A strong African franchise delivering shareholder returns and positively impacting society.

Performance summary

Two years after the formation of Barclays Africa, our strategic execution is on track.

	Measure	Performance	Commentary
Customer & Client	RBB & WIMI: ranking of Relationship Net Promoter Score® (NPS®) versus peer set[1] **Target:** 1st in 2018	= 4th	▲ Continued automating processes and enhancing our functionality of digital platforms and ATMs. ▲ Introduced new products and solutions informed by customer insights and data analytics. = 30% of the branch network in South Africa has been improved through a combination of refurbishment and re-positioning. ▲ NPS® is improving; however, we remain behind our targets. ▲ Complaints in Rest of Africa increased significantly, mostly due to improved reporting. = Improving stability of IT platforms and work will continue in 2016. ▲ Implemented a number of innovation initiatives including Rise Africa and the Barclays Africa Blockchain Challenge.
	CIB: Compound annual growth rate in client franchise contribution **Target:** 11% in 2018	▲ 15%	
Colleague	Sustained engagement of colleagues' score[2] **Target:** ≥85% in 2018	▲ 75%[LA]	▲ Invested R2.3bn[LA] in learning and development. = Normalised permanent employee turnover rate is stable while the actual decreased marginally due to the outsourcing of our cash management services. = Technology, communication and engagement identified as further improvements in our employee opinion survey. ▼ We remain behind our target on senior black management in the South African operations.
	Women in senior management **Target:** 35% in 2018	▲ 31%[LA]	
	Senior black management[3] **Target:** 60% in 2017	▲ 36%	
Citizenship	Citizenship plan – initiatives on track **Target:** 75% in 2015	▲ 88%	▲ 97.5%[LA] of employees attested to our code of conduct training. ▼ Decreased our carbon footprint for the third consecutive year. ▼ Number of small businesses reached through seminars and conferences decreased 38% and number of consumers reached in financial literacy declined 12%. ▲ Doubled the rand value of spend with black-owned and black women-owned businesses. ▲ Invested R192m[LA] in community programmes. ▲ Launched ReadytoWork, a Pan-African employability programme, in six countries.
Conduct	Conduct reputation survey[1,4] **Target:** 7.6/10 in 2018	▲ 6.9/10	▲ Created a comprehensive measurement of Treating Customers Fairly and the 10 conduct risk outcomes, providing a broader and more accurate view of our customers' experience. = Rolled out Conduct Risk College training with 94.5%[LA] of employees completing the training.
Company	Return on equity **Target:** 18 – 20% in 2016	▲ 17%	▲ Headline earnings increased by 10%, growing 17% in Rest of Africa and 8% in South Africa. ▲ Improving revenue momentum in target areas. ▲ R8.6bn paid in dividends. ▲ 17% return on equity, the highest since 2008. ▲ Credit impairments increased by 10%. ▼ Anticipated delay in achieving return on equity and cost-to-income targets.
	Common Equity Tier 1 ratio **Target:** 9.5 – 11.5%	= 11.9%	
	Cost-to-income ratio **Target:** low 50s in 2016	▼ 56.0%	
	Revenue share from outside South Africa **Target:** 20 – 25% in 2016	▲ 20.8%	

[1] Bi-annual metrics.
[2] Employee opinion survey.
[3] South Africa.
[4] Botswana, Ghana, Kenya, South Africa and Zambia.
® Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrixs Systems Inc., Bain and Co Inc. and Fred Reichheld.
LA This indicator has been reviewed as part of a limited assurance engagement undertaken by PwC and EY.

▲▼ Positive ▲▼ Negative = Unchanged/some improvement

We aim to be the financial services group of choice.

Balanced Scorecard reviews

Customer & Client

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

This section should be read in conjunction with the segment reviews (page 55) as well as our Citizenship review (page 33) and Conduct review (page 37).

Key indicators

	2012	2013	2014	**2015**	YoY trend
Total number of banking customers (million)	12.3	12.0	12.0	**12.3**	▲
o South Africa[1]	10.2[LA]	9.4[LA]	9.2[LA]	**9.4[LA]**	▲
o Rest of Africa	2.1	2.6	2.8	**2.9**	▲
Number of branches	1 357	1 314	1 267	**1 251**	▼
Number of ATMs	10 728	10 780	10 643	**10 378**	▼
NPS® (%)[2]	n/a	n/a	19.5[LA]	**24[LA]**	▲
o South Africa	12	12[LA]	19	**22**	▲
o Rest of Africa	35	20	21	**32**	▲
Complaints per 1 000 accounts[3]					
o South Africa	0.78	0.61[LA]	0.53[LA]	**0.44[LA]**	▼
o Rest of Africa	0.51	1.42	1.52	**3.16**	▲
Number of Ombudsman for Banking Services complaints (opened/closed)[4]	1 378/1 220	981/897[LA]	524/614[LA]	**193/633[LA]**	▼

1 Total number of South African customers with active 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 defined as the percentage difference between the promoters and detractors, based on the likelihood to recommend the Group to friends and family. For 2012 and 2013, NPS® was an average for the year. From 2014 onward, we use the quarter 4 score to reflect market sentiment at year end. Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company Inc. and Fred Reichheld.
3 Number of complaints (any expression of dissatisfaction) logged by the customer care department per 1 000 accounts.
4 The number of complaints opened and closed with the South African Ombudsman for Banking Services for the period 1 January to 31 December 2015.
LA This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Complete the launch of our multi-channel programme across our operations and apply learnings from South Africa to roll out successful tools in operations outside South Africa.	Across our operations, ongoing branch process improvements are enabling a quicker and more efficient experience for customers, clients and employees. We are testing new branch operating models, such as layout, digital in-branch capabilities network, multi-skilled employees and an intensive service training programme.
Complete the roll-out of key platforms such as Barclays.Net. Continue increasing relevant digital functionality and new innovations. Focus on resilience, including programmes to modernise our data centre and network infrastructure.	We invested over R2bn in our infrastructure and applications in 2015. We continue to make progress with both execution streams within our digital strategy (Run the Bank and Transform the Bank), delivering improved stability and new digitally enabled solutions. In South Africa, 640 corporate clients are using Barclays.Net and more clients will migrate over. We continued enhancing digital functionality of our online platforms (such as Absa Online Express and Worldmiles Travel Portal), introducing new functionalities (for example debit order reversals in South Africa) and innovations such as the Apple Watch app. We also launched a number of initiatives within our innovation programme, Rise Africa – including an intensive three-month Barclays Accelerator programme for innovators and entrepreneurs.
Continue using key driver analysis to inform customer and client propositions. Expand measures to include Islamic Banking and conduct additional research to gather further insight from corporate clients. Continue using root cause analysis to identify and address root causes of customer dissatisfaction.	NPS® across the business has improved – a clear indicator of the progress being made in responding to insights derived from customer analytics and in dealing with complaint root causes. While progress is being made, we remain behind our internal targets.

Channels, products and services

The growth of our business is directly linked to the way we treat our customers and clients. We remain focused on improving customer experience by simplifying processes, reshaping our branch network and investing in our digital products.

The move to digital banking means that our customers and clients have a range of relevant channels available to choose from, suited to their individual lifestyles and needs.

We provide access via 1 251 branches and 10 378 ATMs across our operations. While these numbers continue to decrease marginally in line with our multi-channel strategy and the reshaping of our branch network, our customers and clients are also able to access our products and services through our online and mobile platforms. Our partnerships with various retailers, and strategic investments such as lending marketplace Rainfin, are other ways in which we serve our customers.

In South Africa, we:

- supported customers in migrating to the appropriate products based on their life stages;
- improved 30% of the branch network through a combination of refurbishment and re-positioning of branches, ATMs and cash accepting devices;
- implemented self-registration for customers on our banking app, stand-alone home loan and vehicle finance registration on internet banking, and additional functionalities on cash accepting devices;
- digitised the mortgage loan applications with our Absa Homeowners app offering speed, convenience and 24/7 access;
- introduced MTN reverse billing and Smart Access and made free Wi-Fi available at select branches;
- improved access to exchange-traded products for retail customers through a joint initiative between CIB and WIMI;
- enhanced Business Banking's electronic sales platform and automated credit scoring, and developed instant online account opening for businesses via digital channels;
- increased the reach of Payment Pebble, a mobile payment acceptance device for any smartphone, with our key merchants using the devices to eliminate lengthy queues;
- launched Barclays.Net, allowing our corporate clients direct access to a range of account reporting and payment products that can be tailored to their requirements; and
- partnered with Rainfin – a lending marketplace for lenders and borrowers with paperless applications, loan assessment in minutes and free credit reports and education.

Outside South Africa, we:

- increased access to our products by using iPads to open accounts at remote locations across Botswana, Ghana, Kenya, Mauritius and Zambia;
- expanded paperless banking across Botswana, Ghana, Kenya, Tanzania and Zambia;
- launched CashSend, which allows cash withdrawals at our ATMs without a bank card, via a mobile phone in Botswana and Kenya;
- delivered ATMs which are now available 24 hours a day, with increased functionalities such as cash acceptance, and CashSend in all markets (except for Seychelles);
- implemented cash withdrawal via point-of-sale devices in Seychelles (first-to-market) and Zambia;
- introduced prepaid cards and an exclusive proposition for the youth in Zambia; and
- implemented a successful My Shoes are My Office initiative where relationship bankers and senior leaders spent time with clients to better understand their needs and improve service levels.

Innovations and the quality of our IT infrastructure

Strengthening and extending our online and mobile service continues to be a priority. In the previous section, there are many examples of how technology is changing the customer and client experience. In 2015, we invested over R2bn in our infrastructure and applications. Our digital strategy has two clear execution streams: Run the Bank and Transform the Bank.

Run the Bank has a clear focus on system resilience and stability including modernisation of our network, system availability, disaster recovery capabilities and the management of IT, and information and cyber risks. In 2015, we implemented a number of network improvements resulting in improved system stability. This work will continue into 2016, with a focus on key areas such as further improving our payments platforms and the standardisation of IT architecture across business areas and geographies. A new cybersecurity strategy was implemented to ensure the ongoing protection of our systems and customers' and clients' accounts. We successfully prevented attacks on our channels and we continue to promote awareness with customers to guard against phishing email campaigns.

Within Transform the Bank we are adapting our thinking to radically change customer and client experience and anticipate what financial services will look like in the future. We brought operations and front office technology teams closer together, and continued with the automation of key processes such as vehicle and asset finance and customer and client on-boarding for business and corporate banking. We delivered a number of digitally enabled solutions to the market.

In South Africa:

- Absa Online Express – a quick and easy way for customers to do their most common transactions on mobile banking;
- first-to-market Absa Apple Watch app – an example of how we can quickly customise international digital assets of the wider Group;
- first-to-market Absa online debit order reversal – customers can, within 40 days, request that an unauthorised debit order be reversed instantly, and prevent future debit order transactions from taking place;
- visible credit limits – enables pre-scored credit and online applications;
- ATM cardless cash deposits – allowing retail and business customers to receive cash deposits from other customers and non-customers in real time; 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 going for full medical assessments.

Outside South Africa:

- Worldmiles Online Travel Portal – online redemption of Worldmiles awards;
- Hello Money – a basic mobile phone banking solution for customers without access to smartphones in Botswana, Ghana, Kenya and Uganda;
- bill payments via digital platforms in Botswana, Ghana, Kenya, Tanzania, Uganda and Zambia;
- debit and credit alerts released in Kenya and Uganda; and
- estatements implemented in Kenya, Tanzania (NBC) and Uganda.

Established in 2015, the Africa Design Office is focused on crafting the physical design and experiences that customers and clients want, creating an end-to-end engagement at every touchpoint in our customer-facing systems. Data and advanced analytics is a key enabler to better serve our customers and clients. Analytics is helping us build a deeper understanding of customer and client behaviour and enables us to engage with them on a more personal and relevant level. For example, in a recent pilot, 60% of more than 50 000 customers receiving low funds alerts took proactive actions following the alert to manage their payments, and 84% confirmed they would like to receive these alerts going forward.

Further demonstrating how we are positioning the Group to capitalise on the main driver of change in financial services – technology – we launched Rise Africa in October. Rise Africa is an innovation community built around both a physical space and 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.

Rise Africa comprises a number of initiatives:

- Our Cape Town Rise Innovation Hub opened in December and links to hubs in London, Manchester and New York.
- Barclays Accelerator, an intensive three-month programme, offers innovators and entrepreneurs access to mentors and investors across 14 locations in Africa.
- Nairobi Innovation Hub in partnership with Moringa School and global start-up investment firm, Nest.

We also hosted our first Barclays Blockchain Challenge – an innovation challenge for youth entrepreneurs where the winner receives a cash prize and potential funding from investors. The supply chain, the journey of a product from manufacturer to consumer, is often disjointed and inefficient and Blockchain (a digital currency) and similar technologies have substantial potential to create transparency in the series of transactions that occur along any supply chain process. Kenya-based Markit Opportunity won the challenge with a scalable solution aimed at improving the incomes of smallholder farmers.

Customer satisfaction

In measuring our service levels, we monitor a number of metrics including NPS®, complaints per 1 000 accounts and the number of complaints escalated to external ombuds.

Our NPS® in South Africa improved to 22% (2014: 19%) while Rest of Africa achieved an average NPS® of 32% (2014: 21%). Our Group NPS® achieved in 2015 is 24%[LA] (2014: 19.5%[LA]). We continue working towards our target Group NPS® (weighted 75% to South Africa) of 44% by 2018.

Complaints in South Africa decreased 15% to 101 157. The decrease can be attributed to our ongoing service improvement initiatives. Top complaint categories included ATMs and service charges. The improvement in complaints is reflected in the per 1 000 accounts metric in South Africa, which decreased to 0.44[LA] in 2015 (2014: 0.53[LA]).

In the Rest of Africa, complaint volumes increased 95% to 148 990. This increase was mainly due to the introduction of a single complaint system and the corresponding drive to log all complaints received. Complaints mainly involve ATM availability issues and errors. We experienced an increase in complaint volumes in Ghana and Kenya due to technology failures. An increase in logging disciplines and technology-related complaints contributed to the increased per 1 000 accounts metric of 3.16 (2014: 1.52).

At a Group level, we resolved 52.1% of complaints at first point of contact (2014: 41.8%) and 63.7% of escalated complaints within 48 hours (2014: 53.9%). These improvements are attributed to better complaints logging disciplines. The balances of complaints escalated were due to the complexity of these complaints.

In South Africa, the number of Ombudsman for Banking Services complaints decreased to 193[LA] complaints opened (2014: 524[LA]) and 633[LA] closed (2014: 614[LA]). Of the overall industry volumes, we have the second-lowest number of complaints when compared to our biggest peers.

While the ongoing work to improve customer and client experience is resulting in improved customer and client sentiment in selected areas such as ATM and branch service, improved processes such as home loan applications, and better relationship management in CIB, we remain behind our internal targets. We will continue to actively identify and resolve underlying root causes of dissatisfaction and implement new and more convenient solutions.

Trust and safety

Financial services organisations are natural targets for crimes such as fraud and robbery. We recognise our obligation to preserve our customers' and clients' physical safety, as well as their money and personal information. For customers, financial crime risk areas include ATM and branch security (for example, card skimming and robberies), card fraud and online security risks such as spyware and computer viruses.

Our fraud prevention capability improved in 2015, benefiting from more effective management of related key risks (including customer on-boarding), technology upgrades, employee and customer awareness programmes, analytics and increased employee capacity.

Total fraud losses are lower than in 2014, and continue to decrease ahead of industry trends, with 86% of fraud losses (2014: 90%) attributable to South Africa. Card fraud continues to be the main contributor to fraud losses, amounting to 62% (2014: 80%) of total losses in the Group. The improvement 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.

While card fraud losses incurred by our customers decreased 5%, online fraud increased significantly, up 120% in rand value, as a result of more customers transacting online and aggressive targeting of customers by fraudsters with the intention of securing the customer's account number, PIN and password. This increase in online fraud is a broader industry and global trend. Online fraud is currently the largest contributor to retail customer losses. In 2015, of the total claims made by customers for fraud perpetrated at ATMs and online, 38% was not refunded as the fraudsters had secured the customers' secret information, for example via phishing emails. Awareness remains a primary defence and we continue to engage with our customers and clients about the risks they face.

Significant progress has been made on preventing violent crime in South Africa and all categories, except ATM burglaries, have reduced in both the number of incidents and the losses. The reduction is mainly attributed to our investment in security technology, training and awareness over the last three years. In general, the financial industry has seen similar trends, although we remain vigilant.

Aspects of the security environment continue to pose challenges, such as terrorism and escalating cyber and digital fraud risks. We continue to invest in defences against these risks. For example, our transaction profiling system strengthens our controls against digital fraud, protecting our customers and clients as well as the Group.

Looking ahead

While we delivered new solutions and improvements across our products, services and channels, we acknowledge that more needs to be done. Our digital transformation journey has just begun and it is a multi-year journey towards building the capabilities required in future. We will:

- continue delivering fit-for-purpose branches to be optimally positioned to serve customers and reduce costs;
- deliver ongoing digital channel enhancements including our online platforms, ATMs and mobile solutions;
- use deep customer insights identified through research to inform process improvements and enhance customer experience;
- migrate more of our corporate clients to electronic channels;
- evolve key product offerings in areas including agri-business and enterprise development, and further integrate bancassurance offerings with RBB;
- use data analytics to better serve our customers and clients;
- drive innovation through Rise Africa and other innovation initiatives;
- expand our customer satisfaction measurements to include CIB and WIMI touchpoints in operations outside South Africa; and
- continue developing strategic and tactical responses to the evolving fraud, cybersecurity and information security landscape.

Colleague

Capable and committed employees serve our customers and clients, advance our reputation and drive our commercial success.

This section should be read in conjunction with the remuneration report (see page 78).

Key indicators[1]

	2012	2013	2014	2015	YoY trend
Total permanent employees[2]	41 372	41 433	40 662[LA]	**39 964[LA]**	▽
Total permanent and non-permanent employees[2]	46 161	46 320	43 817[LA]	**41 772[LA]**	▽
Permanent employee turnover rate (%)[3]	14.6	11.7[LA]	10.8[LA]	**12.0[LA]**	△
Retention of high-performing employees (%)	89.1	91.7	94.2	**91.4**	▽
Women in senior management (%)[4]	24.9	26.2	29.7[LA]	**30.9[LA]**	△
Senior black management (%)[5]	26.9	32.2	32.2	**35.6**	△
Employee opinion survey – Sustained engagement score (%)[6]	66[7]	n/a	73[LA]	**75[LA]**	△
Total reportable training spend (Rm)[8]	606[LA]	932[LA]	1 800[LA]	**2 300[LA]**	Not comparable

1 Excludes Woolworths Financial Services.
2 Number of employees includes permanent and temporary employees employed and paid by Barclays Africa, including regular contracts, interns, graduates, specialists and brokers (excluding inbound/outbound brokers). It covers operational and non-operational full-time, part-time, two-thirds and commission-paid employees. It also includes the contingency workforce, which is all agency, contractors and self-employed employees paid via a third party for services rendered.
3 Number of terminations as a percentage of average permanent headcount.
4 Percentage of senior female executives at managing director/director level.
5 South Africa only.
6 Independent employee survey administered by Towers Watson. The sustainable engagement metric is expressed as a percentage of favourable responses for nine questions, based on the categories: engaged, enable and energise.
7 Absa Group not restated.
8 In South Africa, this includes reportable spend on learning and skills programmes, leadership and talent programmes as well as associated operational costs, accredited and non-accredited training programmes, bursaries, learnership-related costs, learning-related travel costs, and informal training as a percentage of line manager costs (excluding line managers on assignment in South Africa). From 2015, we have included reportable spend on learning and skills programmes, as well as leadership and talent programmes for Rest of Africa which are managed from South Africa.
LA This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Further improve our HR delivery platforms with the focus on enhancing the employees' experience.	We improved our HR systems, including our HR self-service portal, and simplified our processes to drive efficiencies. Self-service use increased significantly to 82% (2014: 27%). Our employee experience increased by 10%, as measured by our internal HR operations client satisfaction survey.
Embed as business as usual and continue to improve the HR function's capability.	We reshaped our HR function to match increased business complexity. 85% (2014: 32%) of HR business partners are now middle and senior managers and the overall HR headcount in South Africa reduced by 20% to 401 (2014: 481). The HR talent pool was also refreshed. 32% of HR businesses partners are new appointments, of which 73% are black. 80 employees participated in the HR Academy, designed to enhance HR competence, including commercial and strategic capability.
Roll out the new global talent management programme. Track progress of identified candidates. Assess additional potential executive management and critical leadership role candidates. Promote the use of the Colleague Curriculum as a fundamental part of an employee's development plans.	The number of senior vacancies filled internally is evidence of our commitment to developing and recognising talent. We assessed and established tailored development plans for 72 potential successors for the Executive Committee. 3 241 colleagues participated in the Colleague Curriculum, a fourfold increase from 2014.
Measure and reward performance using the Balanced Scorecard and implement a three-year transition plan to achieve a common approach to the rates of deferral of incentives.	Our performance process has been simplified and reward more closely aligned with business performance as adjusted for risk. 99% of employees' year-end performance assessments were completed by the required deadline. With shareholder approval, we converted our Share Value Plan to an equity plan to better align shareholder and employee interests. We continued our transition to a standard deferral approach across our operations.

2015 priorities	Progress made in 2015
Reshape the organisation to ensure we are appropriately structured and sized to deliver the One Africa strategy.	We implemented a number of initiatives to further build an environment that enables outstanding performance. Central to this was simplifying the organisation. By removing three layers of the structure, we enhanced decision-making and brought our senior leaders closer to the customers we serve.
Improve employee engagement through targeted plans and initiatives across the Group.	Employee engagement improved to 75%[LA] (2014: 73%[LA]) with encouraging progress across all areas. The survey participation rate was 79% (2014: 71%), which gives us confidence to act on the results.
Roll out a formal executive-led mentoring programme for women and black employees.	Masedi, a bespoke coaching and development programme, supports female progression to senior management. 24 female employees participated with an 80% promotion success rate.

Empowering performance

During 2015, we implemented a number of initiatives to further build an environment that generates outstanding performance. We invested in the development of our employees to support the continued performance and growth of the Group. This investment is evidenced in the reportable spend in skills development of R2.3bn[LA] (2014: R1.8bn[LA] in South Africa), which now includes assured spend from our Rest of Africa operations.

Our Group digital strategy improves how we engage with our employees. For example, our LearningforAfrica portal provides learning access to over 3 000 learning initiatives, anytime, anywhere and on any mobile device.

Special emphasis is placed on developing people with disabilities and over 12 000 individual learning interventions were held for this group. The Disability Learnership was launched in 2015 and 194 participants completed the programme.

Creating career opportunities for employees remains a focus area and we launched our Internals First programme to support enhanced mobility and career development. 63% of vacancies were filled by internal candidates (2014: 61%). This reflects both the strength of our internal talent pipeline and our ability to attract talent across the continent. We continue to attract and develop specialist skills, including IT capabilities, where there is a shortage of supply.

As a Pan-African financial services organisation, we have an opportunity to provide career development through mobility assignments across the continent and globally. In 2015, 200 employees participated in development assignments across Africa and in the UK, US, India and Singapore.

We also benefit from the contribution of 65 employees from across Barclays PLC who are on assignment in Africa and who bring international experience and diverse perspectives to the Group.

Our New People Potential programme provides high-touch career and transition support to employees whose roles are impacted by changing workforce requirements. This includes career coaching and extensive opportunities for employees to multi-skill so that they are best prepared for future demands, including digitisation.

The importance of living our Values is reinforced in our performance management approach, which places equal emphasis on our objectives ('what') and behaviours ('how'). Our approach to remuneration considers a variety of internal and external factors, such as affordability, underlying risk-adjusted business performance, international remuneration trends and regulatory developments.

Employee turnover increased to 12.0%[LA] (2014: 10.8%[LA]) due to the outsourcing of our cash management business (444 employees or 1% of permanent headcount). Voluntary attrition decreased to 8.0% (2014: 8.8%). The outsourcing of cash management is also reflected in the decrease in the retention of high performers rate, as 31.0% of these leavers were rated high performers.

Leadership development

The expertise and dedication of our leaders is fundamental to a high-performance culture. A number of programmes exist to enhance leadership development. Our Global Leadership Curriculum, launched in 2014, reached 3 900 emerging leaders and our Management Arts Programme is developing core managerial and commercial capability.

We launched a senior talent identification and development programme and identified and assessed 72 potential successors for our Executive Committee. The appointment of Nomkhita Nqweni as Chief Executive: Wealth, Investment Management and Insurance and Arrie Rautenbach as our Chief Risk Officer reflects the strength of our executive talent pipeline and our commitment to recognising internal talent.

Youth development

Since 2008, over 1 000 talented young people have participated in our Barclays Africa Graduate Programme. We employed 116 graduates in 2015 (2014: 207), of which 42 (2014: 77) were from our Rest of Africa businesses.

R114m was spent on developing over 4 300 students and learners through youth programmes, learnerships, internships and bursary support. Youth employability programmes provided access to development for more than 3 000 participants, of which 87% were black South Africans and 63% female.

Employee engagement

Our objective is to create a culture that encourages outstanding performance. Over 34 000 (79%) employees participated in our employee opinion survey. The sustained engagement score reflects how motivated, enabled and energised our employees are to deliver their best performance. We are encouraged by the 75%[LA] sustained engagement score (2014: 73%[LA]), and the positive perceptions of our Values (97%), our culture (81%) and our commitment to developing our people (73%).

To improve employee engagement, we need to continue investing in technology to help our employees to do their best work (57% versus 56% in 2014). Streamlining our processes is another improvement opportunity. While this has improved marginally to 73% (2014: 72%) there is more to do. Enhancing communication is essential to employee engagement and while the score has increased to 75% (2014: 73%) this remains a focus area.

Diversity and inclusion

Our employee relations approach is guided by our Values. We recognise employees' right to freedom of association and we have positive partnerships with multiple trade unions across the continent. Trade unions represent 47% (2014: 49.5%) of our permanent employees.

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

We have three colleague diversity networks. Women in Leadership includes an executive-led mentoring programme for high-potential women across the continent. On 8 March 2015, International Women's Day, we launched the HeForShe campaign. It is a United Nations global initiative to engage 1 billion men in the advancement of women's rights, focusing on gender equality as an institutional priority, and committing to real change within and beyond the organisation.

Our Reach Network encourages dialogue and disability awareness through training, information sharing and connecting colleagues across the organisation. Our Spectrum Network advances lesbian, gay, bisexual and transgender (LGBT) diversity. 150 colleagues attended the Johannesburg Pride event in October, and further Pride events were held in three of our other large operations. Spectrum employees work together, across industry, as part of a wider management forum to support LGBT diversity through facilitating knowledge and resource sharing.

In South Africa, 68% of our employees are black and over the past year our senior black representation has increased from 32% to 36%, against our target of 40%. Senior black attrition has improved to 8.2% (2014: 14.6%). Progress is also being made at middle management levels, which serve as a critical pipeline for senior succession, where 52% of employees are black. Black employees make up 72% of junior management. 73% of learning spend in South Africa was invested in black colleagues. Although good progress has been made, there is much more that we must do, particularly at senior level, to enhance diversity and transformation in our South African operations.

Across Africa, 61% of our employees are women and women in senior management increased to 31% against a target of 26% (over 50% of our middle managers are women). Our Board comprises 21% women, of whom 33% are black.

Looking ahead

Our strategy requires heightened focus on simplifying and digitising our organisation and accelerating a diverse, high-performance culture where talented and committed people can build fulfilling careers. We will:

- launch our next generation Pan-African leadership programme;
- strengthen our succession coverage and broaden the diversity of our potential successors list;
- accelerate progress against our diversity and inclusion agenda with a focus on race and gender transformation in South Africa;
- continue to enhance HR systems capability and process effectiveness; and
- leverage HR analytics to enhance employee productivity and engagement.

Citizenship

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

This section should be read in conjunction with our Customer & Client (see page 27), Colleague (see page 31) and Conduct reviews (see page 37).

Additional online information: Citizenship fact sheet (expanded content); GRI fact sheet (stakeholder engagement); and Broad-Based Black Economic Empowerment fact sheet.

Key indicators

	2012	2013	2014	**2015**	YoY trend
Citizenship plan (number of initiatives on track or ahead)	n/a	6/8	6/8	**7/8**	▲
○ Employees attesting to code of conduct (the Barclays Way) (%)[1]	n/a	65.4	97.4[LA]	**97.5[LA]**	▲
○ Total carbon footprint (tonnes CO_2)[2]	417 295	372 301	333 328[LA]	**220 988[LA]**	▼
○ Number of SMEs supported	n/a	35 576	42 594	**25 966**	▼
○ Contributing to growth through new and renewed lending to households (Rbn)	n/a	25.4	25.9	**29.2**	▲
○ Contributing to growth through new and renewed lending to SMEs (Rbn)	n/a	1.9[3]	4.7	**5.1**	▲
○ Assist in raising finance for business and government (Rbn)	n/a	80.1	137	**213.5**	▲
○ Number of learnerships and graduate programme candidates	600	720	824	**1 194**	▲
○ Total community investment spend (Rm)[4]	104.7	126.1	155[LA]	**192[LA]**	▲
Supplementary indicators					
○ Transactions reviewed in accordance with Equator Principles[5]	16[LA]	18[LA]	2[LA]	**7[LA]**	▲
○ Financial literacy – number of consumers reached ('000)	124	116	193	**169**	▼

1 The percentage is calculated based on existing employees who completed refresher training and new employees who completed training (excluding non-operational employees, external consultants, interns, managed service contract workers and on-call contract workers).
2 To align with the Barclays global requirements and reporting system, the reporting period changed from the fourth quarter in 2012 to the third quarter from 2013 onwards. 2012 to 2014 data has thus been restated. Rest of Africa data is only included in the diesel, electricity and flights data used in the calculation of the carbon footprint. Total of Scope 1, 2 and 3 CO_2 emissions (GHG Protocol: operational control boundary).
3 Restated from 2014 onwards to reflect gross new and renewed lending to SMEs. Not able to apply same principle to 2013.
4 Spend invested in community investment programmes including donations and related sponsorships, consumer education (including supplier payments and related sponsorships), and the associated direct operational cost of these programmes.
5 Total number of project finance transactions that have been reviewed for environmental and social risks in terms of the Equator Principles. Figures from 2014 onwards are reported in accordance with Equator Principles III requirements (June 2013) and include transactions that have reached financial close.
LA This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Within the pillar, 'the way we do business', we aim to extend the reach of our Barclays Lens training; create stronger and more accountable public-private partnerships; fund clean power projects that form part of the Power Africa initiative; and reduce our carbon emissions.	40 561 employees undertook our online Barclays Lens training. As part of the South African government's Renewable Independent Energy Power Producer Procurement Programme (RIEPPP), we arranged financing for 12 renewable energy projects that will add 1 117MW of renewable energy power to the South African grid when the projects are operational. We reduced our carbon footprint by a further 33.7%.
Within the pillar, 'contributing to growth', we aim to launch our ReadytoWork programme; increase development of SMEs with a clear focus on access to markets; and further unlock banking opportunities in disadvantaged communities through new products and services targeted to meet specific needs.	ReadytoWork was activated in six countries with the remaining countries to be launched over the course of 2016. 25 966 SMEs were reached through a series of seminars, conferences and workshops held across South Africa. We continue to enhance our ATM and mobile channels functionality to include services such as CashSend and Scan and Pay and our partnerships with retailers, such as with Pep Stores, continue to extend our reach.
Within the pillar, 'supporting our communities', we aim to reach 430 000 disadvantaged youth with skills and experience; to collaborate with corporate clients to scale our collective impact; to encourage employee volunteering; and enhance our measurement and evaluation framework.	We reached 1 373 301 youth between 2012 and 2015 (ahead of our total target), with 353 488 reached in 2015, behind our target of 430 000. In partnership with major corporate clients, including Chevron, Massmart and NMC/SKA, we have created enterprise and supply chain development programmes to assist these clients in developing and funding SMEs within their corporate value chains. 11 284 employees volunteered over 66 709 hours of their time in support of their communities. An independent assessment of a sample of our programmes tested the efficacy of our approach and the findings informed improvements in our approach.

The way we do business

Ethical conduct

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, including with other Barclays employees, our customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community. It is a framework that fosters values-based decision-making and shows how our policies and practices align with our Values. 97.5%[LA] of employees completed their attestations, ahead of the 97.0% target.

Accompanying the Barclays Way is the Barclays Lens, a clear framework that moves decision-making beyond legal, regulatory and compliance concerns towards considering broader societal impacts and opportunities. 40 561 employees completed the online Barclays Lens training programme.

We monitor the conduct of our employees in various ways, including external surveys and by tracking the number of disciplinary cases, grievances and ethical breaches recorded which is discussed further in the Conduct review on page 37.

The importance of living our Values is reinforced in our performance management approach, which places equal emphasis on our objectives ('what') and behaviours ('how').

Taking account of stakeholder considerations

We proactively engage with stakeholders, including governments, development organisations, private sector organisations, civil society, shareholders and our employees on our strategic priorities and deliverables. The input and challenges raised by these key stakeholders are important in shaping and validating our strategy and our business conduct within the markets in which we operate. We have five designated stakeholder groups aligned to the Balanced Scorecard. The groups are:

- Customers and clients, who use our products and services.
- Colleagues, who deliver our products and services and provide support.
- Communities (via Citizenship), who accept us within their midst.
- Regulators (via Conduct), who grant us our licence to operate in their jurisdictions.
- Investors (via Company), who commit capital to us.

The key matters raised and how we are responding to these matters are outlined within the section titled managing matters which are material to our sustainability (see page 22 – 23).

Managing the environmental, social and governance impacts of our business

Our most significant impacts on the environment are indirectly via our lending, investing and procurement practices and in managing our direct environmental impact.

Lending practices

As an Equator Principles Financial Institution, we provide project financing only to project sponsors undertaking environmentally and socially responsible developments. In 2015, we screened seven[LA] transactions that reached financial close. All were within the power generation sector. We provided further guidance on 132 general transactions (outside the Equator Principles definitions or scope) across various sectors, with the majority in infrastructure, followed by power generation (including renewable energy), mining and metals, and oil and gas. All the reported projects have been independently reviewed. All the reported projects are located in Africa (non-designated countries).

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

Financing renewables and energy efficiency

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.

South Africa is currently the continent's largest renewable energy market. By April 2015, 64 projects with a total capacity of 3 916MW had been approved by the Department of Energy. Up to the third bidding round, 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. In addition, we supported 13 further projects which have been awarded preferred bidder status during rounds 3.5 and 4 of RIEPPP. These projects, with a combined capacity of 1 318MW and combined capital value of R34bn, are expected to reach financial close during 2016.

Managing our direct impact

We have an expansive physical footprint and it is important that we manage the direct environmental impact of our operations in terms of our carbon emissions and, increasingly, our paper and water consumption. While some initiatives have a short-term negative impact on financial performance, we are seeing benefits from reduced energy costs and lower reliance on electricity supply as we use alternative energies such as gas and solar power. Our South African operation remains the most significant contributor to our overall carbon footprint. South African sites experienced power outages and back-up diesel and gas generators were used. This resulted in a reduction in grid electricity consumption but increased gas and diesel consumption, which in turn reduced the attributed carbon emission factor because these alternative energies are cleaner to the environment than grid power.

In 2015, we reduced our carbon footprint a further 33.7% to 220 988[LA] tonnes CO_2 (2014: 333 328[LA] tonnes CO_2), a significant reduction from 417 295 tonnes CO_2 in 2012. Total energy from electricity, gas and diesel use also decreased to 350 116 045kWh[LA] (2014: 410 194 215kWh[LA]). Three years after setting our targets against the 2012 baseline, we have decreased carbon emissions by 47.0% (reduction target: 19.4%) and energy consumption by 29.4% (reduction target: 21.3%).

Procurement

Our supplier code of conduct outlines the standards we expect from suppliers in terms of environmental risk management, human rights, as well as diversity and inclusion. We actively assess our suppliers against these standards through a combination of annual self-certification questionnaires and on-site assessments.

In South Africa, we have increased the proportion of our procurement spend with black-owned suppliers, black women-owned suppliers and qualifying small enterprise suppliers, as well as exempted micro enterprises. Identified as a key area for improvement in 2014, a specific focus was placed on procurement from black-owned and specifically black-women owned businesses. In 2015, R4bn (2014: R2bn) was spent with black-owned suppliers, of which R2.5bn (2014: R0.7bn) was with black women-owned suppliers. While we continue to increase procurement from black women-owned suppliers, we need to grow this further, along with spend on SMEs (businesses with a turnover of less than R50m per year).

The majority of tenders issued included suppliers sourced from an 800-strong black-owned and black-women owned supplier database. Fifteen small black-owned suppliers were introduced to our major suppliers and are now on their vendor lists. Our inaugural supplier diversity day included 85 SMEs. Master classes were produced, facilitated and delivered for all attendees in conjunction with enterprise development, and interviews were conducted by decision-makers in the Group. Ultimately, five SMEs were awarded new business with us and many more have been included in various sourcing events.

Contributing to growth

Driving sustainable progress using our products, capital and expertise

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.

We have a number of products aimed at increasing 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.

- Our first-to-market Family Springboard home loan for South Africa allows friends or family members to help each other by opening an interest-bearing fixed deposit account, ceding 10% of the property purchase price as security for the loan. The borrower secures a 100% bond with the assistance of a friend or a family member willing to act as a sponsor.
- Stokvels, a group savings and lending system, have long been a safety net for millions of Africans, providing financial security and social wellbeing. The Absa Club Account operates as a convenient savings and transactional tool for groups of people with common financial interests who want to save together.
- Our affordable housing business unit (My Home) addresses the housing challenges faced by consumers who earn less than R20 000 per month (single or joint household) in support of the South African government's agenda on providing affordable housing to people. We provided more than 4 500 customers with home loan finance valued over R1.5bn in 2015. We also trained the majority of these customers through our borrower education programme that covers key aspects of home ownership, home maintenance and personal financial matters.
- We continue to expand our branchless banking in South Africa to include more retailers. Currently, over 1 000 retailers, 468 of which are independent small businesses, enable customers to deposit and withdraw money, check balances, obtain mini-statements and buy pre-paid airtime. Approximately 575 000 transactions were processed through this channel in 2015.
- Our partnership with PEP Stores in South Africa enables us to provide financial services to people in marginalised and poor communities through a channel that is convenient and trusted. Launched in late 2014, approximately 10 000 new PEPplus accounts are opened each month with account use growing steadily, averaging 299 000 transactions and 292 000 money transfers per month. December saw a record of 400 000 money transfers being generated in PEP Stores.
- Customers are now able to withdraw money via point of sale devices with select retail partners in South Africa, Seychelles (first-to-market) and Zambia.
- Account opening, via an iPad at remote locations, continues to gain momentum across Botswana, Ghana, Kenya, Mauritius, South Africa and Zambia.
- Our ATM and mobile channels functionality includes services such as cash acceptance, CashSend (customers can electronically transfer funds via mobile or internet banking to a recipient, who is then able to withdraw the funds without needing a card or bank account) and Scan and Pay (which allows anyone to make payments to selected beneficiaries by either scanning or keying in a reference/account number).
- We launched a first-to-market Group Savers Account, a transactional solution for savings cooperatives (metshelo) in Botswana.
- Our Zidisha Group Savings Account in Kenya, where the interest rate increases as the number of savers increases, was voted the Best Deposit Product in Africa by *Asian Banker*.
- Offered in Kenya, South Africa and Tanzania, Islamic Banking provides an alternative to conventional banking that is available to anyone who seeks a different approach to financial services. Customers have access to a range of product solutions, in strict compliance with Sharia Law, including savings, cheque, vehicle and asset finance, profit share, Islamic wills, international banking and even exchange traded funds.

Lending for economic growth

We have cumulative targets for lending to households, SMEs, and for assisting in raising finances for business and government. We believe that lending is critical to ongoing growth and will continue to do so in a responsible and sustainable manner.

In South Africa, lending to households continues to be affected by pressure on employment, decreasing disposable income and rising interest rates while lending to businesses has seen a continued increase. Outside South Africa, growth was achieved mostly through expanded product propositions in markets where risk levels are acceptable.

Financing raised for business and government has seen a significant increase with CIB raising over R213.5bn, primarily through debt financing for private and public sector client capital projects. Through this lending we enable economic and social development across a number of diverse sectors, including real estate, power, utilities and infrastructure, financial institutions, technology, media and telecommunications, and public and consumer sectors. Outside South Africa, growth is most notable in the manufacturing and transport sectors.

Helping businesses start up and grow

Enterprise development for SMEs is a key lever to the development of our African economies. Research has shown that this sector employs the highest number of people, including youth. We recognise that starting and growing businesses requires more than funding alone. Our enterprise development approach is founded on three pillars: 1) access to finance; 2) access to markets; and 3) access to non-financial business support.

Over and above access to funding and non-financial business support, we create a number of platforms for SMEs, including:

- Our procurement internet portal which links SMEs to corporate supply chains. Over R2bn in tenders are advertised on a monthly basis and the number of participating SMEs increased to 37 000 (2014: 30 000).
- In partnership with major corporate clients, including Chevron, Massmart and NMC/SKA, we have created enterprise and supply chain development programmes to assist these clients in developing and funding SMEs within their corporate value chains.
- We sponsored the 2015 Africa Smart Procurement Summit, which connects corporates with SMEs. The summit, a Pan-African event where SMEs are exposed to procurement best practices and business opportunities, rotates across the continent and was held in South Africa in 2015.

In South Africa, we provided R595m in funding to qualifying entities under the Financial Services Charter and we have set aside R250m in enterprise development funding for SMEs in corporate supply chains. We supported 25 966 SMEs (2014: 42 594) through a series of seminars, conferences and workshops, of which approximately 2 300 received support through training interventions delivered through our centres of entrepreneurship and various programmes with strategic partners. The decrease in the number of SMEs reached is mainly as a result of placing greater emphasis on training linked to supply chain development programmes. In 2014, we also had a once-off programme that reached 10 000 beneficiaries and was not repeated in 2015. Going forward, we will expand our enterprise and supply chain development programmes in partnership with other major corporates, and build a technology platform that will combine lending (access to non-traditional finance), access to market, business development services and business tools for SMEs.

We continue to find solutions to assist businesses, for example, in South Africa our Payment Pebble is a portable card machine which plugs into a compatible smartphone or tablet's audio jack, allowing customers to pay for goods and services quickly and securely with any VISA or MasterCard debit or credit card, wherever they are. In August, we also launched a new product proposition for our SME customers in Kenya, simplifying access to affordable financial solutions by reviewing lending caps and replacing the requirement for audited accounts with a behavioural scorecard for asset-based credit requests of up to KSH15m. Customers also have access to dedicated service from enterprise managers, relationship managers or branch managers.

Improving youth employability

We partnered with civil society organisations and government to support wider employability initiatives in the communities in which we operate. Our two-pronged approach of increasing employability and harnessing entrepreneurship, addresses the youth crisis through enterprise development.

Our approach includes learnerships (apprenticeships), our Pan-African graduate development programme, as well as providing bursaries and sponsorships. We increased our learnership intake to 1 078 (2014: 617). 177 were black South African learners with disabilities (a key focus for South Africa). Our Pan-African graduate programme included 116 (2014: 207) postgraduates from across the continent.

Through the Adopt a Technical and Vocational Education and Training Institution initiative, we assist students and build partnerships with the public sector to work together in addressing youth employability issues. We actively manage the challenges associated with such programmes, including retention, management buy-in and students lacking life skills, which impacts their ability to adapt to the work environment. Our external bursary scheme and sponsorship programmes provide resources to universities and institutions of higher learning as well as bursaries and scholarships to students across Africa. Bursaries were allocated to 100 African students, enabling them to study at South African leading universities, with a focus on critical and scarce skills in the financial sector.

Going forward, in line with our Shared Growth agenda, we will be investing R1.4bn in youth education programmes over the next three years.

Supporting our communities

Our community investment programmes provide disadvantaged youth with the skills and experience required to improve their employment prospects, enabling them to fulfil their potential. This is achieved through:

- enterprise development programmes that enhance the prospects of starting a business or income-generating activity;
- employability programmes that enhance future employment prospects typically through job training, numeracy and literacy skills development; and
- financial literacy and skills programmes that enable young people to make better financial decisions and manage their money more effectively.

We invested R192m[LA] in community investment programmes. Key to our funding decisions is the long-term, underlying economics of the programme and we select programmes that link an intervention to an opportunity as a tangible means of migrating from output-based to impact-based programmes. Between 2012 and 2015 we aimed to reach more than 1.3 million young people and exceeded this target. While we did not achieve our 2015 forecasted sub-target of 430 000, we reached 353 000 youth. This was the result of a decision to await the outcomes of an independent assessment of a sample of our programmes and its recommended enhancements to our governance processes prior to releasing additional investments. We will move beyond output-oriented beneficiary tracking in 2016, to enhance our measurement and evaluation framework with a focus on intermediate outcomes and longer-term impact.

Employee participation and volunteering is another way in which we reach out and positively impact the communities in which we operate. 11 284 employees (27% of our permanent workforce) volunteered 66 709 hours of their time (valued at over R4.9m) in support of their chosen community projects in 2015. Of this, 78% were skills-based interventions aligned to our strategic focus areas.

We believe that consumer education is important, as it empowers individuals to make informed choices and improve their lives through responsible personal financial management. Outside South Africa, consumer education and financial literacy are embedded within employability and enterprise development programmes, while in South Africa it is reported separately in accordance with the Department of Trade and Industry's Financial Sector Code.

Included in our performance metrics above is R28m (2014: R24m) invested in consumer education initiatives within South Africa, reaching 168 982 consumers in face-to-face interventions (2014: 193 234), which was behind our target. Included in this total is the annual StarSaver Teach Children to Save initiative together with the Banking Association of South Africa, where 152 employees reached more than 60 schools and 26 354 children. In terms of our awareness programme, we partnered with the KwaZulu-Natal Financial Literacy Association, contributing to a financial literacy newspaper that reached 190 000 government employees.

Looking ahead

Our Shared Growth agenda means we will apply our resources to developing solutions for our stakeholders through innovative products, services and partnerships. In this way we will contribute towards addressing some of the biggest challenges facing our continent such as unemployment, poverty, rising inequality and exclusion from access to education and financial services. Our focus will be on three key areas: education and skills development, financial inclusion and enterprise development. We will:

- complete the implementation of our flagship ReadytoWork programme in Ghana, Mozambique, Tanzania and Uganda;
- invest R1.4bn in education projects over three years;
- further embed existing, and expand our enterprise and supply chain development programmes in partnership with other major corporates; and
- build a technology platform that will combine lending (access to non-traditional finance), access to markets, business development services and business tools for SMEs. The focus for 2016 will be on Botswana, Ghana, Kenya and Zambia with further expansion in 2017. Enterprise development centres will be opened in selected countries.

Conduct

Doing the right thing, in the right way, is central to long-term sustainability. It enhances our reputation, promotes trust in the financial system and helps ensure that we provide appropriate products and services.

This section should be read in conjunction with our Customer & Client review (page 27) and Colleague review (page 31) as well as our conduct risk summary (page 54).

Key indicators

	2012	2013	2014	**2015**	YoY trend
Conduct Index[1]	n/a	6.3/10	6.7/10	**6.8/10**	▲
Treating Customers Fairly outcome score (%)					
○ South Africa	61.6	58.1	63.0	**61.0**	▼
○ Rest of Africa	n/a	76.0	76.0	**60.0[2]**	Not comparable
Employees completing the fighting financial crime training (%)[3]	n/a	n/a	98.4[LA]	**97.5[LA]**	▼
Employees completing the Conduct Risk College training (%)[3]	n/a	n/a	n/a	**94.5[LA]**	First year of measurement
Disciplinaries as a percentage of total employee base (%)	6.6	4.9	5.2	**4.3**	▼
Grievances as a percentage of total employee base (%)	1.5	1.5	1.2	**2.2**	▲

[1] Annual YouGov survey includes Botswana, Ghana, Kenya, South Africa and Zambia.
[2] Rest of Africa Treating Customers Fairly measurement methodology expanded from a single question measurement to encompass Treating Customers Fairly and conduct outcomes, thus year-on-year results are not comparable.
[3] The percentage is calculated based on existing employees who completed refresher training and new employees who completed training (excluding non-operational employees).
[LA] This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Continue embedding our conduct risk management framework across our operations including refining controls, assessments and reporting (including performance measurement metrics). Refine our strategy and business models and drive cultural transformation to align with the conduct outcomes.	Conduct risk assessments were completed in all businesses and we have enhanced reporting, including performance measurement metrics, against the conduct outcomes. Our new Conduct Risk College Training programme, completed by 94.5%[LA] employees, aims to ensure that all our employees understand their role in achieving the conduct outcomes. While we believe good progress has been made, we will continue to improve our conduct risk management framework in line with local and international developments.
Further develop and implement procedures and training to counter money laundering, terrorist financing, bribery and corruption. Introduce face-to-face training in identified risk areas where it is deemed be beneficial.	This is a continuously evolving area and we launched revised anti-money laundering, sanctions and anti-bribery and corruption training including face-to-face interventions in targeted areas. 97.5%[LA] (2014: 98.4%[LA]) of our employees completed the annual fighting financial crime training.

Conduct risk framework

Focusing on conduct risk helps ensure that we provide appropriate products and services across our businesses and reward the right activities and behaviours. We believe that we are all responsible for understanding and managing the potential impact of our decisions and behaviour on our customers and clients, and on the financial services industry as a whole.

By conducting ourselves appropriately and by avoiding detriment to our customers in the way we do business, we mitigate potential risk. While many businesses see their conduct only as a potential risk area, we see it as an opportunity to differentiate ourselves by developing high levels of trust with all our stakeholders. We implemented a number of services in 2015, to improve outcomes for our customers and clients. For example, we proactively remind customers of claimable benefits, and seek out beneficiaries of death benefits. We also notify retail bundle customers, free of charge, when they are close to reaching their free transaction limit, allowing them to manage their banking costs and avoid additional charges.

Our conduct risk framework brings together many of the existing programmes and activities into a consolidated framework. There are 10 conduct risk outcomes on which we aim to deliver:

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

We implemented and embedded this framework across our operations and we are tracking our performance against a set of defined metrics. We will further develop proactive indicators to identify potential risks.

The implementation of this framework puts us in a good position for the anticipated requirements of the 'Twin Peaks' reform process in South Africa (see regulations supporting a culture of good conduct and ethical behaviour on page 39).

Conduct Index

Our conduct reputation survey, undertaken by YouGov, 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. The 2015 score was derived from interviews with respondents in Botswana, Ghana, Kenya, South Africa and Zambia. We continue to improve our performance with the mean score increasing to 6.8/10 (2014: 6.7/10).

Treating Customers Fairly

We merged Treating Customers Fairly into the conduct risk framework. The 10 conduct risk outcomes align with and expand on the Treating Customers Fairly outcomes.

For the first time, a comprehensive measurement of all six Treating Customers Fairly and 10 conduct risk outcomes was implemented in all our businesses, providing a broader and more accurate view of our customers' experience. This resulted in the Rest of Africa's Treating Customers Fairly score decreasing to 60.0 (2014: 76.0), as the score is no longer calculated based on a single-question service measurement study. The South African score decreased marginally to 61.0 (2014: 63.0), which is within the accepted margin of error for customer perception surveys.

We received recognition from survey respondents for protecting the confidentiality of customer information by living our Values and behaviours which govern our way of working. Identified areas for improvement include providing advice that takes account of the customers' unique circumstances, identifying potential difficulties before they impact on customers, and having customers' best interests at heart when offering products or services.

Ethics management

We monitor the conduct of our employees through surveys and by reviewing the number and root causes of disciplinary cases, grievances, whistleblowing and ethical breaches.

Our primary objective is to build management capability that sets the appropriate leadership tone and ensures high ethical standards are embedded in the business. Employees are made aware of and educated on expected behaviours as informed by the Barclays Way and our Values. To reinforce the importance of living our Values, employee performance and reward places equal emphasis on our objectives ('what') and behaviours ('how').

We have effective processes in place to ensure consistent application of sanctions for ethical breaches.

In 2015:

- Over 2 650 line managers (2014: 1 400) completed the online employee relations training programme and more than 3 900 leaders completed various Global Leadership Curriculum programmes to enhance their leadership capabilities.
- 97.5[LA] (2014: 97.4%[LA]) of our employees attested to our code of conduct (the Barclays Way), ahead of the 97% target.
- 97.5%[LA] (2014: 98.4%[LA]) of our employees completed the annual fighting financial crime training, ahead of the 95% target. This training addresses the key requirements of our anti-money laundering, sanctions, anti-bribery and anti-corruption and introducer policies.
- Building on the 2014 awareness training, 94.5%[LA] of our employees completed the new Conduct Risk College Training programme, slightly below our 95% target. This scenario-based learning programme focuses on how each individual's decisions and actions contributes to delivering good customer outcomes while managing conduct risk for the Group.
- Our Being Barclays induction programme exposes new employees to our Purpose, Goal and Values and how these guide our decision-making and behaviours.
- Our ongoing Think Campaign raises awareness of the consequences of ethical breaches by highlighting employees and ex-employees found guilty of fraud and other ethical breaches.
- All disciplinary and grievance policies and procedures as well as a case management system are integrated across the continent. Our employee relations contact team for Africa monitors the consistency of disciplinary outcomes.

This continued focus is gaining momentum as reflected in our ethics indicators. We have seen a positive reduction in the number of disciplinary cases, primarily as a result of improved leadership, more effective processes and the early and sound management of poor performance.

The incidence of ethical breaches, measured though disciplinary case statistics, decreased to 395 (2014: 460). In all, 49% of the ethical breaches related to dishonesty cases (2014: 48%) and 4% related to misrepresentation (2014: 22%). Of the 120 employee conduct-related whistleblowing cases reported and concluded in 2015, less than 45% were substantiated (2014: 50%).

Grievances as a percentage of permanent employees increased to 2.2% (2014: 1.2%) as a direct result of a change in the timing in communicating individual performance ratings (moved earlier to December from January in previous years). We expect this to normalise in 2016. The main cause of grievances remains dissatisfaction with annual performance management ratings. Overall, the number of grievances is within tolerance levels.

Responsible lending

The focus on responsible lending, and specifically unsecured lending, is well known in South Africa. We continue with our responsible approach to lending, amidst the challenging macroeconomic environment and increasing pressure on consumers.

Our lending strategies have been focused on fair practice, enhanced credit assessments and stricter affordability criteria as per National Credit Act requirements.

Our lending policies are closely supported by consumer education initiatives and product-specific support aimed at encouraging responsible borrowing and curbing consumer over-indebtedness. For example, through our My Home and Family Springboard home loan propositions, we provide educational assistance to first-time home buyers on aspects regarding the process of buying and owning a home.

Our debt management solutions guide our customers in assessing their income and expenditure and we also support customers in need of help through a debt counselling process. The recent increase in economic pressure has seen an industry-wide growth in debt counselling balances.

Personal lending outside South Africa continues to increase. However, scheme loans and personal loans to salaried customers contribute approximately 70% of the portfolio. Our approach to responsible lending is based on a sustainable debt-service ratio, which is tiered according to income and is strictly regulated in some countries. The spread of credit bureaus is improving and this information enhances our ability to assess customers' affordability.

Regulations supporting a culture of good conduct and ethical behaviour

Regulations driving consumer protection and ethical behaviour in the financial services industry continue to evolve. While these changes place additional requirements on the Group, we support efforts to ensure a stable financial services sector and a safe and fair operating environment. The evolving regulations align with our aim to act with integrity in everything we do and are in line with the principles of how we do business.

In all instances, we proactively engage with our various regulators either directly or in collaboration with industry associations.

Protecting personal information

In various jurisdictions we are governed by laws which 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.

Responsible lending

Governments in a number of jurisdictions are enacting or considering two branches of legislation to regulate the extension of credit. The first seeks to reduce consumer indebtedness by means of limits, for example the ratio of a loan to the value of the asset being purchased, as well as for banks to provide more information to credit bureaus.

In South Africa, affordability guidelines were implemented to ensure the proper assessment of consumers' finances to determine whether the consumer can afford the proposed credit instalments. Matters relating to the limitation of fees and interest rates, maximum costs of credit life and mechanisms for resolving over-indebtedness (including debt counsellors) are also being dealt with.

The second initiative, as provided in the National Credit Amendment Act (NCA) and as amplified by the regulations to the NCA, provides for the once-off removal of defined adverse consumer credit history, followed by the automatic removal of legal judgments when these judgment debts are paid up.

A safer financial sector to serve South Africa better – the 'Twin Peaks' reform process

This Financial Sector Regulation Bill will overlay 13 existing pieces of financial sector legislation, creating a framework designed to supervise the financial sector comprehensively and ultimately ensure financial stability. It places focus on both prudential supervision and market conduct supervision by creating a Prudential Authority and a Financial Sector Conduct Authority.

The Financial Sector Conduct Authority (also referred to as the market conduct regulator) will form part of a restructured Financial Services Board and will provide conduct oversight of all financial institutions. A comprehensive market conduct policy framework is envisaged to ensure better outcomes for financial customers, including the Treating Customers Fairly market conduct policy framework. Other developments include the Retail Distribution Review, which focuses on delivery of suitable products, access to suitable advice remuneration, incentive structures and guidelines relating to bancassurance.

The Prudential Authority will form part of the South African Reserve Bank and 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:

- ensure that customers' 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.

Combating money laundering, corruption and terrorist financing

We have a zero-tolerance approach and constantly enhance our control environment to reduce the risk of our employees as well as our customers and clients engaging in activities that may be in breach of legislation. This is supported by an anonymous reporting process designed to protect whistleblowers who report instances of unlawful or unethical behaviour.

Where the above initiatives have already been translated into legislation or regulatory requirements, we follow a process to ensure that business processes, policies or system changes required to support the regulatory change are effected. As part of an international organisation, implementing global standards often places us in the position that requirements have already been implemented or addressed, to a certain extent, within the Group by the time they are included in the local regulatory requirements.

Combating tax evasion by non-residents

There are a number of intergovernmental agreements and initiatives to guide the process for sharing information with other jurisdictions, including the Foreign Account Tax Compliance Act, the Organisation for Economic Co-operation and Development Automatic Exchange of Information and TRACE International.

Responding to regulatory change

The scale of regulatory change remains challenging and the financial crisis is resulting in a significant tightening of regulation and changes to regulatory structures globally, which, together with political and regulatory scrutiny of the banking and consumer credit industries, is in some cases, leading to increased regulation. The nature and impact of future changes in the legal framework, policies and regulatory action cannot be fully predicted and is beyond our control, but is likely to have an impact on our businesses and earnings both in the banking and insurance sectors.

We are continuously evaluating our compliance programmes and controls in general and conducting related monitoring and review activities. As a consequence of these programmes, controls and activities, we have adopted appropriate remedial and/or mitigating steps, where necessary, and made disclosures on material findings as and when appropriate.

Looking ahead

Proper conduct and ethical business dealings are non-negotiable for any responsible organisation and we support efforts to ensure a stable financial services sector and a safe and fair operating environment. We will:

- maintain an awareness and understanding of drivers of political, regulatory and policy changes across the continent and proactively manage changes to minimise customer impact;
- embed conduct risk assessments and forward-looking conduct risk reporting across the organisation;
- ensure an ongoing understanding of the implications of new market conduct regulations and how they impact on our business model and the way we serve our customers and clients; and
- provide regular training and awareness communication to ensure business units and functions are implementing the conduct risk framework requirements, set appropriate risk appetite thresholds, and ensure relevant emerging risks are considered at appropriate governance forums/committees.

Company

It is essential that we maintain a strong relationship with our shareholders to ensure we have a shared understanding and vision for our future performance. Not meeting these expectations reduces shareholder confidence.

This section should be read in conjunction with our Financial Director's review (page 42) and our risk summary (page 49).

Additional online information: consolidated and separate financial statements; risk management report; and 2015 financial results booklet.

Key indicators

	2012	2013	2014	2015	YoY trend
Revenue share from outside South Africa (%)	n/a	19.1	19.5	**20.8**	▲
Cost-to-income ratio (%)	55.2	56.3	56.8	**56.0**	▼
Return on equity (%)	14.4	15.5	16.7	**17.0**	▲

2015 priorities	Progress made in 2015
We will continue to improve our business in South Africa, repeat the successes outside South Africa and drive growth in our Corporate Bank and WIMI franchise across the continent.	We achieved our target to be top three by revenue in four of our five largest markets – Botswana, Ghana, South Africa and Zambia. Our revenue share from outside South Africa increased further to 20.8% (2014: 19.5%), within our target of 20 – 25%. We continued to expand WIMI with our acquisition of First Assurance in Kenya and improved revenue momentum in key annuity businesses.
Focus on revenue growth and continued cost management to improve our cost-to-income ratio.	We continue to focus on growing revenue in target areas (including Markets, Rest of Africa, Corporate South Africa and Retail Banking South Africa). Our structural cost programmes continue to produce efficiency gains that allow us to invest in growth initiatives. Our cost-to-income ratio decreased to 56.0% from 56.8% in 2014.
Increase return on equity in a sustainable manner, avoiding any short-term actions in an attempt to meet the target.	Our return on equity increased to 17.0% (2014: 16.7%), the highest since 2008. South Africa's return on equity improved slightly to 17.9%, while Rest of Africa's improved to 13.7%. We have identified opportunities for improvement in the medium term.

Looking ahead

Although we are unlikely to achieve our return on equity and cost-to-income targets in 2016 due to a deteriorating macroeconomic backdrop characterised by uncertainty and volatility, we believe these are still correct in the medium term. We will stay focused on execution towards achieving these targets:

- A return on equity in the range of 18 – 20%.
- To be top three by revenue in our top five markets.
- A revenue share of 20 – 25% from outside South Africa.
- A cost-to-income ratio in the low 50s.