



# Barclays Africa Group Limited

2015 Citizenship (including environment) fact sheet



## Our reporting suite



Our 2015 Integrated Report is our primary report. It is supplemented with online disclosures including our financial statements, risk management report and special interest fact sheets (Citizenship, King III and Broad-Based Black Economic Empowerment (BBBEE) for our South African operations) as well as various documents published as part of our annual results announcement on 1 March 2016.

The full suite of reports is available on our corporate website [barclaysafrica.com](http://barclaysafrica.com) and at our interactive report website [barclaysafrica2015ar.co.za](http://barclaysafrica2015ar.co.za).

| Report   | Reporting frameworks   | Assurance  |
|--|--|--|
| <b>2015 Integrated Report</b>  |  |  |
| Our primary report for communicating with our shareholders and other stakeholders  | <ul style="list-style-type: none"> <li>International Integrated Reporting Council's (IIRC) &lt;IR&gt; Framework</li> <li>South African Companies Act, No 71 of 2008, as amended (Companies Act)</li> <li>JSE Listings Requirements</li> <li>King Code of Corporate Governance for South Africa (King III)</li> </ul> | <ul style="list-style-type: none"> <li>Internal controls and management assurance</li> <li>Compliance and internal audit reviews</li> <li>External audit opinion on financial information and external assurance on selected key performance indicators</li> <li>Board approval assisted by the Disclosure Committee (Group Audit and Compliance Committee sub-committee)</li> </ul>   |
| <b>Financial statements and risk management report</b>   |  |  |
| <ul style="list-style-type: none"> <li>Consolidated and separate financial statements including the directors' report, external audit report and the report from our Group Audit and Compliance Committee</li> <li>Risk and capital management report</li> </ul> | <ul style="list-style-type: none"> <li>International Financial Reporting Standards (IFRS)</li> <li>Companies Act</li> <li>Banks Act, No 94 of 1990</li> <li>JSE Listings Requirements</li> <li>King III</li> </ul>   | <ul style="list-style-type: none"> <li>Internal controls and management assurance</li> <li>Compliance and internal audit reviews</li> <li>Governance oversight by our Board assisted by our Group Audit and Group Risk and Capital Management Committee</li> <li>External audit opinion (the complete opinion statement can be found in the consolidated and separate financial statements)</li> </ul>   |
| <b>Supplementary fact sheets</b>   |  |  |
| <ul style="list-style-type: none"> <li>Citizenship (with environment disclosures)</li> <li>BBBEE (South Africa)</li> <li>King III</li> <li>Global Reporting Initiative (GRI)</li> </ul>  | <ul style="list-style-type: none"> <li>IIRC's &lt;IR&gt; Framework</li> <li>King III</li> <li>Global Reporting Initiatives (GRI) G4 guidelines</li> </ul>  | <ul style="list-style-type: none"> <li>Internal controls and management assurance</li> <li>Compliance and internal audit reviews</li> <li>Governance oversight by our Board assisted primarily by our Social and Ethics and Disclosure Committee</li> <li>External assurance conclusion on selected indicators (the complete assurance statement including the scope of work and conclusions is available online)</li> <li>BBBEE is independently verified by the National Empowerment Rating Agency (NERA) (our BEE verification certificate can be found at <a href="http://absa.co.za">absa.co.za</a>)</li> </ul> |
| <b>Other reports</b>   |  |  |
| <ul style="list-style-type: none"> <li>2015 Financial results booklet</li> <li>SENS announcement</li> </ul>  | <ul style="list-style-type: none"> <li>IFRS</li> <li>Companies Act</li> </ul>  | <ul style="list-style-type: none"> <li>Internal controls and management assurance</li> <li>Compliance and internal audit reviews</li> <li>Governance oversight by our Board assisted by our Group Audit and Compliance and Risk and Capital Management Committees</li> <li>External audit review</li> </ul>  |

## Disclaimer

Certain statements (words such as 'anticipates', 'estimates', 'expects', 'projects', 'believes', 'intends', 'plans', 'may', 'will' and 'should') and similar expressions in this document are forward-looking. These relate to, among other things, the plans, objectives, goals, strategies, future operations and performance of Barclays Africa Group Limited and our subsidiaries. These statements are not guarantees of future operating, financial or other results and involve certain risks, uncertainties and assumptions and so actual results and outcomes may differ materially from those expressed or implied by such statements. We make no express or implied representation or warranty that the results we anticipated by such forward-looking statements will be achieved. These statements represent one of many possible scenarios and should not be viewed as the most likely or standard scenario. We are not obligated to update the historical information or forward-looking statements in this document.



## Citizenship (including environment) fact sheet

Barclays Africa Group Limited (the Group or Barclays Africa) is a diversified financial services provider offering an integrated set of products and services across personal and business banking, credit cards, corporate and investment banking, wealth and investment management and insurance. With our long-standing presence in 12 African markets and our regional and international expertise, we have a strong platform to capture the growth opportunity in Africa.

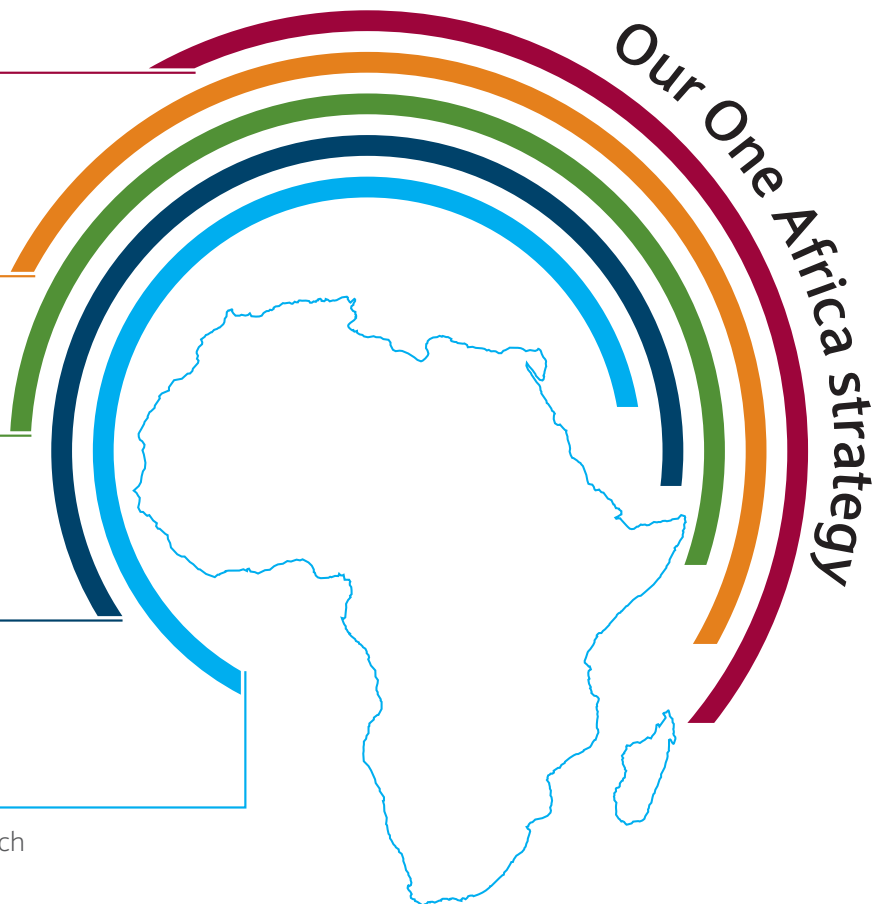
We are driven by **our Purpose** to help people achieve their ambitions in the right way.

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

Our **Values** – Respect, Integrity, Service, Excellence and Stewardship – define the way we think, work and act.

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

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



The success of our business depends on the strength of the communities in which we operate. As a Group, we are committed to developing these communities and economies and in doing so, empowering historically disadvantaged people. Due to the scale and breadth of our activities across African economies, we are uniquely able to contribute to a broad-based and inclusive economic growth.

 This fact sheet is a supporting document for our 2015 Integrated Report and expands on our performance within Citizenship. It should be read in conjunction with our Customer & Client, Colleague and Conduct reviews (pages 27, 31 and 37) in our 2015 Integrated Report. Additional online information includes our GRI and Broad-Based Black Economic Empowerment fact sheets.

### Icons used in this report



Positive



Negative



Unchanged



Page reference



Online information



Limited assurance indicator



## Citizenship

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

### Key indicators

|   | 2012             | 2013             | 2014                  | 2015                  | YoY trend |
|---|------------------|------------------|-----------------------|-----------------------|-----------|
| <b>Citizenship plan (number of initiatives on track or ahead)</b>   | n/a              | 6/8              | 6/8                   | 7/8                   | ▲         |
| ○ Employees attesting to code of conduct (the Barclays Way) (%) <sup>1</sup>                              | n/a              | 65.4             | 97.4 <sup>LA</sup>    | 97.5 <sup>LA</sup>    | ▲         |
| ○ Total carbon footprint (tonnes CO <sub>2</sub> ) <sup>2</sup>   | 417 295          | 372 301          | 333 328 <sup>LA</sup> | 220 988 <sup>LA</sup> | ▼         |
| ○ 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 <sup>3</sup> | 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) <sup>4</sup>  | 104.7            | 126.1            | 155 <sup>LA</sup>     | 192 <sup>LA</sup>     | ▲         |
| <b>Supplementary indicators</b>   |                  |                  |                       |                       |           |
| ○ Transactions reviewed in accordance with Equator Principles <sup>5</sup>                                | 16 <sup>LA</sup> | 18 <sup>LA</sup> | 2 <sup>LA</sup>       | 7 <sup>LA</sup>       | ▲         |
| ○ Total unique colleagues participating in Barclays Africa volunteering, fundraising or giving programmes | 13 476           | 14 064           | 13 397                | 11 284                | ▼         |
| ○ Total number of hours volunteered ('000)  | 105.2            | 96.8             | 116.3                 | 66.7                  | ▼         |
| ○ Bursaries and sponsorships provided   | 117              | 123              | 137                   | 100                   | ▼         |
| ○ Financial literacy – number of consumers reached ('000)   | 124              | 116              | 193                   | 169                   | ▼         |

<sup>1</sup> 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).

<sup>2</sup> 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<sub>2</sub> emissions (GHG Protocol: operational control boundary).

<sup>3</sup> Restated from 2014 onwards to reflect gross new and renewed lending to SMEs. Not able to apply same principle to 2013.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>LA</sup> This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

### 2015 priorities

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.

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.

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.

### Progress made in 2015

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%.

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.

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

Ensure our decisions take account of stakeholder needs in the short and long term.

## 1. We will implement a global code of conduct

Our Values govern our ways of working. We ensure our employees understand how our Values underpin every aspect of our business by setting out the behaviours expected of them across all their working relationships. 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 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%<sup>1A</sup> 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 Balanced Scorecard review in our 2015 Integrated Report (pages 37 to 40).

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

## 2. We will ensure material business decisions reflect stakeholder considerations

We help to create, grow and protect wealth for individuals, corporates, countries and wider society. We do this by providing essential banking services, wealth and investment management and insurance across the continent. As a financial services provider, we are in a unique position to create value across a wide spectrum and in fact are called on by our stakeholders to play a role in meeting society's needs.

We must understand and balance the needs of our stakeholders in the short and long term and integrate these considerations into core decision-making – a key concept of the King Code of Corporate Governance for South Africa 2009 (King III) and we continue to invest in our capacity to engage, understand and identify wider stakeholder views.

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. Outcomes of these engagements inform our strategic priorities and key deliverables. In effectively responding to economic, social, environmental and governance matters which our stakeholders believe influence our long-term sustainability, we ensure that we deliver our obligations to shareholders while responding to our stakeholders' needs. Our Balanced Scorecard provides a holistic approach to deliver commercial returns, while responding to stakeholders' needs.

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.

 Further information on our stakeholder engagements can be found in our GRI fact sheet.

We follow a three-step process to determine which matters we believe materially impact our ability to create value and on which we report. This process, the key matters raised by our stakeholders, the material matters relevant to our sustainability and how we are responding are outlined on pages 7, 22 and 23 of our 2015 Integrated Report. Our Balanced Scorecard review (pages 27 to 41) provides further information on our performance against our material matters.

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 within Citizenship will be on three key areas: education and skills development, financial inclusion and enterprise development.

ReadytoWork, our Pan-African employability programme, delivers skills-building curricula online to help prepare young people for the world of work. Rise Africa is a physical and virtual global community that facilitates collaboration and fintech innovation. The initiative specifically looks at connecting the world's most active innovation ecosystems to help co-create ground-breaking products and services with entrepreneurs from across Africa. These are two examples which demonstrate our commitment to driving Shared Growth on our continent.

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

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

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

In accordance with Equator Principles III we:

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

In 2015, we screened seven<sup>LA</sup> (2014: two<sup>LA</sup>) transactions that reached financial close during the reporting period of 1 January to 31 December 2015. 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). We have no project finance advisory services or project-related corporate loans to report in 2015.

### Equator Principle project finance transactions

|                                  | 2014     |          |          | 2015     |          |          |
|----------------------------------|----------|----------|----------|----------|----------|----------|
|                                  | A        | B        | C        | A        | B        | C        |
| <b>Sector</b>                    |          |          |          |          |          |          |
| ○ Mining and metals              | 1        | –        | –        | –        | –        | –        |
| ○ Infrastructure                 | –        | –        | –        | –        | –        | –        |
| ○ Oil and gas                    | 1        | –        | –        | –        | –        | –        |
| ○ Power generation               | –        | –        | –        | 1        | 6        | –        |
| ○ Other                          | –        | –        | –        | –        | –        | –        |
| <b>Region</b>                    |          |          |          |          |          |          |
| ○ Americas                       | 1        | –        | –        | –        | –        | –        |
| ○ Europe, Middle East and Africa | 1        | –        | –        | 1        | 6        | –        |
| ○ Asia Pacific                   | –        | –        | –        | –        | –        | –        |
| <b>Country designation</b>       |          |          |          |          |          |          |
| ○ Designated country             | 1        | –        | –        | –        | –        | –        |
| ○ Non-designated country         | 1        | –        | –        | 1        | 6        | –        |
| <b>Independent review</b>        |          |          |          |          |          |          |
| ○ Yes                            | 2        | –        | –        | 1        | 6        | –        |
| ○ No                             | –        | –        | –        | –        | –        | –        |
| <b>Total</b>                     | <b>2</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>6</b> | <b>0</b> |

### Other transactions

|                                       | 2014      | 2015       |
|---------------------------------------|-----------|------------|
| <b>Sector</b>                         |           |            |
| ○ Mining and metals                   | 26        | 19         |
| ○ Infrastructure                      | 12        | 44         |
| ○ Oil and gas                         | 7         | 17         |
| ○ Power generation                    | 6         | 11         |
| ○ Power generation (renewable energy) | 13        | 14         |
| ○ Agriculture and fisheries           | 1         | 1          |
| ○ Chemicals and pharmaceuticals       | 2         | 1          |
| ○ Manufacturing                       | 12        | 10         |
| ○ Services                            | 15        | 11         |
| ○ Utilities and waste management      | 3         | 3          |
| <b>Total</b>                          | <b>97</b> | <b>132</b> |

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

## 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 transitions 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 the Renewable Independent Energy Power Procurement Programme (RIEPPP). These projects, with a combined capacity of 1 318MW and combined capital value of R34bn, are expected to reach financial close during 2016. Significant investment in the sector is being made in Africa to help address the power and energy demands.

### Recognising renewable energy projects

- The South African Wind Energy Association, in conjunction with the Global Wind Energy Association, recognised Absa for its significant contribution to the South African wind energy industry for the second year in a row. We arranged financing for 1837MW of wind energy projects up to the latest round of deals awarded.
- The Bokpoort concentrated solar power (CSP) project, funded by Absa, won the African Community Project of the Year Award at the 15th annual African Utility Week held in May 2015. The key contributions highlighted for the project were its impact on skills development and the provision of basic services in the form of photovoltaic solutions for electrified homes and a newly installed potable water reticulation system to provide water to homes of neighbouring communities.
- Project Finance International awarded iLanga the Solar Energy Deal of the Year Award. Absa, with a solid track record in financing clean energy projects in Africa, acted as a lender and lead arranger on this project.

### Helping our customers and clients minimize their carbon footprint

- Absa Vehicle and Asset Finance offers a green finance product, providing customers with a rebate of between 0.25% and 0.75% on interest rates when buying a passenger vehicle which emits carbon outputs of less than 120g/km. We also plant a tree for every green vehicle loan being granted on behalf of our customers who finance vehicles with lower emissions, thereby assisting to further reduce carbon emissions. As a result of this, 4 500 trees were committed for planting in 2015. Due to water restrictions in the latter part of the year, only 1 000 trees were planted in 2015, with the remaining trees to be planted by February 2016.
- In partnership with the French Development Agency, we have been able to provide funding to business customers with energy-efficient and renewable energy projects. To date, 12 green energy projects received funding value at R134m. These projects have generated over 3.5MW of clean electricity and boast approximately 6 500 tonnes of CO<sub>2</sub> emissions per annum.

## Our direct operational impact on the environment

### Carbon

|   | 2012           | 2013 <sup>1</sup> | 2014                        | 2015                        | YoY trend |
|---|----------------|-------------------|-----------------------------|-----------------------------|-----------|
| Scope 1 emissions (tonnes CO <sub>2</sub> ) <sup>2</sup>            | 17 451         | 19 837            | 17 480 <sup>LA</sup>        | 35 574 <sup>LA</sup>        | ▲         |
| Scope 2 emissions (tonnes CO <sub>2</sub> ) <sup>3</sup>            | 377 057        | 326 210           | 293 089 <sup>LA</sup>       | 158 220 <sup>LA</sup>       | ▼         |
| Scope 3 emissions (tonnes CO <sub>2</sub> ) <sup>4</sup>            | 22 780         | 26 254            | 22 759 <sup>LA</sup>        | 27 194 <sup>LA</sup>        | ▲         |
| <b>Total carbon footprint (tonnes CO<sub>2</sub>)<sup>5</sup></b>   | <b>417 288</b> | <b>372 301</b>    | <b>333 328<sup>LA</sup></b> | <b>220 988<sup>LA</sup></b> | <b>▼</b>  |
| ○ South Africa  | 386 061        | 346 004           | 307 354                     | 205 023                     | ▼         |
| ○ Rest of Africa <sup>6</sup>                                       | 31 235         | 26 298            | 25 974                      | 15 965                      | ▼         |
| Carbon footprint per FTE <sup>7</sup> (tonnes CO <sub>2</sub> /FTE) | 10.07          | 8.27              | 7.82                        | 5.20                        | ▼         |
| Carbon footprint per m <sup>2</sup>                                 | 0.26           | 0.22              | 0.25                        | 0.15                        | ▼         |

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

<sup>2</sup> Scope 1 – Direct combustion of fuels; company-owned vehicles; and electricity from gas combustion.

<sup>3</sup> Scope 2 – Purchased electricity for own use.

<sup>4</sup> Scope 3 – Indirect emissions from business travel (local and international flights; and private cars and car hire).

<sup>5</sup> Total of Scope 1, 2 and 3 CO<sub>2</sub> emissions (GHG Protocol: operational control boundary).

<sup>6</sup> While progress is being made in recording and reporting data across the Group, Rest of Africa data is only included in the diesel, electricity and flights data used in the calculation of the carbon footprint.

<sup>7</sup> Full-time equivalent employee defined as 42 595.

<sup>LA</sup> This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online

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<sup>LA</sup> tonnes CO<sub>2</sub> (2014: 333 328<sup>LA</sup> tonnes CO<sub>2</sub>), a significant reduction from 417 295 tonnes CO<sub>2</sub> in 2012. Total energy from electricity, gas and diesel use also decreased to 350 116 045kWh<sup>LA</sup> (2014: 410 194 215kWh<sup>LA</sup>). 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%).

The measurement of paper and water use remains challenging. We recycle all confidential waste paper across South Africa and continue to implement double-sided and 'follow you' printing in more facilities. Data collection processes for water are fairly immature; even though the cost of water is relatively cheap, we acknowledge that it is a vital resource and we continue working towards reducing our water consumption by investing in efficient fittings as well as opportunities for boreholes, grey water systems and rain water systems.

In 2015 we:

- reduced our corporate real estate portfolio by 29 offices, equivalent to 168 458m<sup>2</sup>.
- embedded Green star rating requirements in new buildings and during refurbishments of our existing properties. For example, the Towers North building refurbishment, which reduced energy consumption by 64% per employee.
- decreased demand from the national energy supplier by 50 794 300kWh (equivalent to energy powering 50 794 households) by relying on our energy centre at the Johannesburg Campus and reduced our carbon footprint by 33 882 tonnes by using cleaner gas power supply. Our Pretoria Campus green building rating submission which was planned for 2015, will be made in 2016 after the completion of a 1MW solar photovoltaic plant.
- saved 2.8m litres of water through leak management.
- external assessment and recognition affirm our progress to date. We improved our CDP (formerly the Carbon Disclosure Project) score from 86B to 97B and our Dow Jones Sustainability Index score from 65 to 72.
- we received the top accolade for the Decoupling Leaders Award, which measures the top 75 companies listed on the Johannesburg Stock Exchange (JSE) that decreased their carbon footprint while increasing revenue.
- we again received the Mail & Guardian Greening the Future Award in the Energy Efficiency category for our Towers North building, where we reduced our energy consumption by 64% per employee.

## 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.

## 4. We will be market leading on transparency – being as open as possible about how we do business

We aspire to run our business in an open and transparent manner with consistent engagement and clear disclosure for all our stakeholders. This is essential if stakeholders are to gain a clear understanding of the value we contribute. Our focus covers corporate transparency, including our financial reporting and disclosures on areas such as lobbying and tax as well as market and product transparency. We also remain cognisant of the risk of disclosing sensitive competitive information.

Our annual integrated report suite serves as the foundation of our reporting to shareholders and other stakeholders. Our aim is to provide a succinct, yet sufficiently informed view of the organisation, the challenges and opportunities we face, and our approach to creating and distributing value. We aim to present a balanced view of our performance in managing the matters material to our sustainability.

As a company incorporated in South Africa and listed on the JSE, our primary focus is on South African regulatory reporting requirements. These include the South African Companies Act, No 71 of 2008, the Banks Act, No 94 of 1990, the JSE Limited Listings Requirements and King III. We take the International Integrated Reporting Council's <IR> Framework into account. In addition, there are a number of other reporting frameworks such as the Global Reporting Initiative's (GRI) G4 guidelines which are considered in our disclosures.

In terms of lobbying, we conduct dialogue on matters where we have a legitimate interest and where public policy directly affects our business, such as regulatory and structural reform. We ensure that any communication undertaken is honest, comprehensive and accurate. We are represented in a large number of industry associations, locally and regionally. These associations represent their members and shape the industry response to issues and interactions with governments. We seek to be a supportive and influential member of all associations of which we are members. For example, in South Africa we engage on public policy issues through industry bodies such as the National Economic Development and Labour Council, Banking Association of South Africa and Business Unity South Africa.

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



## 5. We will minimise our broader systemic risk to the economy and society

The 2008/2009 financial crisis highlighted the importance of both firms and regulators being prepared to respond effectively to unforeseen severe stress events. As part of the consequent global regulatory reforms, regulators have called on global systemically important financial institutions to identify the range of potential options available to restore their capital, liquidity and balance sheet positions during times of stress (recovery plans) and to enable an orderly restructure/wind-down (resolution plans). Our recovery and resolution plan has been developed in accordance with the South African Reserve Bank's regulatory guidelines and is continuously enhanced based on their feedback.

## Contributing to growth

### Delivering product and service solutions to help more people, and society as a whole, progress in a sustainable way.

We strive to fulfil our role as an enabler of social and economic progress, growth and development in our economies. Our Shared Growth agenda aims to have a positive impact on society while delivering shareholder returns. We are committed to contributing to Africa's growth and towards sustainable solutions to some of the most pressing challenges facing the continent. By supporting our customers and clients and working in partnership with other stakeholders, we can create an environment in which individuals, institutions and governments are able to invest in sustainable progress and enable growth.

## 6. We will leverage our products, capital, networks and expertise to drive sustainable progress

### Generating value for households and businesses

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 applicants who meet Absa's credit criteria to successfully apply for home finance if they have a helper who is willing to assist by investing 10% of the property purchase price in an Absa Fixed Deposit account as security.
- 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.

## 7. We will help more businesses to 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 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.

### *SME Index*

In South Africa, we publish a quarterly SME Index highlighting relevant market data extrapolated from Statistics South Africa. The index provides valuable information that allows SMEs to make more informed decisions that will help them to grow their businesses. It also guides policymakers' decisions on SME development and job creation.

In recognising the significant contribution that we have made in the development of SMEs, we were awarded the 2015 Top SME bank in South Africa award by Capital Finance International.

## 8. We will improve 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 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). We will expand this programme in 2016. Our Pan-African Graduate Programme included 116 (2014: 207) postgraduates from across the continent.

Through our relationships with Technical and Vocational Education and Training Institutions, 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. We will expand this programme in 2016. 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 (2014: 137) African students, enabling them to study at South African leading universities, with a focus on critical and scarce skills in the financial sector.

## 9 & 10. Supporting our communities

We play a broader role in our communities than only through our core business activities. We invest money, time and the expertise of our employees to deliver a positive social impact in the communities in which we operate through a range of awareness and skills development programmes.

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<sup>1A</sup> 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.

## Supporting employability

### *Harambee*

Harambee plays a critical role for job seekers by approaching the unemployment challenge across the value chain – recognising not only sector-specific supply/demand gaps in the labour market but also providing access to skills and networks necessary for ensuring relevance and sustainability. Their model is based on the notion that to improve long-term employability prospects, capacity building programmes must focus both on bridging the gap between skills available and those sought in the marketplace, as well as facilitating access to opportunities through workplace exposure. In 2015, 4 007 young people received skills training and/or job placement support through the programme. Harambee directly facilitated the placement of 116 of these young people in jobs, while another 1 534 programme beneficiaries used the skills and guidance received to independently pursue and obtain placements. Since its inception in 2011, Harambee has placed over 10 000 young people in jobs by leveraging its networks with leading corporates across a number of sectors, and crafting skills-building programmes that speak to specific industries' needs (including hospitality, financial services, business process outsourcing and retail).

### *Mentec*

Mentec provided 450 (2014: 330) young people with end-to-end training and workplace exposure opportunities in 2015. Their industry-accredited training in information and computer technology (ICT) delivers a near-perfect placement rate for their graduates and is unique in its approach of allocating mentors to support graduates in maintaining sustainable work-life balance and staying in the jobs they have acquired. Mentec's programme runs over a period of 30 weeks and operates in all nine provinces of South Africa. It starts with a scoping component to source and select candidates and determine needs and training requirements. This is followed by an 18-week hands-on skills-building programme, complemented by work exposure opportunities to ensure practical professional experience is developed. Lastly, via its recruitment division, Mentec beneficiaries are placed into longer-term employment opportunities.

## Volunteerism

Employee participation or volunteering is another way in which we reach out and positively impact the communities in which we operate. Our colleagues are engaged primarily in the following ways:

- Access to volunteering grants, matched fundraising and, in South Africa, payroll giving allocation to beneficiaries preselected through an employee survey. These programmes enable colleagues to become involved in initiatives they are passionate about, but which fall outside our strategic focus areas.
- Regional and local volunteering campaigns such as the Make a Difference campaign and Mandela Day in South Africa.

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 continue to develop programmes to enable and mobilise interested colleagues who seek guidance and support in their activities:

- ReadytoWork includes detailed facilitator guides, enabling colleagues to work through a guided narrative when volunteering as trainers.
- A formalised network of citizenship ambassadors will be rolled out to support volunteering across the business.

## Recognising employee community impact

We strive to recognise our employees' efforts in the many community and social enterprises. The annual Barclays Global Citizenship Awards is one such platform. Employees from Africa won two of the four awards in 2015.

### *Linkage Banking Team*

Recognising the importance of multi-stakeholder partnerships to address scale of the financial inclusion paradox across the African continent, we have partnered with the Grameen Foundation to explore innovative linkages between mobile technology and group savings behaviour. Established in 2009 as a component of the Barclays PLC Banking on Change programme, Project Link uses community-based approaches in delivering financial services among traditionally excluded segments of Uganda's financially active population. Working in partnership with non-governmental organisation (NGO) Care and Plan, it is the first collaboration between a global bank and the NGO sector to link traditional village savings and loan groups to the formal financial market. The programme model leverages innovative distribution and customer engagement strategies to address local content, and is coupled with digital applications that capture information to help stakeholders to better monitor and evaluate savings group activity.

### *Volunteer Action Network*

Working in partnership with Volunteer Action Network (Vac-Net), employee Denis Amukun is helping young women in rural Uganda access micro-credit loans and business development training to help them provide for their families and become financially secure. To date, the project has helped link 500 savings groups to Barclays branches, providing more than 14 000 individuals with access to financial services. These innovations contribute to the success of the Barclays PLC Banking on Change programme, which aims to link 5 000 savings groups in five countries to formal financial services.

## Financial literacy

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.