Balanced Scorecard performance summary

We continue to create value for our stakeholders despite a challenging operating environment

Progress is tracked by a number of sources including internal dashboards, regular management reporting materials and external measures, ensuring a balanced review of our performance.

	What do we consider as success?	How we measure success includes, but is not limited to	Top line metrics	Current performance
Company	› Achieving our financial targets within a reasonable timeframe, consistent with our aim of generating sustainable returns for the shareholders while managing the separation from Barclays PLC	Current financial targets of: › Returns › Capital › Cost › Revenue split	Return on equity **Target:** 18 – 20%	▼ 16.6%
			Common Equity Tier 1 ratio **Target:** 9.5 – 11.5%	▲ 12.1%
			Cost-to-income ratio **Target:** low 50s	▼ 55.2%
			Revenue share from Rest of Africa **Target:** 20 – 25%	▲ 22.5%
Customer & Client	› Being trusted by customers and clients and ensuring excellent customer and client service › Customer and clients recommending us to others › Successfully innovating and developing products and services that meet customers' and clients' needs › Offering products and services in an accessible way	› Customer surveys › Complaints performance › Client rankings and market shares	RBB and WIMI: ranking of Relationship Net Promoter Score® (NPS®) versus peer set[1] **Target:** 1st in 2018	= 4th
			CIB: Compound annual growth rate in client franchise contribution **Target:** 11% in 2018	▲ 16%
Colleague	› Engaged and enabled employees › A diverse and inclusive workforce in which employees of all backgrounds are treated equally and have the opportunity to be successful and achieve their potential	› Employee engagement › Diversity and inclusion statistics	Sustained engagement of colleagues' score **Target:** ≥85% in 2018	= 75[LA,2]
			Women in senior management **Target:** 35% in 2018	▲ 31.6%[LA]
			Senior black management[3] **Target:** 60% in 2017	▲ 38.3%
Citizenship	› Making decisions and doing business that provides our, customers and clients, shareholders, employees and the communities we serve with access to a prosperous future, through our Shared Growth philosophy › Proactively managing the environmental and societal impacts of our business	› Delivery against our Shared Growth goals › Employee engagement in Citizenship activities › Environmental and social impacts of our lending practices and the management of our impact on the environment	Shared growth Investment in education and skills **Target:** R1.4bn by 2018	▲ R184m[LA]
			Funds raised and deployed for enterprise and supply chain development **Target:** R1.3bn by 2018	▲ R1.38bn raised
Conduct	› A positive conduct and values-based environment › A business responsive to regulatory change and the resulting impacts	› Conduct and culture measures › External benchmarks and surveys	Conduct reputation survey[1,4] **Target:** 7.6/10 in 2018	▼ 6.3/10

[1] Bi-annual metrics.
[2] Survey conducted in 2015.
[3] South African operations only.
[4] YouGov survey conducted in Botswana, Ghana, Kenya, South Africa and Zambia.
® Trademarks of Satmetrix Systems Inc., Bain and Co Inc. and Fred Reichheld.
LA This indicator is covered by the scope of a limited assurance engagement undertaken by EY and PwC. The basis of measurement thereof and the assurance statement can be found at barclaysafrica2016ar.co.za.

Company

We effectively manage risk, and create sustainable returns

Material focus areas

1 Sustainably growing revenue

2 Effectively managing risks

3 Disciplined cost management while enabling strategic investments

4 Delivering appropriate shareholder returns

Why this is important:

It is essential we maintain a strong relationship with our shareholders to ensure a shared understanding and vision for our future performance.

Desired outcomes

For our investors

- Growing, sustainable returns on their investments through dividends and share price
- Return on debt-based investments delivered in agreed upon timelines

For the Group

- Adequate levels of capital and liquidity to enable management to take advantage of opportunities
- Effective management of risks
- Investment and support from shareholders and analysts

Key matters raised by stakeholders

- 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

Measuring our progress

	2013	2014	2015	**2016**	YoY trend
Revenue share from outside South Africa (%)	19.1	19.5	20.8	**22.5**	▲
Cost-to-income ratio (%)	56.3	56.8	56.0	**55.2**	▼
Return on equity (%)	15.5	16.7	17.0	**16.6**	▼

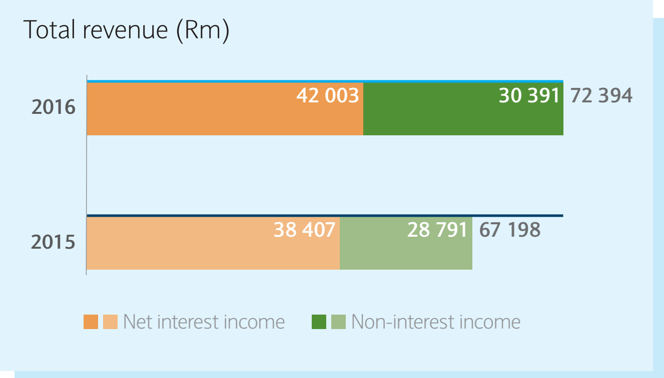
43 Further information relating to our financial and risk management performance.

Full details of our financial performance are contained in our 2016 Financial Results booklet and our Consolidated and separate financial statements, which can be downloaded from barclaysafrica2016ar.co.za.

1 Sustainably growing revenue

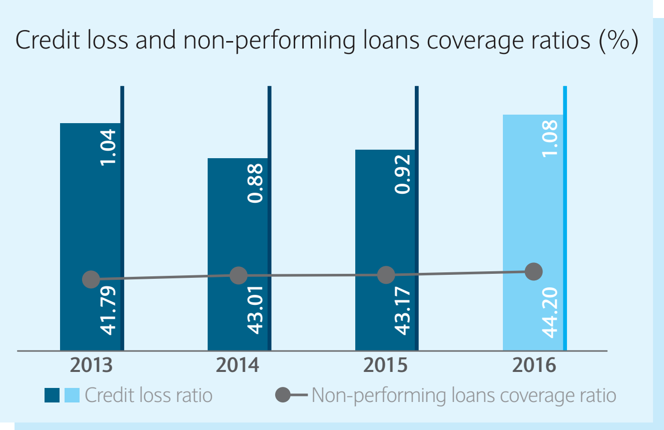
Our revenue trajectory continues improving in several target areas, including Rest of Africa Banking, Markets, Corporate South Africa and Retail Banking South Africa. Our revenue share from outside South Africa increased to 22.5% (2015: 20.8%). The weak macro backdrop and regulatory pressures in South Africa, coupled with limited growth in primary customer numbers curbed positive revenue momentum in RBB, which remains a priority in 2017.

We are top three by revenue in three of our largest markets – Botswana, Ghana, and South Africa, however, behind our target which includes Kenya and Zambia.



2 Effectively managing risks

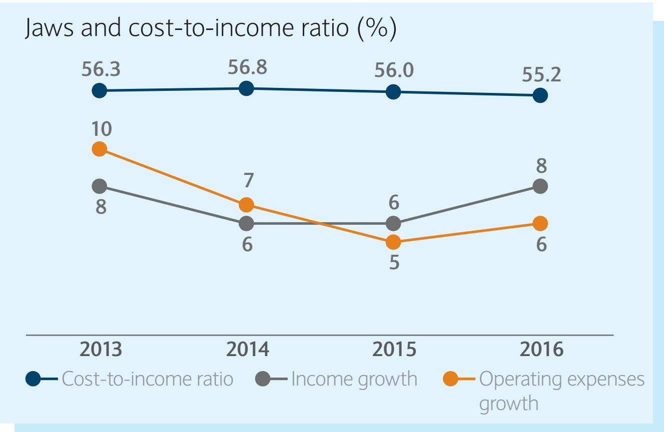
Our credit loss ratio increased to 1.08% (2015: 0.92%) due to macroeconomic pressures experienced by consumers and a significant impairment by a large corporate client. Our portfolio provision to performing loans and advances grew to 0.79% (2015: 0.65%), while coverage on non-performing loans rose to 44.20% (2015: 43.17%).



3 Disciplined cost management while enabling strategic investments

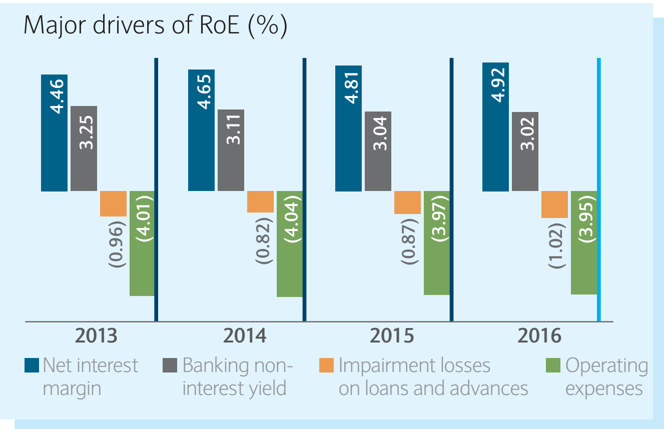
Our structural cost programme continues producing efficiency gains, while allowing us to invest in strategic initiatives, including technology, which increased to 19% of our total costs (2015: 18%).

Our cost base management caused operating expenses to grow below inflation in constant currency. This, combined with our revenue growth in several targeted areas outlined above, improved our cost-to-income ratio to 55.2% (2015: 56.0%).



4 Delivering appropriate shareholder returns

Our return on equity decreased slightly to 16.6% (2015: 17.0%). This is satisfactory, taking into account the operating environment and substantial single-name credit impairment charge. Excluding the latter, our return on equity would have increased year-on-year. While separating from Barclays PLC will impact our near-term returns, we still believe that our stated longer-term target remains appropriate for our Group.



Customer & Client

We aim to be the financial services group of choice

Material focus areas

1. Understanding customer and client needs
2. Creating and delivering solutions
3. Balanced distribution model
4. Ensuring trust and safety

Why this is important:

Customer service is central to our growth strategy. To retain existing and acquire new customers, we have to remain relevant by offering appropriate and innovative products and solutions at the right cost.

Desired outcomes

For our customers and clients

- Simple, efficient cost-effective banking solutions
- A safe and trustworthy financial services provider

For the Group

- Improved Net Promoter Score®
- Increased revenue from existing customers and clients, and new business
- Ultimately, customer and client trust and support

Key matters raised by stakeholders

- Access to financial services that are cost-effective, simple and convenient
- 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)

Measuring our progress

	2013	2014	2015	**2016**	YoY trend
Total number of banking customers (million)	12.0	12.0	12.3	**11.8**	▼
› South Africa[1]	9.4[LA]	9.2[LA]	9.4[LA]	**9.4[LA]**	▲
› Rest of Africa	2.6	2.8	2.9	**2.4**	▼
Branches (number)	1 314	1 267	1 251	**1 207**	▼
ATMs (number)	10 780	10 643	10 378	**10 013**	▼
Net Promoter Score® (%)[2]	n/a	19.5[LA]	24[LA]	**28[LA]**	▲
› South Africa	12[LA]	19	22	**24**	▲
› Rest of Africa	20	21	32	**31**	▼
Complaints per 1 000 customers (number)[3]					
› South Africa	–	–	–	**0.82[LA]**	[3]
› Rest of Africa	–	–	–	**6.55**	[3]
Banking ombudsman complaints (opened/closed) (number)[4]	981/897[LA]	524/614[LA]	193/633[LA]	**798/767[LA]**	▲

[1] Total number of South African customers with open Absa core banking products such as cheque accounts, savings accounts, secured and unsecured loans (excludes wills, life policies, Edcon, Woolworths Financial Services and Virgin Money South Africa).
[2] Net Promoter Score® (NPS®) is a brand relationship score, defined as the percentage difference between the promoters and detractors, based on their likelihood to recommend the Group to friends and family. Net Promoter Score and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company Inc. and Fred Reichheld.
[3] Total number of complaints (any expression of dissatisfaction) logged in the year per 1 000 customers. Previously reported complaints per 1 000 accounts and no comparative is available.
[4] The number of complaints opened and closed with the South African Ombudsman for Banking Services for the reporting period.
[LA] This indicator is covered by the scope of a limited assurance engagement undertaken by EY and PwC. The basis of measurement thereof and the assurance statement can be found at barclaysafrica2016ar.co.za.

1 Understanding customer and client needs

Customers and clients are increasingly demanding that businesses understand them better and use already-received information to provide better service. Interactions with our customers and clients, from a point-of-sale (POS) device, an ATM, internet banking or in a branch, are opportunities to understand them better. Harnessing this information allows us to better tailor customer and client solutions, which meet their needs at the right moment.

Technology has taken over a large part of the transactional banking relationship, and improves the speed with which we serve our customers and clients across all channels. It is not enough to understand data – it is the intelligent interaction between data, insights-driven solutions and human interactions with customers and clients that ultimately leads to differentiating ourselves through richer solutions with the correct products, services and advice.

2 Creating and delivering solutions

Our customer and client service model changes as we evolve our capabilities. We structure our core business activities and processes to develop solutions suited to our customers' and clients' individual life stages or their current business needs while providing outstanding experiences, privacy and security.

We continue enhancing core customer and client value propositions, strengthening existing, and building new strategic partnerships.

We continue to identify and anticipate customer and client needs. For example, we reduced administrative burdens on customers and clients by introducing account number portability, which allows them to keep their account number when changing account types. Our customers and clients are able to digitally upload their FICA documents for future use. We also offer a range of convenient payment and purchase options to customers and clients. Payment Pebble – a mobile payment acceptance device for any smartphone – enables quick payments.

Prepaid cards are available for youth accounts in Zambia, and CashSend allows cash withdrawals at our ATMs without a bank card, via a mobile phone in Botswana, Kenya and South Africa. Customers in South Africa can purchase prepaid electricity through ATMs, the Absa banking app, Absa Online portal and ChatBanking.

Customers and clients also have more control over payments made by direct debit through our first-to-market online debit order reversal in South Africa. Absa customers and clients can, within 40 days, request that an unauthorised debit order be reversed instantly, and prevent future debit order transactions from taking place.

Product access has been increased by using tablets to open accounts at remote locations across Botswana, Ghana, Kenya, Mauritius and Zambia. Customers and clients in Botswana, Ghana, Kenya and Uganda without access to smartphones can make use of Hello Money – a basic mobile phone banking solution. Online bill payments are available in Botswana, Ghana, Kenya, Tanzania, Uganda and Zambia.

We added functionalities to our cash-accepting devices, our app and online platforms. Self-registration is available for customers and clients on our Absa mobile banking app; stand-alone home loan and vehicle finance registration is available via Absa Online, and our Absa Homeowners app offers speed, convenience and 24/7 access along with in-principle credit decisions.

Business Banking's electronic sales platform has been enhanced, and we developed instant online account opening for businesses via digital channels. Small and medium enterprises can use Business Essentials Light – a cost-effective transactional account. We enabled the Halo Pay app to link to Absa digital services, allowing micro-businesses to issue payslips, pay employees from the business' Absa account and allow those employees with or without bank accounts to withdraw from Absa ATMs.

Our WIMI customers benefit from purchasing insurance and logging short-term insurance claims online and Absa's Affinity Life – a first-to-market predictive underwriting tool that uses customer-level data to predict what the outcome for medical underwriting would be without the inconvenience of full medical assessments.

In CIB, client engagement integrates client coverage across Africa through end-to-end relationship management origination activities, leveraging segment and sector specialisation.

We have been taking a leading role in helping develop products and investigate technologies that will bring efficiencies and cost savings to Africa. This includes Blockchain (a digital ledger where transactions are made in a cryptocurrency, and recorded chronologically and publicly) – which has the potential to fundamentally change the way certain businesses operate. Together with Barclays PLC, we facilitated the world's first trade finance transaction using Blockchain. Such a trade, which would normally take between 2 – 10 working days, was processed in just four hours. This technology is expected to create significant efficiencies, reduce costs and eliminate inherent risks associated with trade documentation. As a member of R3 – a global Blockchain consortium – we have access to global knowledge and tools and have initiated a working group in South Africa to co-create further Blockchain solutions.

3 Balanced distribution model

The ongoing evolution of financial services gives our customers and clients a choice from a range of relevant channels, suited to their individual lifestyles and needs. Our multi-channel strategy provides customers and clients with a range of platforms offering face-to-face and technology-based solutions. We continue improving customer and client experience by simplifying processes, reshaping our branch network and investing in our digital channels.

We provide physical access via 1 207 branches and 10 013 ATMs across our operations. We continue refurbishing and re-positioning some of our branches, ATMs and cash accepting devices. ATMs are available 24 hours a day, with functionalities such as cash acceptance and CashSend in all markets except for Seychelles. Cash withdrawal via a point-of-sale device is available in Seychelles (first-to-market), South Africa and Zambia.

Our digital strategy has two clear execution streams. The first focuses on system resilience and stability – including modernisation of our network, system availability, disaster recovery capabilities and the management of information and cyber risks. With the second, we are adapting our thinking to radically change customer and client experience and anticipate what financial services will look like in the future.

Strengthening and extending our online and mobile services remains a priority. 26% (2015: 23%) of our customers are now active on our digital platforms. We overhauled the Absa Online website and released a refreshed mobile Absa banking app with a redesigned human experience. We promoted online banking and other digital solutions in the Rest of Africa, providing customers and clients with more convenient banking capabilities. We also refreshed our Kenyan online banking website.

We are automating end-to-end processes, and implementing systems that simplify our customers' and clients' experiences, while re-engineering our front-end systems to provide employees with the right tools and capability to serve our customers and clients.

New technologies, such as wearables, mobile payment options and messaging apps, are changing consumers' lives, and banks are adopting these technologies to remain relevant and competitive. Our Application Programming Interface platform permits applications to safely link into online and mobile banking, payment processing, risk calculators and ATM locations. Award winning examples include ChatBanking (a first on Twitter in Africa and a global first on Facebook) which allows customers to perform limited transactions through social media.

We keep evolving and building new strategic capabilities that enable us to be relevant and competitive into the future. We have launched new digital payment technologies and are leveraging strategic partnerships to drive innovation, increase market access and enhance our customer and client value propositions. Launched in 2015, Rise Africa is an innovation community built around both a physical space and a digital platform, creating a local, regional and international community for the top fintech start-ups to connect, co-create and scale their innovative ideas and connect with corporates. Robotics and artificial intelligence are simplifying and automating our services.

Measuring our performance

The growth of our business is directly linked to the way we treat our customers and clients, and manage their assets. Our NPS® customer survey score in South Africa improved to 24% in 2016 (2015: 22%) while Rest of Africa achieved an average NPS® of 31% (2015: 32%). Our Group NPS® ended at 28%[LA] (2015: 24%[LA]).

In our first year of measurement, complaints per 1 000 customers was 0.85 for the Group. We resolved 54% of complaints at first point of contact (2015: 52.1%). In South Africa, the number of Ombudsman for Banking Services complaints increased to 798[LA] opened (2015: 193[LA]) and 767[LA] closed (2015: 633[LA]). The significant increase was experienced across the industry. Through our complaints monitoring and voice of customer research, we actively identify causes of dissatisfaction.

4 Ensuring trust and safety

For customers and clients, financial crime risks include ATM and branch security (for example, card skimming and robberies), card fraud, and online security risks – such as spyware and computer viruses. We aim to protect our customers and clients through our controls and processes, as well as education and awareness.

In 2016, we brought together our forensics, security and fraud operations, integrating investigations and enhancing the quality of our decision-making when mitigating risks. Our fraud prevention capability continued improving, benefiting from:

- ongoing customer awareness;
- more effective management of related key risks; and
- technology upgrades – including enhanced authentication and security for online banking, mobile banking, mobile banking apps and card-not-present transactions.

Total fraud losses amounted to R256m, 29% less than in 2015 (R362m), and continued decreasing ahead of industry trends, with 81% (R210m) of fraud losses (2015: 86%, R281m) attributable to South Africa. Card fraud remains the main contributor to fraud losses, amounting to 50%, (R128m) (2015: 43%, R156m) of total losses in the Group. The reduction in card fraud losses is mainly due to the introduction of more secure chip and PIN cards, as well as significant changes in the early detection of application and transaction fraud.

Customers and clients lost a total of R101m during 2016, largely due to more online transactions via internet and mobile banking. Fraudsters aggressively target customers with the intention of securing their account numbers, PINs and passwords. This increase in online fraud is a broader industry and global trend. Online fraud is currently the largest contributor to retail customer losses. Awareness remains a key defence, and we continue engaging with our customers and clients about the risks they face.

Violent crime prevention in South Africa has notably improved, with significant decreases in all crimes, except burglaries at ATMs, which have stabilised. In general, the reduction is thanks to successful application of advanced security technology. Operating conditions, in terms of physical security, have remained stable in operations outside South Africa.

As challenges such as cyber fraud and violent crimes remain we will continue investing in defences to protect our customers and clients, and the Group.

Colleague

We create an environment where employees can do their best work, and fulfil their potential

Material focus areas

1. Leaders as a source of value
2. Attracting and retaining quality employees
3. Building bench strength through distinctive development opportunities
4. Accelerating our diversity
5. Partnering for success

Why this is important:

Capable and engaged employees serve our customers and clients, and advance our reputation, driving our commercial success.

Key matters raised by stakeholders

- Leadership continuity and managerial depth
- Retention of critical skills
- Talent attraction and development
- Productivity through an agile culture
- Diversity and transformation

Desired outcomes

For our employees

- A workplace where employees can do their best work
- Performance underpins the rationale for recognition and reward
- Self-led development and career progression

For the Group

- High productivity through quality employees who are engaged and retained
- A ready pool of diverse and experienced talent equipped to meet current and future needs
- Outstanding leaders who inspire workforce productivity and agility

Measuring our progress[1]

	2013	2014	2015	**2016**	YoY trend
Total permanent employees (number)	41 433	40 662[LA]	39 964[LA]	**39 356[LA]**	▼
Total permanent and non-permanent employees (number)[2]	46 320	43 817[LA]	41 772[LA]	**41 241[LA]**	▼
Permanent employee turnover rate (%)[3]	11.7[LA]	10.8[LA]	12.0[LA]	**9.86[LA]**	▼
Retention of high-performing employees (%)	91.7	94.2	91.4	**93.5**	▲
Women in senior management (%)[4]	26.2	29.7[LA]	30.9[LA]	**31.6[LA]**	▲
Senior black management (%)[5]	32.2	32.2	35.6	**38.3**	▲
Total direct cost of development (Rm)[6]	341	314	320	**376**	▲

1 All employee metrics exclude Woolworths Financial Services.
2 Number of employees includes permanent and temporary employees.
3 The total number of terminated employment contracts expressed as a percentage of the average number of permanent employees for the year.
4 The number of female employees in managing principal/principal roles for South Africa, and director and managing director roles for Rest of Africa, expressed as a percentage of the total number employees in managing principal (director)/principal (managing director) roles as at 31 December 2016.
5 Percentage of senior black executives at managing principal level. (South African operations only).
6 Total direct costs of development replaces total reportable spend that was disclosed in prior years.
LA This indicator is covered by the scope of a limited assurance engagement undertaken by EY and PwC. The basis of measurement thereof and the assurance statement can be found at barclaysafrica2016ar.co.za.

Empowering performance

Our priority is strong business performance during a successful operational separation from Barclays PLC. Barclays Africa's sustained focus on employees, as a differentiating asset, has enabled us to accelerate our progress. Central to this is leadership continuity, critical skills retention, and our ability to attract and engage quality employees, independent of the Barclays PLC platform.

We are significantly investing in employee development and strengthening our employer brand. This includes building the leadership and managerial depth to underpin our future ambitions. As evidenced by many of our Colleague metrics, we continue making strong progress in attracting, developing and retaining the employee capabilities required to achieve our strategy. Our talent attraction and hiring metrics show that Barclays Africa is well resourced with quality employees, particularly in technology and digital, which are key enablers of our strategy. Our retention of leadership talent and critical skills is the highest it has been in the past four years.

Our leaders are focused on building a more agile and productive culture, founded on ethical values, personal accountability and transparency. This will be value accretive for all our stakeholders, including our employees. We are also upgrading our change management capability, so that we are well-positioned to take advantage of opportunities in our markets.

The revised operating model (South Africa Banking, Rest of Africa Banking and WIMI) ensures we have dedicated leadership, and commercial and technical capacity across our portfolios.

1 Leaders as a source of value

A competent executive team and strong leadership pipeline are key to delivering value for our customers and clients, and sustaining the confidence of our investors and regulators.

The strength of our executive talent pipeline, in which we invest significantly, is reflected in three out of four internal appointments to the Executive Committee over the past two years. We have a seasoned, stable and diverse executive team, of whom one-third is female (unchanged on 2015) and one-third black (2015: 25%).

Our executive leadership retention rate is encouraging. We retained 95% and 100% of our 136 managing principals in South Africa and Rest of Africa Banking respectively.

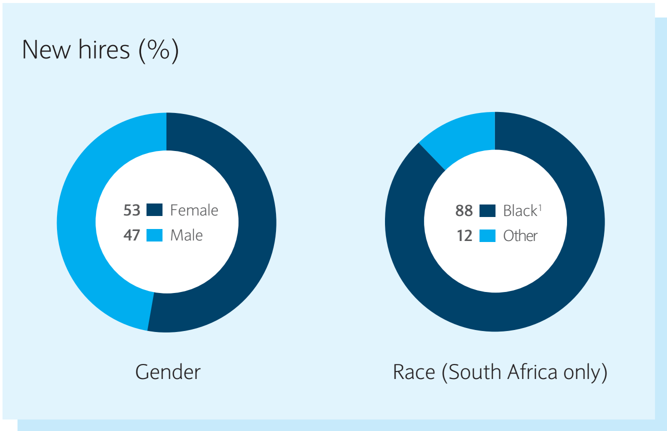
We invested R30.8m (2015: R22.9m) in our Global Leadership Curriculum, and our leaders who are accountable for people management participated in 6 100 training sessions (2015: 3 900). In addition, we launched a portfolio of bespoke leadership programmes (including Leadership Excellence and Management Excellence) to further strengthen our managerial capabilities – benefiting 1 334 employees. We segment and customise our leadership programmes. For example, in Kenya, 96% of leaders attended our Certified Employees Manager programme, and 150 leaders have been trained as internal coaches. This has significantly shifted the Kenyan performance culture, and employee turnover is now 3% (2015: 5%).

2 Attracting and retaining quality employees

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

Our improving employer brand and the pan-African opportunities we offer underpin our ability to attract top employees. We hired 6 771 people, and our average time to hire improved for the third consecutive year, down by 7.3% for 2016, to 38 days (2015: 41 days). Time to hire for senior managers also improved for the third consecutive year, down a further 23% to 53 days (2015: 69 days). We reduced our agency spend by 39%, as our employer brand and internal talent marketplace enables us to source more talent directly.

We are attracting a diverse workforce to broaden our perspectives and enhance performance as reflected in our hiring data.



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

We have strengthened our technology, digital, data and financial crime functions. Given the strategic importance of digital capability, we hired 54 professionals who are being developed through our newly launched Digital Academy.

3 Building bench strength through distinctive development opportunities

Creating value for our employees through unique development and career experiences is a key component of our employee value proposition. We spent R376m (2015: R320m) on developing the technical, commercial and leadership capabilities of our employees.

Our commitment to developing our employees was recognised by BANKSETA in South Africa, with the top Skills@Work award for large employers. In Mauritius, we were recognised by the World HR Congress with the Global Training and Development Award.

Through our Internals First programme, 66% (4 469) of our 6 771 vacancies were filled by employees from within Barclays Africa, providing them with growth and career progression opportunities. Of these, 48% (2 145) were promoted, reflecting the strength of our internal talent pipeline. In addition, 135 employees benefited through pan-African assignments.

Our approach to learning is employee-led, and our employees benefited from 61 484 learning programmes (2015: 54 764). 1 288 employees received tertiary education bursaries at a cost of R32.9m (2015: 1 198 at R25.5m). Our investment in building our talent pool has reduced expatriates from Barclays PLC to 46 (2015: 65).

We continue to attract and develop high-potential young leaders. 113 graduates from across the continent participated in our Rising Eagles Programme. They join the 1 000 young professionals who have built their careers within the Group since the programme's inception in 2008.

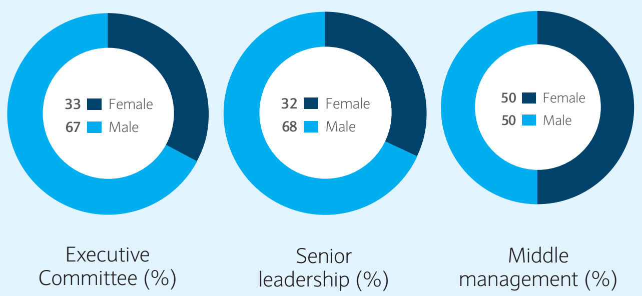
We offered 2 198 learnerships, 558 of whom were given to unemployed youth who gained work experience. Of these 558, 368 (66%) have been retained within the Group after completing their learnerships.

We are implementing a new change management approach that will build the change capability of some 6 600 leaders. We conducted a pilot in Kenya where 3 537 employees participated in 125 iChange sessions, and peer-to-peer change support through a digital change platform.

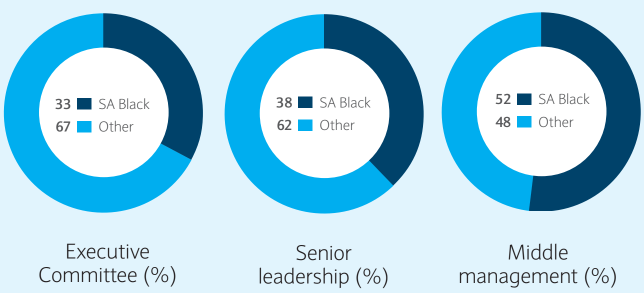
4 Accelerating our diversity

Barclays Africa has a distinct advantage in the wealth of diversity across the continent and in South Africa. Diversity is core to our Values, key to our commercial success and rooted in our deep commitment to Africa.

Women representation



Black[1] representation



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

61% of our employees are women, who accounted for 60% of all promotions in 2016 (2015: 58%). We have continued embedding gender-parity principles into our core employee processes and practices.

At the Gender Mainstreaming Awards, our success in advancing gender diversity was recognised with three podium awards and the overall top award for the 'Investing in Young Women' category. Our Women in Leadership employee network played a key role in this achievement.

We have also made good progress with employment equity 82 in South Africa. In summary, black employees make up 68.4% (2015: 67.6%) of the South African workforce, and accounted for 82.5% (2015: 76.3%) of South African promotions.

Of our 2 361 bursary recipients, graduates and learners, 1 967 (83%) are black South Africans of whom 1 318 (58%) are black women.

7.1% of our workforce is disabled, and they are supported by our Reach network. During 2016, the network created awareness of employees with disabilities through the 'This is Me' campaign, and we continue to support these employees with their workplace needs, including specialised facilities and technology.

Our Lesbian, Gay, Bisexual and Transgender, intersex (LGBTi) Spectrum Network is active across the continent, and has 750 members (2015: 100). This network championed multiple initiatives including education campaigns, pride celebrations, and the launch of an LGBTi mentoring programme.

5 Partnering for success

Our People Potential programme, which was designed together with our labour union partners across the continent, continues to limit the impact of potential employee displacement.

The programme provides high-touch career counselling, re-skilling opportunities and outplacement support. 77% of employees whose jobs were impacted and who participated in the programme, found alternative employment within Barclays Africa. 77 employees embraced the opportunity to multi-skill themselves in advance of potential workforce changes. In recognition of this programme, BANKSETA has partnered with us, providing R13.0m in funding to expand the programme.

We have developed strong partnerships with our unions, as reflected in our new streamlined disciplinary, grievance and capability management processes in South Africa.

54% of our workforce is represented by recognised trade unions.

Citizenship

We have a positive impact on the communities in which we operate

Material focus areas

1. Supporting education and skills development
2. Investing in enterprise development
3. Improving access to financial services
4. Environmental stewardship

Why this is important:

For us, Shared Growth means having a positive impact by developing partnerships that improve the lives of communities while delivering shareholder value.

Desired outcomes

For our communities

- Increased access to, and funding for, education opportunities
- Improved access to markets and financial services for small and medium businesses
- Improved financial wellness
- Decreased negative impact on the environment

For the Group

- Enhanced client relationships and economic growth through more viable small and medium businesses
- Minimised environmental impacts
- Strengthened social licence to operate

Key matters raised by stakeholders

- Solutions to societal challenges, such as education, employment opportunities and economic growth
- Access to relevant, affordable and convenient financial products and services
- Our environmental footprint and how we manage it
- Funding to support community development initiatives

Measuring our progress

	2013	2014	2015	**2016**	YoY trend
Shared Growth disbursements on education and skills development (Rm)[1]	126	155[LA]	186[LA]	**184[LA]**	Not comparable[1]
Small and medium enterprises supported (number)	35 576	42 594	25 966	**41 200**	▲
Financial literacy – number of consumers reached ('000)	116	193	169	**45**	▼
Total carbon footprint (tonnes CO_2)[2]	355 869	333 328[LA]	230 264[LA]	**263 742[LA]**	▲
Transactions reviewed in accordance with Equator Principles (number)[3]	18[LA]	2[LA]	7[LA]	**2[LA]**	▼

[1] In line with our Shared Growth strategy, we have refined our definition in terms of our community investment spend to focus on 'Shared growth disbursements towards education and skills development' and as a result, the 2016 value is not directly comparable to prior years where the metric included community investment related spend outside this focus area.

[2] Reporting period is 1 October to 30 September. Rest of Africa is only included in diesel, electricity and flights data. These numbers reflect the total Scope 1, 2 and 3 CO_2 emissions as defined in the Greenhouse Gas Protocol: operational control boundary. 2015 has been restated.

[3] Total number of project finance transactions reviewed for environmental and social risks in terms of the Equator Principles.

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

Our business is driven by a philosophy of Shared Growth which, in Citizenship, is focused is on three areas: education and skills development, enterprise development and financial inclusion. To support and enable our Shared Growth commitments, we established an independent advisory council comprising of diverse, distinguished experts and thought leaders. The advisory council will provide insights and strategic guidance, as well as support the evaluation and review efforts on the overall progress, approach and direction of our Shared Growth efforts.

1 Supporting education and skills development

We are committed to education, and contribute to it mainly by empowering youth with skill-building programmes, mentoring them to enhance their employability prospects, and giving them financial assistance to better access education.

We committed R1.4bn to support education and skills development, targeting youth across our presence countries. Through public-private partnership, we are implementing various initiatives in basic and tertiary education.

ReadytoWork (our free interactive e-learning platform) provides four skills modules – work, money, people and entrepreneurship – to improve employment or self-employment prospects. We expanded its reach by engaging 20 implementation partners to deliver face-to-face training. We augmented our employability initiatives, applying a blended learning approach to our ReadytoWork programme, reaching a total of 205 306 learners across the continent (below our target of 250 000). We have also added several new features to the platform, including career guidance resources and CV templates, and created a mentorship database. We will continue enriching the education journey by enabling placements and work exposure opportunities for programme graduates.

We invested over R10m in a new programme which provides training in financial management and governance for school governing body members in South Africa. We reached 2 725 schools, trained 10 521 governing body members and 1 146 Department of Basic Education employees. This programme will continue in 2017.

In support of the South African government's Adopt-a-TVET initiative, we partnered with 16 technical and vocational education training colleges (TVETs) to provide workplace exposure and job-shadowing for 480 students. We will include more TVETs in 2017, and engage more employees to share their experience and expertise through guest lecturing and mentorship opportunities. We also invested R26m in strategic university initiatives to support the research and development of critical and scare skills faculties in 10 South African tertiary institutions.

We enhanced our scholarship programme, providing R80m in scholarships for 2 000 university students, thus helping to alleviate the South African student funding crisis.

Employee volunteering complements our Group-led activities. 10 582 employees gave 55 291 hours of their time, of which 66% were skills-based interventions aligned to our strategic focus areas.

Going forward, we will use innovative and business-relevant approaches to enable skills development; support education financing for qualifying students; collaborate with public sector partners in the development of artisan trades through workplace exposure programmes; and enable technological innovation through skill-building programmes in partnership with our digital experts.

2 Investing in enterprise development

We recognise our responsibility to support the development of a healthy SME sector and by doing so, contribute to economic growth.

Our enterprise development strategy is to enable access to development finance and complement it with business development support and enhanced market access via preferential procurement. Our structured value chain financing approach blends more affordable funds and/or guarantees from third parties with our commercial funding to provide more affordable financing rates to emerging businesses. We raised R1.38bn in financing to support SMEs and to assist our corporate clients to optimise their supply chains. We will accelerate the disbursement of these funds using a new technology platform customised for this initiative. R37.7m (2015: R27.4m) was invested in emerging SMEs and our seven (2015: seven) enterprise development hubs provide training and access to computers and boardrooms.

We are cognisant that an end-to-end solution that supports the holistic needs of the small business sector requires more than just finance; it requires capacity building, business development support, and market access to enable SMEs to grow and be sustainable. We continue co-investing with corporate clients and civil society partners across our markets in a number of free capacity building programmes and advisory services for SMEs. Our Enterprise Development Centres are one example of the non-financial support and advisory services we provide to SMEs. This year we incubated 345 SMEs, and reached an additional 41 200 SMEs (2015: 25 966) with business development support. Our South African insurance business provided R58m in small claims fulfilment opportunities to 50 SMEs

We remain committed to facilitating market access for small business through our procurement portal, which enables the matching of corporate buyers with SME service providers. We currently have 59 200 SMEs (2015: 37 200) and 7 000 (2015: 5 700) corporate buyers registered on the portal. Over R2.5bn of corporate procurement opportunities are made available each month.

Ghana: In an innovative arrangement with a corporate client in the poultry industry, 1 200 small hold farmers benefited from input credit, where the client purchased certified seeds, herbicides and fertilisers on behalf of the yellow maize farmers, who in turn supply the feeding mills with their grown product.

Botswana: By leveraging our ReadytoWork programme with the Barclays Business Clubs concept, youth participants were invited to attend training sessions and workshops to increase their exposure to entrepreneurship, and cultivate mentorship opportunities. 150 business clients participated in intensive workshops which focused on taxation, procurement, and the government's economic stimulation plan.

Mauritius: Elev8 – a Barclays Mauritius-supported incubator – enables established and aspiring entrepreneurs who have promising technology ideas, to develop and refine their propositions, and present to potential investors. In 2016, with the support of Anglo American, nine new fintech entrepreneurs were supported over a four-month period.

Zambia: We were the anchor sponsor of the Nyamuka Business Plan Competition to encourage new startups.

South Africa: Launched in early 2016, the ProGenY programme – in partnership with the Awethu Project – capitalises on our employee assets and expertise to upskill, mentor and provide critical training to aspiring entrepreneurs.

Kenya : The SheTrades campaign, a five-year initiative between the International Trade Centre and Business Banking Kenya, is providing 10 000 women-owned small businesses with skills building and international trade opportunities. In partnership with the Kenya Private Sector Alliance and Kenya National Chamber of Commerce and Industry, the programme consists of 54 webinars, 27 e-learning courses, 50 workshops and 14 trade exhibitions.

RiseAfrica: While investing in our own technology and systems, we also made an investment in empowering fintech start-ups. Designed to accelerate the delivery of break-through products, 10 ventures were selected from 450 start-ups in 45 countries to join the intensive three-month Barclays Accelerator programme in partnership with Techstars.

Further information relating to our enterprise development support in South Africa can be found in our BBBEE fact sheet.

3 Improving access to financial services

We continue focusing on supporting initiatives that provide relevant financial literacy to empower consumers, and on providing products and services that meet their needs.

Our interventions centre on enabling digital and non-digital channels to promote wider, more convenient access to financial services among underserved or unbanked consumers. We reached 339 037 new customers through our financial inclusion programmes and partnerships. Our partnership with PEP Stores South Africa provided banking access to 200 981 new customers, and our youth banking reached 50 115 youths through the MegaU free transactional account in South Africa. Atlas, our micro-lending pilot in Ghana, is used by over 30 000 customers.

Our financial inclusion hackathon brought together 70 diverse stakeholders to generate solutions to key challenges, including affordable savings solutions; financial literacy and access; microcredit and responsible lending; and micro insurance. The hackathon provided a platform for cross-sector collaboration to leverage next-generation technologies and human-centred thinking as a methodology for future developments in the financial inclusion space. Our consumer financial education interventions empower individuals to make informed choices and improve their lives through responsible personal financial management. We invested R29m (2015: R28m) in consumer education initiatives in South Africa, reaching 6 453 703 consumers through mobile telephone awareness campaigns and 45 930 in face-to-face interventions (2015: 169 000). Due to contractual timing constraints, implementation of our face-to-face education programmes was delayed and will continue into 2017 in addition to planned 2017 activities.

4 Environmental stewardship

While operating in a low-impact industry, we are aware of our responsibility in terms of environmental stewardship. Our most significant environmental impacts are (i) indirectly via our lending, investing and procurement practices and (ii) in managing our direct environmental footprint.

As an Equator Principles Financial Institution, we only provide project financing to project sponsors undertaking environmentally and socially responsible developments. In 2016, we screened two[LA] (2015: seven[LA]) project finance transactions that reached financial close, and provided advisory services for a power project. We provided further guidance on 151 general transactions (outside the Equator Principles definitions or scope) across various sectors, with the majority in mining and metals, followed by infrastructure and power generation (including renewable energy). Both of the reported Equator projects have been independently reviewed, and are located in South Africa, a non-designated country.

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

We continued our journey to reduce our use of natural resources and prevent pollution by using alternative energies such as gas and solar power. This also reduces energy costs and dependence on conventional electricity supply. Our South African sites experienced more reliance on grid power in 2016 compared to 2015, when we relied on more expensive alternative energies, due to electricity supply constraints. Supply has since stabilised, and we continued to balance the most cost-efficient and environmentally-efficient energy sources. This resulted in an overall increase in our grid electricity consumption while we reduced gas and diesel consumption (cleaner yet less efficient), which, in turn, resulted in an increased attributed carbon emission factor. Because of this changed mix of energy sources, our total carbon footprint increased to 263 742 tonnes CO_2[LA] (2015: 230 264 tonnes CO_2[LA]) while our total energy use reduced to 354 684 328 kWh[LA] (2015: 397 920 885 kWh[LA]). Our carbon emissions increased by 14.5% (reduction target: 10.0% by 2018), and energy consumption reduced by 10.8% (reduction target: 10.2% by 2018).

We reduced our corporate real estate by a further 39 989m^2 and embedded Green Star rating requirements in six new and refurbished buildings. We decreased our demand from national energy suppliers by over 23 million kWh (equivalent to powering 23 293 households) by relying on our Johannesburg Campus energy centre, and reduced our carbon footprint by 7 070 tonnes by using cleaner gas power supply. Our 1MW solar panel plant in Pretoria saved 1 548 tonnes of carbon emissions (equivalent to over 40 000 trees grown for 10 years). We saved 12.4m litres of water through leak management and grey water systems in five buildings. Our Carbon Disclosure Project (CDP) score stayed steady at B ('taking coordinated action on climate change issues') rating which is above the C ('knowledge of impacts on, and of, climate change issues') industry average.

Conduct

We act with integrity in everything that we do

Material focus areas

1 Driving an ethical culture

2 Responding to conduct-related regulations

3 Managing conduct-related risk

Why this is important:

Doing the right thing, in the right way enhances our reputation, promotes trust in the financial system, and helps ensure that we provide appropriate products and services.

Desired outcomes

For our regulators customers and clients

- Fair and ethical treatment when dealing with the Group
- A stable financial services sector
- Access to responsible financial services

For the Group

- Sound corporate values, high ethical standards, market integrity and good conduct practices
- Sustainable operations
- Ultimately, stakeholder trust and support

Key matters raised by stakeholders

- Need for an ethical work environment underpinned by sound corporate values
- Financial system stability spanning from financial soundness to fair treatment of consumers
- Adequate and timeous response to consumer and client-focused legislative changes
- Adapting to and influencing changes to legislation and regulations that have a substantial impact on the business and the financial services sector

Measuring our progress

	2013	2014	2015	**2016**	YoY trend
Conduct Index[1]	6.3/10	6.7/10	6.8/10	**6.3/10**	▽
Treating Customers Fairly (TCF) outcome score (%)					
› South Africa	58.1	63.0	61.0	**61.0**	=
› Rest of Africa[2]	76.0	76.0	60.0	**63.9**	△
Employees attesting to our code of conduct (the 'Barclays Way') (%)[3]	65.4	97.4[LA]	97.5[LA]	**98.4[LA]**	△
Employees completing fighting financial crime training (%)[3]	n/a	98.4[LA]	97.5[LA]	**98.7[LA]**	△
Employees completing Conduct Risk College training (%)[4]	n/a	n/a	94.5[LA]	**98.6[LA]**	△
Disciplinary cases as a percentage of total employees (%)[5]	4.9	5.2	5.3	**4.8**	▽
Grievances as a percentage of total employees (%)	1.5	1.2	2.2	**3.2**	△

1 Annual YouGov survey includes Botswana, Ghana, Kenya, South Africa and Zambia.
2 The methodology for the Rest of Africa survey was expanded from a single question in 2014, to include all TCF and conduct outcomes resulting in a reduction in scores in 2015.
3 The percentage is calculated based on existing employees who completed refresher training, and new employees who completed training (excluding non-operational employees).
4 The percentage is calculated based on existing employees (excluding non-operational employees) who have completed the training since it was implemented in 2015.
5 The calculation methodology has been refined to reflect total number of cases concluded in the year. This methodology has been applied to 2015 as well.
LA This indicator is covered by the scope of a limited assurance engagement undertaken by EY and PwC. The basis of measurement thereof and the assurance statement can be found at barclaysafrica2016ar.co.za.

1 Driving an ethical culture

At Barclays Africa, we see conduct as an opportunity to differentiate ourselves by developing high levels of trust with all our stakeholders. The financial services industry relies on trust, and good conduct is based on our daily behaviours, exhibited in our individual and collective actions and decisions.

Our code of conduct – the Barclays Way – outlines the behaviours which govern our way of working across the business.

It is a point of reference covering all aspects of employees' working relationships with:

- each other;
- our customers and clients;
- governments and regulators;
- business partners;
- suppliers;
- competitors; and
- the broader community.

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

We also participate in local and global platforms, such as the Group of Thirty Forum which recognises the systemic importance of the financial services sector, and the need to aspire to the highest standards of culture and conduct.

One of our primary objectives is building management capability that sets the appropriate leadership tone, and ensures high ethical standards are embedded in the business.

To support this, our leaders completed 6 100 leadership and management development interventions (2015: 3 900) and 625 (2015: 1 400) line managers undertook employee relations-specific training.

We have a comprehensive programme that educates and empowers all employees in terms of their rights and responsibilities. This contributes to a culture of trust.

Our training and awareness programmes, underpinned by clear policies, ensure that our employees:

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

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

2 Responding to conduct-related regulations

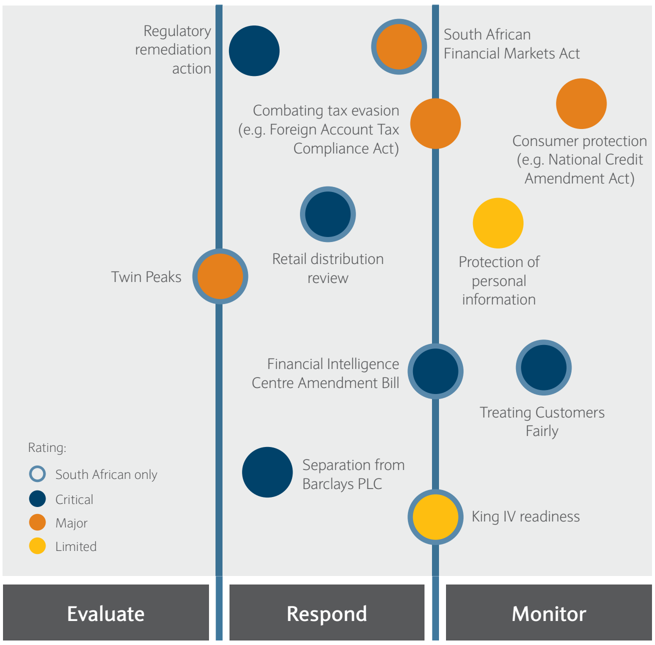
In addition to our own defined ethics culture, are laws, regulations and codes that further define expectations of how we conduct our business. These cover a wide array of aspects within our business, from Know Your Customer requirements (identity document, proof of residence and proof of income), to the protection and processing of information through to how we design and sell our products and services.

In South Africa, we are supervised and regulated mainly by the South African Reserve Bank, Financial Services Board and ancillary regulators such as the Competition Commission of South Africa and the Financial Intelligence Centre. The Reserve Bank oversees the banking industry, and follows a risk-based approach to supervision, while the Financial Services Board oversees non-banking financial services such as insurance and investment businesses. The National Credit Regulator regulates consumer credit, and the National Consumer Commission is responsible for other aspects of consumer protection not regulated by the Financial Services Board. The intention is to divide regulatory responsibilities in South Africa between the Reserve Bank and the Financial Services Board under Twin Peaks 41. Our operations in Rest of Africa are primarily supervised and regulated by the central banks and, in some instances, are also regulated by financial market authorities.

Regulations driving consumer protection and ethical behaviour in the financial services industry continue evolving. While this creates additional requirements from the Group, we support efforts to ensure a stable financial services sector and a safe and fair operating environment. In all instances, we proactively engage with our various regulators, either directly or in collaboration with industry associations. We work to balance the requirements and the cost of compliance to minimise the impact on customers and clients, and on shareholder returns.

As part of an international organisation we have implemented certain global standards, and this often means, to a certain extent, we have already implemented or addressed requirements by the time they are introduced in local regulations. We plan to maintain pace with global best practice after the separation

We continuously monitor key macroeconomic, business, political, market and country-specific developments which might impact our portfolios, and take pre-emptive risk management actions where appropriate. The diagram on the following page displays this regulatory environment, the stage of implementation and the impact on our operations.



External factors (shown above) are predominantly regulatory changes and initiatives such as Twin Peaks and King IV. Additionally, a number of matters have been profiled to which the Group responds through the relevant channels; however, these are being managed for remediation and reputational damage as appropriate.

Internal factors predominantly stem from effectively managing the required operational and structural changes, and embedding the product skills and knowledge necessary for response to regulations. Focus areas include system resilience to decrease service interruptions, increasing employees' product knowledge and skills needed to uphold Treating Customers Fairly practices, fairness of financial collections practices and remediation relating to regulatory findings. The separation from Barclays PLC potentially impacts conduct, due to the interconnectedness of the two groups. We are carefully planning and managing the separation process.

The regulatory landscape has wide-reaching impact on our business, and we provide a summary of the key regulatory themes currently in focus:

Combating money laundering, corruption and terrorist financing

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 follow a structured approach to ensure that business processes, policies or system changes required to support the regulatory change are implemented.

We have reviewed our anti-bribery and anti-corruption risk assessments against the United National Global Compact Principle – that business should work against corruption in all its forms, including extortion and bribery – as well as the Organisation for Economic Co-operation and Development Good Practice Guidance. The Board is satisfied with the outcomes of these self-reviews.

Protecting personal information

In various jurisdictions, we are governed by laws that control the processing and holding of personal data, as well as its security, with an increasing focus on cross-border processing and storage of data. This requires a careful balance between achieving efficiencies in processing, and meeting local requirements. We are also doing extensive work to prepare for the implementation of the Protection of Personal Information Act in South Africa.

Responsible credit and insurance

Governments in a number of jurisdictions are enacting or considering two legislative focus areas to regulate credit extension. The first seeks to reduce consumer indebtedness through limits and to ensure banks provide more information to credit bureaus. Matters relating to the limitation of fees and interest rates, maximum costs of credit life and mechanisms for resolving over-indebtedness are also being dealt with. The second initiative, as provided in the National Credit Amendment Act, provides for the once-off removal of defined adverse consumer credit history, followed by the automatic removal of legal judgments when debts are paid up.

Measuring our progress

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.

The National Credit Act is a key piece of legislation in the financial services sector and we acknowledge the National Credit Regulator's role in protecting consumers. We will therefore, continue to take every opportunity to entrench the requirements of the National Credit Act in our lending practices and continue to engage with the National Credit Regulator on any ongoing matters.

In February 2017, the South African Competition Commission referred Absa Bank, 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. This was based on the finding that the respondents had engaged in various forms of collusive behaviour. Along with Barclays PLC, we were the first to bring the conduct to the attention of the Commission under its leniency programme and have cooperated with, and will continue to cooperate with them, in relation to this matter. The Commission is therefore not seeking an order from the Tribunal to impose any administrative fine on Absa Bank.

In the normal course of business, our various regulators conduct reviews of our business operations' controls and our progress in meeting regulatory requirements. We continuously focus on compliance and risk controls. Sometimes however, remedial action is required, and administrative penalties and fines are levied on the Group. In 2016, we incurred R12.3m in penalties – the most notable being the R10m penalty imposed on Absa Bank by the South African Reserve Bank in December 2016, relating to weaknesses in transaction monitoring protocols regarding anti-money laundering.

Twin Peaks reform readiness underway

In South Africa, the Financial Sector Regulation Bill will overlay existing pieces of financial sector legislation, creating a framework designed to supervise the financial sector comprehensively and, ultimately, ensure financial stability. It focuses on prudential supervision and market conduct supervision by creating a Prudential Authority housed within the South African Reserve Bank, while the Financial Services Board will be transformed into a dedicated market conduct regulator – the Financial Sector Conduct Authority.

This comprehensive market conduct policy framework aims to ensure better outcomes for customers and clients.

It will incorporate:

- Treating Customers Fairly principles;
- conduct rules for transactional banking and the Retail Distribution Review (which focuses on delivery of suitable products);
- access to suitable advice, remuneration and incentive structures; and
- guidelines relating to many of our products.

The Prudential Authority will be responsible for supervising the safety and soundness of financial institutions that provide financial products (including insurance), market infrastructures or payment systems.

This serves to, among others things:

- ensure that customers' and clients' funds are protected against the risk of institutions failing and that financial institutions can meet their promises to depositors, insurance policyholders, retirement fund members and investors;
- reduce the risks of using taxpayers' money to protect the economy from systemic failure; and
- provide new and revised guidelines relating to outsourcing and governance.

We are in a good position to implement Twin Peaks once it is enacted. Our governance framework is in place, supported by our experience in implementing international regulation relating to market conduct.

3 Managing conduct-related risk

It is essential that we monitor our performance against our own and regulatory conduct standards, and this performance is embedded in our three lines of defence risk management approach 25. Our conduct risk framework brings together our activities into a consolidated framework.

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 risk.

10 conduct risk outcomes on which we aim to deliver

Our culture places customer and client interests at the heart of our strategy, planning, decision-making and judgments.	We do not disadvantage or exploit customers, customer segments, clients, or markets. We do not distort market competition.	We proactively identify conduct risks and intervene before they crystallise by managing, escalating and mitigating them promptly.
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.	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.	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.
We safeguard the privacy of our customers', clients' and employees' personal data.	We address any customer or client detriment and dissatisfaction in a timely and fair manner.	We facilitate market integrity.
		We uphold the reputation of Barclays Africa.

An important part of monitoring our progress is feedback from our stakeholders. We gather it in a number of ways:

Conduct Index: an independent reputation survey with stakeholders

Our conduct reputation survey measures perceptions across a range of questions relating to transparency, employee welfare, quality and customer value as well as trust. Respondents include business and political stakeholders, the media, non-governmental organisations, charities and other opinion formers. While still above our target of 5.9/10, the 2016 score decreased to 6.3 (2015: 6.8). While we are perceived to provide high-quality services, our score has been impacted by certain media coverage in 2016, such as the uncertainties relating to the Barclays PLC sell-down.

Treating Customers Fairly: an outsourced survey with our customers

Our comprehensive measurement of Treating Customers Fairly and the 10 conduct risk outcomes provide a broad view of our customers' and clients' actual experience. The survey assesses their perceptions about our corporate culture; product design and marketing; quality of information; quality of advice; services and expectations; barriers to switch to another service provider; cancel; and our complaints management.

The Rest of Africa score improved to 63.9 (2015: 60.0) while the South Africa score remained flat at 61.0. These scores remain below our internal ambition and lag behind our peers.

We remain focused on:

- improving our ability to provide advice that takes account of the customers' and clients' unique circumstances;
- identifying potential difficulties before they impact customers and clients; and
- ensuring we keep our customers' and clients' best interests at heart when promoting our products or services.

Monitoring the conduct of employees

We monitor the conduct of our employees through surveys and reviews of the number and root causes of disciplinary cases, grievances and whistleblowing statistics.

We have seen a decrease in the number of disciplinary cases as a percentage of permanent employees, primarily as a result of improved leadership, more effective processes and the early and sound management of poor performance. Of the 1 976 disciplinary cases concluded in the year, 462 were as a result of ethical breaches (2015: 395).

Our whistleblowing programme provides a safe platform to raise concerns of unethical behaviour or fraud confidentially and, where permissible, anonymously. 251 employee conduct-related whistleblowing cases were reported and concluded. However, only 35% (2015: 45%) were substantiated. Of the substantiated cases that were closed in the year 24% related to policy and procedure breaches, 33% to dishonesty, 38% to human resource grievances, 4% came from employee complaints and 1% from 'other'. Tip-offs are the most common detection of fraud, proving the importance of a whistleblowing function.

Grievances as a percentage of permanent employees rose to 3.2% (2015: 2.2%). This is mostly due to increasing effective grievance processes management across all our operations, and a more granular view of grievances related to annual performance management ratings and bonus payments – which are now dealt with individually. Overall, the number of grievances remains within tolerance levels.