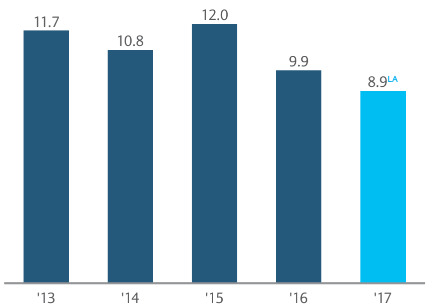
We continue to invest in meeting our critical skills needs in technology, digital, data and cyber security. We have hired 843 professionals, including 71 in our cyber security team (77% Black) and 91 data professionals (80% Black).

We experienced the lowest total employee turnover in five years, of which 95.4%[LA] of high performers were retained (2016: 93.5%) and voluntary attrition reduced to 6.4% (2016: 7.4%).

New hires (%) (2016 comparatives)



Permanent employee turnover rate (%)



Refer to GRI 202.2

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Benefits are granted to permanent employees whether they are full time or part time. Non-permanent employees make their own arrangements for benefits such as retirement savings, death and disability cover and medical aid.

Post-retirement benefits

The Group operates a number of pension schemes, including defined contribution and defined benefit schemes as well as post-retirement medical aid plans. The cost of providing healthcare benefits to retired employees is accrued using the same methodology as defined benefit pension schemes.

Staff costs

Short-term employee benefits, including salaries, accrued performance costs, salary deductions and taxes, are recognised for the period of employment.

Share-based payments

The Group operates equity-settled and cash-settled share-based payment plans.

Employee services settled in equity instruments

The cost of the employee services received in respect of the shares or share options granted is recognised for the period of employment, generally the period in which the award is granted or notified and the vesting date of the shares or options.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation.

Employee services settled in cash

The fair value of the amount payable to employees in terms of a cash-settled share-based payment is recognised over the vesting period

For further details refer to the accounting policies as disclosed in our 2017 consolidated and separate annual financial statements.

401-3 Parental leave

Our policy refers to maternity and adoption leave rather than parental leave, although we do consider all circumstances when considering the leave. Non-permanent employees do not receive paid maternity/parental leave but are entitled to four months of unpaid leave during which time, in South Africa, they are able to claim from the Unemployment Insurance Fund. Paternity leave of five days per annum can be taken as part of family responsibility leave.

402 Labour/management relations

402-1 Minimum notice periods regarding operational changes

Legally, in South Africa, we need to provide notice of consultation, then consult, conclude and provide notice of termination based on contractual notice with no period stipulated. This is,however required to be reasonable. In Rest of Africa the process is required to be finalised within three months.

In practice, in South Africa, we give notice and can consult immediately with the union for individuals in the collective agreement, which has a turnaround of two days. After consultation, notices are issued to individuals outside the collective agreement. Consultation meetings are not less than five days apart. A reassignment period of 90 days follows. Further consultation takes place and then notice of termination, depending on contractual notice, is issued. In Rest of Africa the process is finalised within two months.

403 Occupational health and safety

403-1 Workers representation in formal joint management-worker health and safety committee

We have an occupational health and safety policy supported by standards in place to articulate the minimum mandatory controls and actions that business areas and functions must implement in addition to any relevant national and local legislation, to ensure that health and safety risks are adequately controlled. This policy is supported by the Compensation for Occupational Injuries and Diseases Act 130 of 1993, the Occupational Health and Safety Act of 1993, and The Basic Conditions of Employment Act 75 of 1997.

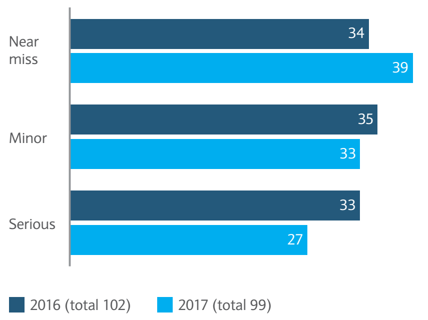
The appointees in terms of the Occupational Health and Safety Act of 1993 Sections 16(1), 16(2) and 8.2 are in place. An annual report is submitted to the Social and Ethics Committee combining the feedback from the various appointees. To provide a healthy and safe environment, all workers and employees on site are included in the management of health and safety.

403-2 Types of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities

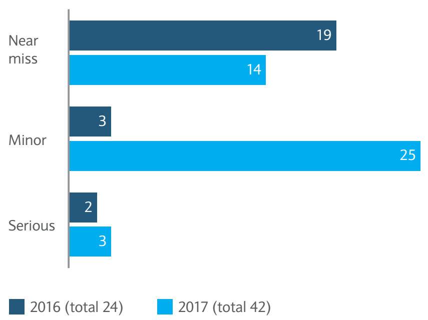
All our employees and other workers (i.e. workers not employed by us but who are working on our premises, for example the cleaning and canteen workers) on our premises are included under our occupational health and safety regulations. We register our employees with the compensation fund and other workers are registered by their employers. An accident is reported whenever an employee is involved in and/or reports an incident arising out of and in the course of his/her employment which results in personal injury for which medical/ambulance/doctor's treatment is required, or in a fatality.

141 employees were injured on duty of which 96 were female. 99 injuries occurred in South Africa. Of other workers working on our premises, there were 25 injuries (16 female) and one male fatality. 416 days were lost due to injuries, of which 289 were in South Africa. No occupational diseases were reported in 2017. The absentee days per female in 2017 was 6.0 (2016: 5.7) and the absentee days per male in 2017 was 3.6 (2016: 3.5).

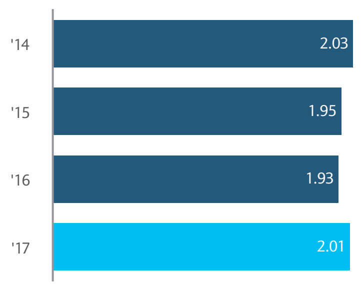
Injury on duty – South Africa (number)



Injury on duty – Rest of Africa (number)



Absentee rate (%)



403-3 Workers with high incidence of high risk of diseases related to their occupation

99% of our employees are administrative/office workers and their functions are seen as low risk for work-related diseases. In an instance of a claim, we follow the directives provided in the Compensation for Occupational Injuries and Diseases Act 130 of 1993.

403-4 Health and safety topics covered in formal agreements with trade unions

The unions are not involved with our policies and standards; however, we have an agreement with trade unions in respect of the appointments of the occupational health and safety team for Absa.

404 Training and education

404-1 Average hours of training per year per employee

404-2 Programmes for upgrading employee skills and transition assistance programmes

Unique development and career experiences are a key component of our employee value proposition. We spent R487m on developing the technical, commercial and leadership capabilities of our employees. The 30% increase in development spend was primarily due to the launch of technical academies for developing local content to replace leadership, management, and core skills offerings that replaced those previously provided by Barclays.

The new academies include: finance, risk, security, human resources, compliance, internal audit and operations. For example, we launched Compliance Career Academy in partnership with Duke Corporate Education and the University of Cape Town Graduate School of Business and we established an Internal Audit Academy to build and maintain the skills of our internal audit professionals.

Our approach to learning is employee-led and our employees benefited from a catalogue of 3 847 different learning programmes (2016: 3 152). Following discussions on the need to develop business leaders in Africa, we collaborated with BankSeta on the Africa Expansion Programme, and launched it in South Africa. The initiative is also available to other major banks in South Africa.

Our investment in local talent is reflected in fewer assignees from Barclays PLC, down from 46 to 25. We had 117 employees on regional assignment within Barclays Africa (2016: 135) with 59 additional assignments commencing during 2017.

We maintained a healthy internal hire ratio, while investing in external skills acquisition for technology, risk, and core functional areas. 59% of vacancies were filled by existing employees, providing them with growth and career progression opportunities. Of these, 2 590 (49%) were promoted (2016: 48%), reflecting the strength of our internal talent pipeline.

We attract and develop high-potential young leaders. 85 graduates from across the continent participated in our 2017 Rising Eagles Programme (2016: 113). They join over 1 100 young professionals, who have built their careers with the Group since the programme's inception in 2008. We sponsored 2 214 (2016: 2 198) learnerships and internships in South Africa as part our continuing commitment to Shared Growth.

We developed opportunities that focus on scarce skills:

- Our Digital Academy internship hosted 125 interns, of whom 98 have taken up permanent employment.
- 15 interns participated in the Design Internship Programme, all of whom have decided to build a career with us.
- A Cyber Academy was launched, which will host 20 learners in 2018.
- Eight data scientists graduated from the New York Data Science Academy, and 11 will commence the programme next year.
- In partnership with Gijima and Microsoft SA, we piloted an internship programme for African Data Science graduates.

Average training hours per person

		Total	African	Coloured	Indian	White
2017	Female	**28.89**	**33.73**	**30.88**	**25.10**	**22.19**
	Male	**23.91**	**29.82**	**33.13**	**17.56**	**17.92**
2016	Female	34.59	37.90	37.40	33.15	28.44
	Male	28.97	33.93	36.34	23.51	22.89

404-3 Performance of employees receiving regular performance and career development reviews

94% of employees had discussions about their performance and development, made up of 92% of males and 95% of females. There are various reasons why an employee may have no rating, for example, a new joiner, long-term absence, resignation/retirement, restructuring and so forth.

405 Diversity and equal opportunity

405-1 Diversity of governance bodies and employees

The Board recognises that a diverse board is beneficial to an organisation's business and regards diversity of perspectives at board level as essential to its ability to provide effective oversight over the setting and execution of strategy. The Board endorses the recommendation of King IV that a board of directors should comprise the appropriate balance of knowledge, skills, experience, diversity and independence.

King IV recommends that a Board set targets for race and gender representation, and the JSE Listings Requirements require us to have policies on the promotion of race and gender diversity at board level. The Board is committed to ensuring that the Group meets its governance, social and regulatory obligations regarding diversity, while considering the environment and pan-African geographies in which we operate. In accordance with our Board diversity policy, the Board has set targets for race and female representation at a minimum of 30% each for 2018.

The Board takes prudent measures toward greater race and gender diversity among all employees, and recognises the benefits of having South African, pan-African, and non-African Board members.

As at 31 December 2017, the representation of women on (i) all of our subsidiary boards is 26%; (ii) South African boards is 28%; and (iii) the country bank boards is 22%. The Black representation on the South African subsidiary boards is 37%.

Diversity is core to our Values, key to our commercial success, and deeply rooted in our commitment to Africa. We have a distinct advantage in our wealth of diversity across Africa. Gender parity is a global social issue, and we embed its principles into our core employee processes and practices.

Women make up 61.4%[LA] (2016: 61%) of our employees and accounted for 59% of promotions (2016: 60%). Over the past five years, our female representation in senior leadership improved from 26.2% to 34.1%[LA]. In South Africa, we have also made good progress with employment equity. Over the past five years, Black representation in our senior leadership improved from 32.2% to 44.3%.

Black employees make up 71.9% (2016: 68.4%) of our workforce and accounted for 80.8 % (2016: 82.5%) of promotions. 90% of external hires were Black (2016: 88%) and 69% of all external hires were SA Africans (2016: 65%). We hired significantly more SA Africans in middle management at 56% (2016: 47%). 44% (2016: 33%) of senior management hires were SA African. 88% (2016: 83%) of our 3 113 (2016: 2 361) bursary recipients, graduates and learners are Black and 59% (2016: 58%) are Black women. 18.9% of our workforce is under 30 years of age, 23.2% between 30 and 35 years, and 57.9% above 35 years of age.

More than 5.0% of our workforce is impacted by disabilities, and we support their workplace needs, including specialised facilities and technology. Our Reach Network raised awareness around disabilities through the 'This is Me' campaign. Our Lesbian, Gay, Bisexual and Transgender, intersex (LGBTi) Spectrum Network spans the continent and has championed multiple initiatives, including education campaigns, pride celebrations and the launch of an LGBTi mentoring programme.

405-2 Ratio of salary and remuneration of women to men

The ratios have remained stable year-on-year. This remains a focus area and was part of a PwC Actuarial Services analysis.

	2016		**2017**	
Salaries	Female	Male	**Female**	**Male**
South Africa[1]				
Managing principal to principal	1.0	1.1	**1.0**	**1.1**
Assistant vice president to vice president	1.0	1.2	**1.0**	**1.2**
BA1 to BA4	1.0	1.0	**1.0**	**1.0**
Rest of Africa[2]				
Managing principal to principal	1.0	1.1	**1.0**	**1.1**
Assistant vice president to vice president	1.0	1.0	**1.0**	**1.0**
BA1 to BA4	1.0	1.1	**1.0**	**1.1**

	2016		**2017**	
Remuneration[3]	Female	Male	**Female**	**Male**
South Africa				
Managing principal to principal	1.0	1.2	**1.0**	**1.2**
Assistant vice president to vice president	1.0	1.2	**1.0**	**1.2**
BA1 to BA4	1.0	1.0	**1.0**	**1.1**
Rest of Africa				
Managing principal to principal	1.0	1.1	**1.0**	**1.1**
Assistant vice president to vice president	1.0	1.0	**1.0**	**1.0**
BA1 to BA4	1.0	1.1	**1.0**	**1.1**

[1] Cost-to-company
[2] Basic salary
[3] Remuneration is the sum of year-end salary plus discretionary incentive bonus/formulaic incentive for the performance year.

412 Human rights assessment

412-1 Operations that have been subject to human rights reviews or impact assessments

412-2 Employee training on human rights policies or procedures

412-3 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

We recognise that we have clear responsibilities to support governments and civil society organisations in respecting and upholding human rights principles wherever we operate. We are committed to operating in accordance with the International Bill of Human Rights and take account of other internationally accepted human rights standards.

We promote human rights through our employment policies and practices, through our supply chain, and through the responsible use of our products and services. Our code of conduct, which all employees must review and attest to, outlines how we expect our employees to behave and the required standards of working. It makes specific reference to human rights, and covers a number of issues relevant to client review. In 2017, the completion rate for the annual attestation to our code of conduct was 99.4% of all employees. The evaluation of human rights and social aspects is integrated into our product development, business relationships and transaction review.

415 Public policies

415-1 Political contributions

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

416 Customer health and safety

416-1 Assessment of the health and safety impacts of product and service categories

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

Our customers' and clients' health and safety are governed and regulated by the South African Occupational Health and Safety Act. In South Africa, the Department of Labour inspects all our premises regularly. We have public liability cover for litigation arising from accidental bodily injury sustained by persons while they are at our premises, as well as accidental damage to their property. This standard is applied across our Rest of Africa operations as not all countries have the same legislation in place. We are expected to adhere to new directives issued in Kenya and Mozambique by the end of 2018.

In 2017 we had only one incident of non-compliance. A prohibition notice was issued by the Department of Labour, however, the notice was uplifted after an investigation.

418 Customer privacy

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Protecting personal data is taken extremely seriously and we work with local, regional and global regulators to ensure we meet legal and regulatory requirements. We have robust controls in place to protect the personal data of 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. We handle privacy complaints in line with our complaints-handling procedures. In addition to actual cases of complaints, we also monitor our customer and client perceptions of our performance in this regard. Within our Treating Customers Fairly Outcomes Index, data privacy is consistently the highest-rated outcome.

We continually review our procedures to ensure that they comply with international privacy laws, and we run both external and internal awareness campaigns about fraud and cyber awareness to work together with customers and employees to minimise customer data loss. More specifically:

- we have formal information risk management training for all employees;
- we have taken specific steps to strengthen our cyber management capabilities and to reduce our vulnerability to cyber-attacks;
- periodic employee and customer and client communications highlight the importance of information security; and
- we actively drive prevention measures, such as the introduction of two-factor authentication in South Africa which defends against a vulnerability linked to cellphone SIM cards which was exploited by fraudsters.

No complaints have been received from regulatory bodies in this regard.

419 Socioeconomic compliance

419-1 Non-compliance with laws and regulations in the social and economic area

In 2017 a penalty of R4.95m was imposed on Barclays Bank Mozambique relating to inadequate monitoring, reporting and objections to suspicious transactions in 2015. Engagement with regulators on the matter continues.

Financial Services Sector Disclosure indicators

Lending practices

Policies with specific environmental and social components applied to business lines

Our client assessment and aggregation policy and the supporting environmental risk standard is used to guide our relationships with clients and to mitigate environmental and social risks. The environmental risk standard details the minimum requirements and controls for identifying transactions with potential environmental and social risks, outlines where the Equator Principles must be applied, the circumstances under which referral to the environmental credit risk management team is required, and provides guidance on the considerations for inclusion in loan documentation.

Procedures for assessing and screening environmental and social risks in business lines

We aim to ensure that the environmental and social risks related to our lending are well managed. Before obtaining credit approval, transactions are screened and ensure that the identified risks (including reputational risks) can be properly mitigated. This is achieved through a number of mechanisms:

- Front-line business staff and credit analysts review the transaction for environmental and social risks as part of the credit review and approval process.
- Our specialist environmental credit risk function assists and guides business and risk managers on managing these risks.
- Tools to support the assessment include environmental and social risk guidance notes for various sectors that assist with the identification of key sector risks, headline issues and considerations to inform their decision-making.
- Where appropriate, environmental consultants are appointed to assess and mitigate the identified risks.

We have applied the Equator Principles since 2009 and so provide financing only to project sponsors that undertake environmentally and socially responsible developments. In accordance with the Equator Principles III requirements, we undertake environmental risk assessments of transactions falling under the scope of the Equator Principles thresholds, which includes project finance transactions over USD10m and project related corporate loans over USD100m that meet specified criteria. Equator Principles projects are categorised 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 environmental and social impacts:

- **Category A** – Projects with potential significant adverse social or environmental impacts which are diverse, irreversible or unprecedented
- **Category B** – Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
- **Category C** – Projects with minimal or no social or environmental impacts

In 2017, we screened zero[LA] (2016: two) project finance transactions and two[LA] project-related corporate loans (2016: zero) that reached financial close. Both of the reported Equator Principles projects have been independently reviewed, and are located in Tanzania and Nigeria (non-designated countries). We have no project finance advisory services to report in 2017 (2016: nil).

As a financial institution that provides funding to developing economies and a key enabler of low carbon economies, financing requests for sensitive sectors are assessed on a case-by-case basis, and includes considerations such as the need for critical power and country strategic development commitments.

Equator Principle transactions that reached financial close

	Project finance									Project-related corporate loans								
	2015			2016			**2017**			2015			2016			**2017**		
	A	B	C	A	B	C	**A**	**B**	**C**	A	B	C	A	B	C	**A**	**B**	**C**
Sector																		
Mining and metals	–	–	–	–	–	–	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**–**	**–**
Infrastructure	–	–	–	–	–	1	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**–**	**–**
Oil and gas	–	–	–	–	–	–	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**1**	**–**
Power generation	1	6	–	–	1	–	**–**	**–**	**–**	–	–	–	–	–	–	**1**	**–**	**–**
Other	–	–	–	–	–	–	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**–**	**–**
Region																		
Americas	–	–	–	–	–	–	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**–**	**–**
Europe, Middle East and Africa	1	6	–	–	1	1	**–**	**–**	**–**	–	–	–	–	–	–	**1**	**1**	**–**
Asia-Pacific	–	–	–	–	–	–	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**–**	**–**
Country designation																		
Designated country	–	–	–	–	–	–	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**–**	**–**
Non-designated country	1	6	–	–	1	1	**–**	**–**	**–**	–	–	–	–	–	–	**1**	**1**	**–**
Independent review																		
Yes	1	6	–	–	1	1	**–**	**–**	**–**	–	–	–	–	–	–	**1**	**1**	**–**
No	–	–	–	–	–	–	**–**	**–**	**–**	–	–	–	–	–	–	**–**	**–**	**–**
Total	1	6	0	0	1	1	**0**	**0**	**0**	0	0	0	0	0	0	**1**	**1**	**0**

In addition, environmental and social risk guidance was provided on a further 98 (2016:151) general transactions across various sectors which fall outside the Equator Principles definitions or scope.

	2015	2016	**2017**
	A	A	**A**
Sector			
Mining and metals	19	35	**20**
Infrastructure	44	29	**26**
Oil and gas	17	12	**14**
Power generation	11	14	**3**
Power generation (renewable energy)	14	18	**14**
Agriculture and fisheries	1	5	**2**
Agriculture and pharmaceuticals	1	1	**3**
Manufacturing	10	18	**1**
Services	11	16	**10**
Utilities and waste management	3	3	**5**
Region			
Americas	–	–	**–**
Europe, Middle East and Africa	132	151	**98**
Asia-Pacific	–	–	**–**
Total	132	151	**98**

Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions

As part of the environmental risk assessment process business, legal, transaction support and the environmental credit risk staff engage with the client during the transaction life cycle to ensure that environmental and social risks are appropriately mitigated and that financing opportunities that support the green finance economy are identified e.g. renewable energy opportunities.

Where appropriate, environmental risk management monitoring requirements (including the agreed frequency) are included in loan contracts to manage applicable environmental or reputational risks. Monitoring frequency is driven by the significance of the environmental risks identified during the environmental risk assessment process. All Equator Principle transactions are reviewed at least annually. Reports received by the transaction support team are reviewed by the environmental credit risk function to ensure that environmental and social risks are satisfactorily managed and, when required, we engage with our clients on environmental issues of concern or where unsatisfactory progress is identified to agree an appropriate resolution or action plan. Where appropriate action is not taken, support for the finance application may be declined.

Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

We have developed an environmental credit risk management learning programme to enhance employees' knowledge of key environmental risk issues. The training enhances internal credit and bankers' awareness of environmental and social risks and illustrates how these relate to sustainable finance. This programme was completed by 310 employees in 2017, either by following an interactive online training course or by attending general environmental credit risk presentations.

Interactions regarding environmental and social risks and opportunities

We monitor developments in the environmental risk field and broaden our understanding of environmental and social risk. The Group is a longstanding member of the Banking Association of South Africa's Sustainable Finance Committee, engaging on various international and regional sustainable finance issues and related regulatory developments and impacts. We participated in the United Nations Environment Program Finance Initiative Regional Roundtable in Africa and Middle East held in Johannesburg, South Africa during 2017. We attend events hosted by the National Business Initiative to keep abreast of industry developments.

FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose

Please refer to FS 13 and FS1 4.

FS 8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose

The initiatives reported here represent a selection of examples.

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 3 916 MW, 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 1 598 MW, including 456 MW for solar photovoltaic, 892 MW for wind and 250 MW for concentrated solar technologies. This represents about 41% of all renewable energy projects (by MW) awarded so far. An additional 13 projects (1 318 MW valued at R34bn) were expected to reach financial close in 2017; however, relevant approvals for 12 of these are still outstanding. We were lead arranger on the Kathu Concentrated Solar Project, a 100 MW renewable energy plant to be constructed in the Northern Cape.

FS 13 Access points in low-populated or economically disadvantaged areas by type

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.

We expanded the reach of our sales and service points since the inception of the FS Charter in 2005. Of our entry-level customers corresponding with living standards measures (LSMs) 1 to 5, 61.69% (2016: 61.60%) lived within 5 km of a transaction point; 76.73% (2016: 76.85%) lived within 10 km of a service point; and 73.62 % (2016: 73.49%) lived within 15 km of a sales point. Among these customers, electronic access via any client-owned or third-party infrastructure decreased to 12.49% (2016: 13.09%). Whenever we open or close points of presence, we carefully consider the impact on coverage, and, in the case of closures, identify a suitable alternative.

Our multi-channel focus includes convenient alternatives to branches, such as self-service (ATMs) and digital (online and mobile banking, Absa banking app), and personal service and relevant advice through our front-line colleagues. Over the past few years, we added new functionality to our Absa point-of-sale devices, which reclassified them from transaction points (withdrawals and purchases), under the FS Code, to service points. Reclassification rested on functionalities, including deposit taking, card replacement, account opening, funeral policy acquisition or loan applications.

FS 14 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.

Initiatives reported below represent a selection of examples.

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.

In South Africa:

- The Absa Transact Account is South Africa’s cheapest bank account and 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 (stokvels).
- To address the financial burden of family funerals borne by our customers, we increased the embedded funeral cover on Absa Flexi Value Bundles at no additional cost.
- Our MegaU is a free transactional account for youth and has a free app to encourage the development of saving and financial skills.
- We partner with retailer, PEP Stores, to provide financial services through a trusted and convenient channel. Services including bank accounts and money transfers.
- We provided R873m in new affordable housing home loan to 2 508 customers (single or joint households earning less than R22 000 per month). Majority benefited from our borrower education programme which covers key aspects of home ownership, home maintenance and personal financial matters. We continued supporting the government’ affordable housing development projects, increasing our investments to R11.6bn (2016: R11.2bn).
- We introduced the micro branch, allowing customers in rural communities to access sales and services as well as an electronic banking hall.
- We continued expanding our branchless banking to include more retailers who are independent small businesses, enabling customers to deposit and withdraw money, check balances, obtain mini-statements and buy prepaid airtime.
- Our customers have free access to digital banking channels (USSD, app and internet banking).
- ATM functionality includes 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 pre-paid electricity, data bundles and airtime; and stamped and printed e-statements.
- We continually progress financing Black agribusinesses with clients involved in intensive production systems conducted in small areas with high inputs/input costs and high yields, e.g. mushrooms, poultry or vegetable tunnels (Gauteng); and forestry in KwaZulu-Natal.

Examples in Rest of Africa Banking include:

- Atlas is a micro-lending product in Ghana.
- In partnership with the Kenyan Post Office, we serve customers through an additional 375 points of presence.
- In Botswana, the Mabogo Dinku initiative uses the Barclays Motshelo account as collateral so to extend business financing for groups who would not otherwise qualify for credit facilities.

FS 15 Policies for the fair design and sale of financial products and services

Financial services offered to existing and potential customers, clients, counterparties or other participants are included in our policy on new products as well as the maintenance, modification or withdrawal of existing products. Our products are placed through a rigorous review process by executive management within the Product Approval Committee. Post-launch risk reviews of the products by the product owners, operational risk and governance teams are reported to the Product Approval Committee for assurance that all controls are in place and the product operates as designed. This policy is applied in conjunction with our conduct and reputation risk policies.

FS 16 Initiatives to enhance financial literacy by type of beneficiary

Initiatives reported represent a selection of examples.

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

We define consumer education as the process of transferring knowledge and skills to consumers, future consumers and potential consumers for individual wellbeing and the public good. The intended outcome is the development of consumer's knowledge and understanding of the financial sector and its products and services. Our consumer financial education interventions empower individuals to make informed choices and improve their lives through responsible personal financial management.

The target market for Absa consumer education will range from LSMs 1 to 5 (80% of the training) and LSMs 6 to 8 (20%). We reached 75% beneficiaries in urban areas and 25% beneficiaries in rural areas. We made use of accredited training providers to deliver consumer education in all nine provinces in South Africa. In 2017 we reached 76 917 (2016: 45 930) beneficiaries for an investment of R17m. We reached 10 549 consumers in Botswana, Ghana, Seychelles, Uganda and Zambia.

Our school governing body training takes place each year in different provinces across South Africa. In 2017, we focused on three provinces – North West, Free State and Northern Cape – training 2 636 governing body members from 669 schools in financial management and governance (2016: four provinces – Eastern Cape, Limpopo, Mpumalanga, KwaZulu-Natal – 10 521 governing body members and 2 725 schools, respectively). The decline in reach is attributed to the lower number of schools in the respective geographies.

We provided financial education in Rest of Africa through various training activities, exhibitions and campaigns. In Botswana our employees volunteered to teach the youth and school children money skills with a focus on savings and budgeting. Financial literacy training was provided to workplace banking customers in Ghana in partnership with MTM and Coca Cola. We reached 613 people through our Make a Difference Day (MADD) campaign in Uganda. The Zambia Financial Literacy week, Woman's day events and the Barclays Cup tournament was used to reach 3 000 customers in Zambia.

We made donations for financial literacy to the BASA, the Financial Services Board and the Association of Savings and Investments. The Absaville series, an edutainment radio soap opera, reaches radio stations in nine South African official languages. The soap opera is central to the series, connecting the life stories of different people at different stages in their financial journey, with Absa (our South African financial services provider) being the thread that educates the individual, the community and the country about our concept of Shared Growth.

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Absa Bank Limited (Corporate and Investment Bank)

Noteworthy terms used in the report

Black	All African, Coloured or Indian people qualifying for South African citizenship by birth or descent, or people who were naturalised before 27 April 1994.
BBBEE	The South African Broad-Based Black Economic Empowerment Amendment Act serves as the basis for the Department of Trade and Industry's Financial Sector Code.
Equator Principles	internationally recognised financial industry benchmark for determining, assessing and managing environmental and social risk in projects
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
Normalised	Barclays PLC contributed GBP765m (R12.6bn) towards the Separation and it is expected that it will neutralise the capital and cash flow impact of Separation investments on the Group over time. This will result in a disconnect between the underlying business performance and IFRS results.
SA African	With reference to the definition of Black above, SA African refers specifically to Africans, excluding Coloureds and Indians.
Separation	The programme of activities over approximately three years which will disengage the Barclays Africa and Barclays PLC businesses from one another.

A full glossary of acronyms and definitions are available at barclaysafrica.com.