

Employees

Capable and engaged employees with access to value-creating customer solutions will drive our commercial success and advance our reputation. Creating a culture that inspires entrepreneurship and innovation is critical to the implementation of our strategy.

Key concerns and expectations

- Job security and change management through the Separation.
- Fair pay and terms of employment, and market-related reward and benefits.
- Leadership continuity and managerial depth.
- Diversity and transformation.
- Training of employees for a digital future.
- Talent attraction, development and retention of critical skills.
- Productivity through an agile culture.
- Development of our brand to become an employer of choice.

Our material focus areas

- 1 Creating an entrepreneurial and innovative culture.
- 2 Attracting and retaining quality employees.
- 3 Accelerating diversity.
- 4 Distinctive development opportunities.
- 5 Ethical business conduct.

SDG impacts



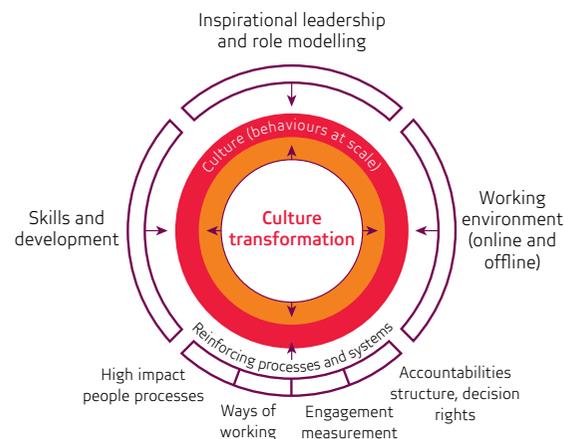
1 Creating an entrepreneurial and innovative culture.

The correct culture is a key strategic enabler and our target culture is one that enables faster decision-making; is aligned and engaged at every level; is piloted by leaders who inspire the whole organisation to action with speed, boldness and focus, giving our people an emotional sense of belonging and commitment.

Our cultural journey has involved intense engagement with employees from brand immersion sessions with all employees and Umoja (unity) sessions where employees gave input to our Values (page 24) and target culture.

Our target culture is focused on the belief that Absa can be a force for good. We are committed to results and will learn by doing, taking decisions quickly and adjusting as required. We are committed to our employees and the customer is our obsession. We will be bold and agile. We are committed to Africa and the communities we serve. We believe in our energy and potential and wish to be a positive catalyst.

A holistic culture transformation framework, including new ways of working, redefined processes, new skills requirements and new leadership behaviours will deliver the desired culture shift.



2 Attracting and retaining quality employees.

Our improving employer brand and the distinct opportunities we offer underpin our ability to attract top employees.

We have 40 856 employees (2017: 41 703) of which 39 413 are permanent (2017: 39 988).

We filled 5 622 vacancies (2017: 7 376), in an average time to hire of 33 days (2017: 35 days). 60% of our vacancies were filled by existing employees (2017: 59%) of which 37% were promotions (2017: 49%) reflecting the strength of our internal talent pipeline.

Our employee turnover rate was 9.1% (2017: 8.9%) with voluntary attrition 6.1% (2017: 6.4%) and we retained 93.8% of high performers (2017: 95.4%).

Employee engagement is key to our employee retention with our 2018 Gallup survey showing improvement in the majority of areas.

- ▲ 79% participation rate.
- ▲ 27% active engagement (2017: 23%).
- ▲ Know the purpose and mission of the organisation.
- ▲ Greater understanding of what is expected of them.
- ▼ Opportunities for growth and personal learning for employees.

3 Accelerating diversity.

A diverse workforce broadens perspectives and enhances performance. Diversity includes gender, race, age, disability, experience, religion, values and beliefs and sexual orientation. Gender parity is a global issue, while race is a focus in South Africa.

In terms of gender:

- 61.1% of employees are women (2017: 61.4%).
- 33.0% of our Executive Committee were women as at 31 December. This has since reduced to 25% following the retirement of Maria Ramos (2017: 36.4%).
- 34.9% of senior leadership are women (2017: 34.1%).
- 60.8% of promotions were women (2017: 59.0%).

We support workplace needs, including specialised facilities and technology for employees living with disabilities. 0.4% of our workforce have self-declared disabilities.

We have multiple networks that provide employees with support: Reach (disability), Spectrum (lesbian, gay, bisexual and transgender, intersex (LGBTi) and in South Africa, transformation committees.

In terms of age, 17.6% of our employees are younger than 30 years; 70.4% between 30 and 50 years old and 12.0% are over 50.

B-BBEE progress in South Africa

- 74.0% of employees in South Africa are Black (2017: 71.9%).
- 33% of our executive directors (2017: 25%) and 50% of other executive management (2017: 50%) are Black.
- 49.3% of senior management are Black (2017: 44.3%).
- 86.8% of promotions were Black (2017: 80.8%) and 95.0% of external hires were Black (2017: 90.1%).
- 2 072 learnerships were provided to Black people, of which 1 424 were employed by Absa and 648 were unemployed people.

4 Distinctive development opportunities.

Our fresh approach to talent and development opportunities is being developed. This is encompassing a refresh curriculum, delivery platforms and recognition to drive achievement of the Group strategy.

We invested R426m in direct training costs (2017: R487m) and employees can access a catalogue of 7 710 different learning programmes (2017: 3 847). We have a number of specialised academies for key skills, including finance, risk, technology and information security, compliance and internal audit. Highlights include the following:

- We launched in 2018, our Africa Converged Security Academy with Rhodes University enrolled 40 candidates specialising in information security.
- 477 employees graduated from our Compliance Career Academy run in partnership with Duke Corporate Education and the University of Cape Town (2017: 190).
- Our Digital Academy internship hosted 36 interns (2017: 38), of whom 11 have taken up permanent employment and 21 are external contractors. A further 59 interns are completing a specialised system developer qualification.

We continue to collaborate with BankSeta on the Africa Expansion Programme to develop leaders across Africa.

135 graduates from across the continent participated in our 2018 Rising Eagles Programme (2017: 85). They join over 1 078 young professionals who have started their careers with the Group since the programme's inception in 2008. We hosted 2 284 learnerships and internships in total in South Africa (2017: 2 214).

106 employees were on an intra-Africa assignment (2017: 117). 49% were from South Africa and went to Absa Regional Operations, 36% from Absa Regional Operations came to South Africa and 15% moved between Absa Regional Operations countries. Barclays assignees are down to seven from 25.

5 Ethical business conduct.

The financial services industry relies on trust, and good conduct is based on our daily behaviours, exhibited in our individual and collective actions and decisions. We recognise the systemic importance of the financial services sector, and the need for our employees to aspire to the highest standards of culture and conduct.

We have a comprehensive approach that educates and empowers all employees in terms of their rights and responsibilities, defines the behaviours we reward and the behaviours we discourage. Our code of conduct guides our interactions with stakeholders across the business. All of which contributes to a culture of trust.

Performance management and reward decisions emphasise behaviour and commercial objectives, encouraging the appropriate conduct, and making the consequences of misconduct clear.

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

- Are aware of the Values and behaviours expected of them.
- Develop a sensitivity to situations of real or perceived conflict of interest and learn how to deal with them when they arise.
- Put Treating Customers Fairly at the forefront of what we do.
- Are aware of the tools available to them to raise their concerns of unethical behaviour or suspected fraud through our whistleblowing programme.

Misconduct matters were 5.2% of headcount (2017: 5.4%) with a small percentage of these related to matters such as dishonesty/misrepresentation and resulted in dismissal. Misconduct matters excludes theft and fraud as these are not dealt with through the internal disciplinary process.

Grievances were 2.0% of headcount (2017: 1.1%) and are mostly due to dissatisfaction with annual performance ratings.