



 **BARCLAYS**

Barclays PLC  
Environmental Social  
Governance Report 2019

# Barclays is a British universal bank

## Our Purpose is creating opportunities to rise

We support sustainable and inclusive growth by connecting the ideas, innovations and aspirations of our customers and clients to the capital that can bring them to life.

For over 325 years we have funded progress, and today we remain committed to helping to make our world more sustainable, more inclusive and more connected.

Our Values underpin everything we do:  
Respect, Integrity, Service, Excellence and Stewardship.

### FOR OUR CUSTOMERS AND CLIENTS

We will help them to realise their financial aspirations in line with our values.

### FOR OUR COLLEAGUES

We will empower them to be themselves, motivate and engage them to do their best work, develop them and build their career and support their health and well-being.

### FOR SOCIETY

Our success over the long term is tied inextricably to the progress of our communities and the preservation of our environment.

### FOR OUR INVESTORS

We will build a strong, diversified and sustainable business that can deliver consistent returns in a way society expects.

# The Barclays ESG reporting suite

The Environmental Social Governance (ESG) Report provides additional information on key ESG topics and forms part of the Barclays PLC Annual Report suite.

We understand our stakeholders' needs for different levels and types of information and have therefore integrated extracts of our ESG performance in the Strategic Report and Annual Report. Focused reports are available on tax and colleague pay, and supplementary information is also available via the online reporting channels detailed below.

## ESG Report

### Inside this report

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## Additional reports

These can be found at:  
[home.barclays/investor-relations/reports-and-events/annual-reports/](http://home.barclays/investor-relations/reports-and-events/annual-reports/)

### Barclays' Annual and Strategic Reports 2019

Barclays' 2019 Annual Report and Accounts and its 2019 Strategic Report includes updates on key ESG issues, such as supporting sustainable growth, our people and culture, and our role in society.

### Barclays' Fair Pay Report 2019

Barclays' report on fair pay including the living wage, equal opportunity, equal pay and executive pay.

### Barclays' Pay Gap Report 2019

Barclays' gender and ethnicity pay gap report for all UK employees.

### Barclays' Country Snapshot Report 2019

Overview of Barclays' tax contribution country by country.

## ESG reporting hub

This can be accessed at:  
[home.barclays/esg2019](http://home.barclays/esg2019)

### Non-financial reporting index

This includes additional information relevant to ESG investors, suppliers, clients and rating agencies prepared in accordance with the Global Reporting Initiative (GRI) Standards (core option) and with reference to the Sustainability Accounting Standards Board's (SASB) reporting framework.

### Further online resources include

- Barclays' ESG Reporting Framework and Impact Eligibility Framework used for social and environmental financing
- Barclays' policy statements
- Barclays' investor ESG presentations
- Other ESG relevant content including details of Barclays' green product suite

# A force for good in society

Barclays is an organisation driven by its Purpose; for our customers and clients, our colleagues, our investors, and for society more broadly.



*Nigel Higgins*

**Nigel Higgins**  
Chairman

Barclays' ambition is to become a net zero bank by 2050, and to align all of our financing activities with the goals of the Paris Agreement.

## Dear Shareholders

Barclays is an organisation driven by its purpose. Through the way we run our business, we seek to create opportunities for our customers and clients, our colleagues, our investors, and for society more broadly. We believe that we can be a real force for good, and that includes a responsibility to be open and transparent about our ambitions and our progress.

In this document you will find a report on the environmental, social and governance aspects of our business. This relates to the policies and processes that govern the way our business is run, and to the positive impact we seek to make on our communities and the preservation of our environment.

### Climate change

Of particular importance, given the climate challenge, you will also find Barclays' new climate policy.

We have been actively reconsidering our approach since the autumn of 2019, which led to in-depth discussion at our December Board meeting. Following this renewed focus and extensive dialogue with shareholders and other stakeholders, our commitment now is to play much more of a leading role in tackling climate change.

Specifically, Barclays' ambition is to become a net zero bank by 2050, across all of our direct and indirect emissions (Scopes 1, 2 and 3), and we are committed to align all of our financing activities with the goals of the Paris Agreement. We are one of the very first banks to make such a commitment, across both lending and financing, and across all sectors. We will start with our provision of financing to the energy and power sectors, because energy production and use is the largest source of greenhouse gas (GHG) emissions, and we will extend this to our entire portfolio over time.

We were one of 30 founding banks of the Principles for Responsible Banking in 2019, an approach that will align Barclays and its peers with society's goals, as expressed in the Paris Climate Agreement and the United Nations' Sustainable Development Goals (SDGs). In practical terms, however, the bank is behind where we would like it to be in addressing the climate challenge. This is largely the nature of our business. Fossil fuel financing has, in the developed economies, been largely

undertaken by the investment banks. We are the sixth-largest investment bank in the world and the largest of the Europeans. It is therefore not surprising that we are the sixth-largest financier of fossil fuels and the most significant of the European-headquartered banks. It is also true that the bank, with many other priorities over the last few years, including its capital strength and operational resilience, has not addressed the climate challenge as fully and as early as we now all wish had been the case. This is particularly true of our financing for thermal coal, where our historic exposures are higher than we would like, and where we are now introducing new restrictions.

In the rest of this letter I would like to summarise the key steps that we will take to address this situation. We are making a serious statement of ambition now, but the full development of the tools by which we will measure our climate impact, and the targets which we will set to demonstrate improvement, will take time; we expect our first updates on targets to be later this year. Throughout, our approach will be positive, authentic and open. We now wish to play a leading role rather than being seen to be dragged along and, at the same time, wish to set meaningful targets and disclose openly our activities.

There is also, of course, an important risk dimension to this. The Prudential Regulatory Authority's 2019 Supervisory Statement on the financial risks from climate change was an important step in building a more strategic approach across the industry. Alongside other banks, and following the PRA's guidance, we continue to refine our approach to measuring and mitigating these risks. This includes the use of scenario analysis and stress testing, over both a short- and long-term time horizon.

## Ambition to achieve net zero and alignment with Paris

What does achieving net zero mean for a bank? Barclays already has a plan to be net zero by 2030 in Scope 1 (all direct GHG emissions) and Scope 2 (indirect GHG emissions from the consumption of purchased electricity and heat). This plan is on track. We have halved our operational GHG emissions over the last two years, through the procurement of green energy, and our residual footprint from our properties and business travel is fully offset, which on some definitions would make us net zero today. We are committed to going further: as a member of the RE100 initiative, we are committed to sourcing 100% renewable electricity. We are currently at 60%, and are targeting 90% by 2021 and our 100% goal by 2030 at the latest.

From a scope 3 perspective, net zero means that the sum of the business activities that we finance around the world contribute to no net emissions in the world. We will strive to adjust our financing portfolio to mirror the trajectory in energy emissions required to meet net zero, taking the International Energy Agency's (IEA) Sustainable Development Scenario (SDS) as our starting point. Importantly, this will involve supporting our clients in the energy and power fields through the transition period, as well as being prepared to commit more financing to energy innovation.

We will also be adopting a strategy, supported by specific targets, to engage in financing to the energy and power sectors, and eventually all sectors, in a way that aims to be fully aligned with meeting the goals of the Paris Agreement.

The Paris Agreement seeks to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C. These goals imply specific limitations on the amount of carbon that the world can afford to emit in coming years. As a consequence, and with a growing rather than a diminishing demand for energy, not only does the share of renewables in energy sources need to increase dramatically but, in addition, the carbon efficiency of the energy that is produced from non-renewable sources needs to be materially improved.

For Barclays, this means that our financing activities ought to be consistent with pathways which will enable the planet to meet the goals of Paris. We will need to develop detailed objectives which combine absolute levels of carbon output together with carbon intensity in order to ensure that we can deliver on our ambition as well as continuing to serve customers and help satisfy the demand for energy in the world.

In practice we will seek to:

- reduce the carbon emissions arising from activities financed by us; for the energy and power sectors this is likely to be in the region of a 30% reduction in CO<sub>2</sub> intensity in our power portfolio and a 15% reduction in CO<sub>2</sub> intensity in our energy portfolio by the end of 2025;
- prioritise our lending to companies themselves committed to Paris alignment
- reduce materially our exposure to the most carbon-intensive forms of energy production;
- re-weight our financing, and ultimately other activities too, to reflect the proportion of energy required by the world from different sources in order to meet the Paris target.

In respect of both these ambitions, net zero and Paris alignment, I would like to emphasise that we will not be satisfied merely with looking at our loan book, as is the practice of many of our peers. Our activities are wider than this and in particular extend to underwriting and distributing debt and equity securities in our debt and equity capital markets businesses. We intend to align these too to our ambitions, notwithstanding the challenges of measurement which I discuss further below.

### Specific fossil fuel financing activities

Barclays has historically been a significant financier of the energy and power industries, although we are a considerably smaller player than our American peers in fossil fuel financing. Nonetheless, we are committed to a material rebalancing of our activities.

We will henceforth undertake no financing of drilling in the Arctic. We will provide no financing for fracking in Europe or the UK, and strengthen our due diligence for US fracking.

We will commit ourselves to the steady reduction in any thermal coal financing so that we will only provide finance to entities whose thermal coal activities represent less than 30% of revenue by 2025 and less than 10% of revenue by 2030. A residual revenue of 10% will enable us to continue supporting clients who are committed to the Paris Goals through their transition where a small, legacy element of their overall portfolio is taking longer to phase out. The emphasis on entities is important as many of our peers set targets at only the group level of their clients, thereby providing greater scope for financing; we look at the actual entity to which we are providing the financing, which is a more restrictive approach. We will not support project finance transactions for the development of greenfield thermal coal mines or to enable the construction or material expansion of coal-fired power stations, anywhere in the world. We will also not provide general corporate financing that is specified as being for new or expanded coal mining or coal-fired power plant development.

In respect of the oil sands, this is a very small business for us with less than £20m of direct and indirect annual revenue in 2019, even including a provision of finance to ancillary businesses such as pipelines. This is not a business which we have an ambition to grow materially, but nor are we willing simply to walk away from clients. We will only provide financing to clients who have projects to reduce materially their overall emissions intensity, and a plan for the company as a whole to have lower emissions intensity than the level of the median global oil producer by the end of the decade. This approach takes into consideration the just transition for the workforce and communities currently dependent on the oil sands industry in Canada.

# A force for good in society

We have been in deep discussions with the government of Canada about this and believe that this position, which it supports, is the right position to adopt and the best way of enabling our clients which have operations in the oil sands to participate in transition. We are of course aware that this is not as far as some shareholders and other stakeholders would like us to go. However, we need to be mindful also of our commitments to clients and to the wider Canadian economy (we will undertake no oil sands financing at all outside Canada).

## Barclays' commitment to green financing and to renewables – present and future

Barclays has been active for some time in the provision of both green and sustainable finance in both its UK bank and in the Corporate and Investment Bank. However, neither the scale of our activities nor our market share reflect where we should be and want to be. We are committed to rectifying this.

In the UK retail world, we were the first mainstream UK bank to launch a 'green mortgage' in 2018. The Barclays Green Home Mortgage offers homebuyers lower interest rates for new-build properties meeting minimum energy efficiency requirements. In 2019, we extended coverage to a further nine major homebuilders (bringing the total to fourteen), who between them build more than half of all new-build residential properties.

Developing a wider range of green products is a growing area of focus for Barclays UK, to help our customers transition to the low-carbon economy. During 2019, we conducted consumer research on awareness and attitudes toward green finance amongst our UK customer base. Whilst the research found that a large proportion of consumers currently don't know how green finance may be applicable to them, there is growing interest. We have established a Sustainability Forum within Barclays UK, to bring together product and channel leads to explore opportunities to support our business and personal banking customers.

In 2019, Environmental financing grew by 45% year on year to a total of £7.8bn. We have seen good growth across our product set in our consumer and wholesale businesses. However, the majority of our current green financing is within the Corporate and Investment Bank. As there is still no industry-wide definition for 'green' finance, we are conservative and transparent in our assumptions, and report our share of capital market transactions where we have played

an active role, not the total deal value of transactions that may have multiple banks involved.

In the Corporate and Investment Bank, we support the renewable energy and clean technology sector globally, offering strategic advice, and facilitating access to debt, equity and loan financing for wind, solar, geothermal, waste, and hydroelectric power companies. We also continue to enhance our focus on the development of green product structuring capabilities in the capital markets, including green bonds and sustainability-linked financing instruments (e.g. revolving credit facilities). We will build on our leading product range for Corporate Banking clients, including green loans, green trade loans, green innovation loans, green asset finance and project finance.

We are continuing to grow our franchise in green and sustainable bonds, and other sustainable debt products. Green bond financing has seen further growth in 2019 on the back of another record year for the green bond market. This growth has also seen an increase in the diversity of issuers. We helped lead a wide range of green financings last year, including a €2.0bn green bond for Apple, the largest-ever Euro-denominated green bond issued by a US corporate. Barclays was a joint active bookrunner on Orsted's £900m Green Bond issuance, which will, in part, help to finance Hornsea 2 - which once complete in 2022 will be able to power over 1.3 million UK homes.

In recent years we have also established a Sustainable and Impact Banking (SIB) team to originate, structure, and execute green, social, and sustainability debt financings. We are expanding this team considerably and it will partner with our energy and power teams, as well as the Corporate Bank, to advise large clients on energy transition.

We will also launch the Sustainable Impact Capital Initiative within our Principal Investments business. This will target an investment of £175m over a five-year period in the equity of innovative and environmentally-focused private companies. We hope that some of the investments made in this area might contribute to the world's requirement for technologies which remove carbon from the atmosphere, technologies which are important to the target of net zero discussed above.

## Targets, data and measurements

Over the coming months, we will develop further the detailed targets which we would like to hit in order to deliver on the ambitions described in this letter and the rest of this document.

Today, there is something of an arms race amongst institutes and think tanks to produce metrics to measure the impact of commercial activity on the planet. None of these work perfectly for a bank, in particular not an investment bank. There is a very thoughtful methodology, PACTA, developed by the 2degree Investing Initiative (2°ii) originally to apply to investor portfolios. Barclays is one of the 17 banks involved in the PACTA pilot and has applied that tool across its lending portfolio.

Given our commitment to net zero and to Paris alignment across the totality of our financing activities, we need to develop metrics which can measure lending and other forms of financing including underwriting. We will continue to work with 2°ii but we have also appointed BlackRock's Financial Markets Advisory<sup>1</sup> team to assist us in developing a broader framework for the activities of a universal bank such as Barclays.

At a high level, the methodology we are building uses a combination of metrics to assess both the carbon intensity (e.g. kgCO<sub>2</sub>/kWh and kgCO<sub>2</sub>/GJ) and absolute carbon emissions (e.g. kg/CO<sub>2</sub>) of different types of activity. With this approach, we will be able to use metrics most appropriate to different sectors across our portfolio, whilst also ensuring that we can track the overall reduction in absolute emissions over time.

Initial findings from this work show that moving towards alignment to the goals of the Paris Agreement is likely to require a near-term target of a 30% reduction of CO<sub>2</sub> intensity in our power portfolio and a 15% reduction in CO<sub>2</sub> intensity in our energy portfolio by the end of 2025, on the way to full alignment over time.

We will happily share the output of this work both with stakeholders and other banks; indeed, the world would benefit from a standardisation of approach and eventually some kind of certification of data. We aim to make a meaningful contribution to this challenge and intend to provide more detail on the metrics that we will use and the targets that we will set later on this year, probably in November. Full completion of this work across all our sectors may take longer but, in any event, in future we will report our financing activities on the basis of the metrics that we adopt, including sharing whether they are consistent with the glide path to net zero and to Paris alignment.

<sup>1</sup> BlackRock Financial Markets Advisory (FMA) is a distinct and segregated advisory business within BlackRock that is set apart from the firm's investment activities through a stringent information barrier.

## Disclosure, TCFD and SASB

We believe that comprehensive, robust and comparable disclosures are essential to enabling stakeholders to understand our activity and progress. That is true not just in relation to climate change, but also to broader sustainability and ESG matters.

Barclays was a founding member of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD). Since the publication of the Taskforce's final recommendations, in 2017, Barclays has aligned its disclosures to follow the TCFD guidance.

We are significantly increasing both the breadth and depth of our disclosures this year. Our approach now includes scenario analysis and the outcomes of our internal stress test, as well as providing a comprehensive overview of our risk management approach.

We have also increased the granularity of information about our credit exposures in climate-related sectors. For example, we are now disclosing not just our overall carbon-related assets, but also detailed lending data related to climate change risk for a range of carbon-intensive sectors, such as steel, chemicals and transport.

More broadly, we have included additional information on a wider range of ESG factors this year, to enable a fuller assessment of our activity. Amongst other areas, this includes enhancing accessibility and supporting vulnerable customers, managing responsible conduct across our businesses, and supporting our colleagues. We have reported against the framework established by the Sustainability Accounting Standards Board (SASB) for the first time, which seeks to provide a common framework for material sector-specific issues, and we will continue to enhance this in future years.

As a founding member and signatory to the Principles for Responsible Banking, we will continue to integrate these principles into our business and approach to reporting.

## Resolutions for our AGM

The ambitions described above are encapsulated in a resolution which the Board of the bank is proposing to shareholders at the forthcoming AGM. We have had extensive discussions with stakeholders in advance of issuing this and unanimously recommend its adoption by shareholders. We believe that our new approach will set Barclays on a path to becoming one of the leading banks globally in addressing the climate challenge.

We have, of course, also engaged in active and thoughtful dialogue with ShareAction, who propose an alternative resolution for our AGM. We believe that the extent of our ambition, and the overall strategy that we have set out, actually goes beyond what ShareAction has proposed. We are pleased that ShareAction and many of the co-filers of their resolution are able to support our resolution, in addition to supporting their own. The Board does not support the ShareAction resolution, as we believe it is not practical to implement, gives insufficient emphasis to the concept of transition, and is too narrowly focussed only on the energy and power sectors. We have set out our thinking on the ShareAction resolution in more detail in our Notice of Meeting for the AGM.

## Our wider commitments to the community

Although our commitments to tackling climate change are critically important, I would not want them to overshadow the work we are also doing in the community more widely. In this report you will also read more about how Barclays is investing in skills and employability through a range of innovative programmes, as well as supporting our employees to make a difference personally.

Our LifeSkills programme gives people across the UK the skills, knowledge and confidence they need to get into, progress and succeed in work. The programme has already helped over 10 million people since 2013 and is committed to helping a further 6 million people by 2022.

Connect with Work is a multi-national Barclays programme supporting people who face barriers getting into work by providing tailored skills training and connecting them to businesses that are recruiting – including Barclays' clients and suppliers. The programme supports people who want to get into work but, for a number of reasons, face challenges – such as a lack of experience or confidence, fewer educational qualifications, care requirements or disabilities – and helps them to develop the skills, connections and opportunities that provide a way in, or back into the workforce.

We are proud of the support Barclays gives to communities by investing money and skills in partnerships with respected non-governmental organisations, charities and social enterprises.

Our investment amounted to £44.6m in 2019, including charitable giving, management costs and monetised work hours of Barclays colleagues.

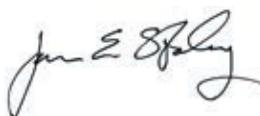
We also make a difference through the individual contributions of Barclays people. In 2019, we supported over 9,800 colleagues globally to fundraise for their chosen charities, with a total of £17.8m raised for charities around the world. We also supported 14,600 colleagues to donate through our Payroll Giving programme, which saw us match a total of £1.1m in 2019.

The Board and I, as well as the management team, have spent considerable time over the past year looking at Barclays' purpose. We aspire always to do more, and I hope that the transparency and ambition you see in this report demonstrates a desire to do just that and be a force for good.

# The way we do business

We believe firmly that the profession of banking has a unique role in society, and that we can and must do business in a way that does good.



The signature of James E. Staley, written in black ink in a cursive, flowing style.

**James E. Staley**  
Group Chief Executive

It is important to us that all of our stakeholders can clearly understand how we manage our business for good.

Through the work we do with our customers and clients we can have a meaningful impact on the progress of our communities and the preservation of our environment, as well as making a positive difference to the health and well-being of our employees. This, for us, is what it means to be an organisation driven by a clear sense of purpose.

Nigel has written in his letter about the specific actions we are taking to move more quickly in tackling climate change. The management team is united with the Board in our ambition to be a net zero bank by 2050, and we are eager to play a leading role in the transition to a low-carbon economy.

Our responsibilities to society, however, also extend more broadly. It is important to us that all of our stakeholders can clearly understand how we manage our business for good, and easily track our progress. This report sets out our approach in respect of not just the environment, but also our social contribution more widely, and the way we govern the organisation.

## A positive social contribution

We are particularly proud of the work we have done in 2019 to support local businesses and communities through the uncertainty surrounding Brexit. From our dedicated £14bn SME lending fund, to the daily support of our Relationship Managers, and over 200 'Brexit and Beyond' clinics held across the UK; we were able to provide financial and practical support to help businesses throughout the country to prepare and adapt.

It is not just in times of change that we can make a positive difference to society. We believe that banking should work for everyone, and we are committed to making our products and services as accessible as possible.

We continue to develop our Basic Bank Account proposition, which gives thousands of people their first foothold in the banking system; last year around 200,000 of these accounts were upgraded to our standard current account. We also offer free Community Accounts for small not-for-profit organisations. And our network of Digital Eagles in the UK continues to help our customers, and the community more broadly, improve their digital skills.

We are also helping to keep our customers' money safe in the face of ever more sophisticated frauds and scams. We stop thousands of these behind the scenes every day, and through our regular communication with customers we're helping them to know what to look for too.

## Running a responsible business

Our code of conduct, which we call The Barclays Way, sets out the standards we expect from everyone who works at Barclays. It's the basis of our culture, and brings together our purpose and values in a way that clearly defines the behaviours we expect of our people.

We believe that our investment in our people makes a critical difference to our culture. We continue to focus on attracting and hiring people with the skills to deliver for our customers and clients, developing them, and creating a working environment that allows them to do their best work.

We also, of course, manage the organisation through significant formal governance, and this report sets out the breadth and depth of our controls. That covers everything from responsible lending and preventing financial crime, to anti-money laundering and anti-bribery, through to data privacy and data security, and much more.

As the world around us changes, we constantly evolve the formal governance of Barclays to adapt and ensure we remain a well-run organisation. This year, we transferred the oversight of social and environmental matters from the Reputation Risk subcommittee to the full board; reflecting the increasing importance of these topics.

## Making a difference

Barclays makes a real difference every day to millions of people and businesses around the world, and to the communities of which we are a part. We know that our success over the long term is based not just on how well we run the organisation commercially, but also on how well we manage it to protect the environment, support positive social progress, and make responsible, well-governed decisions.

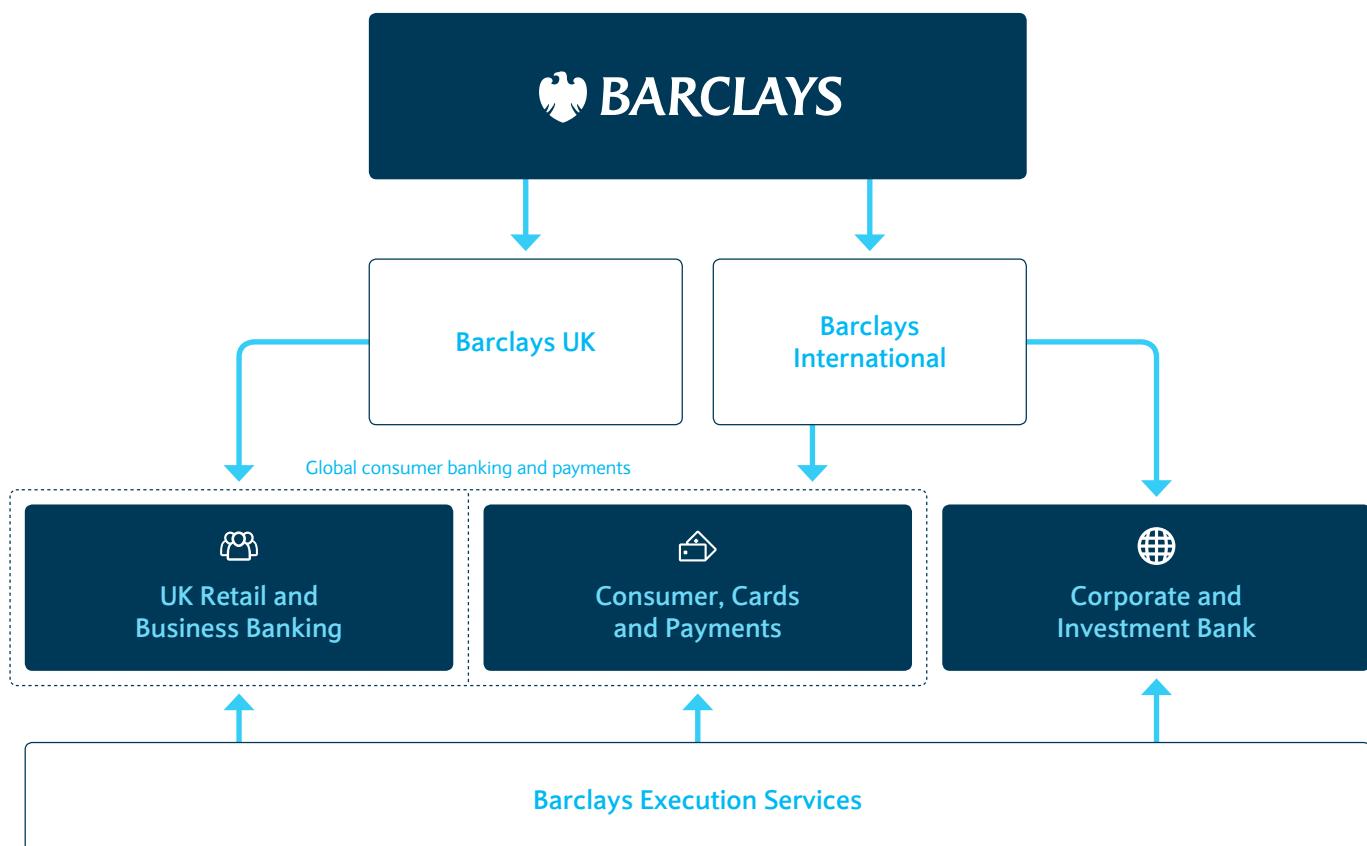
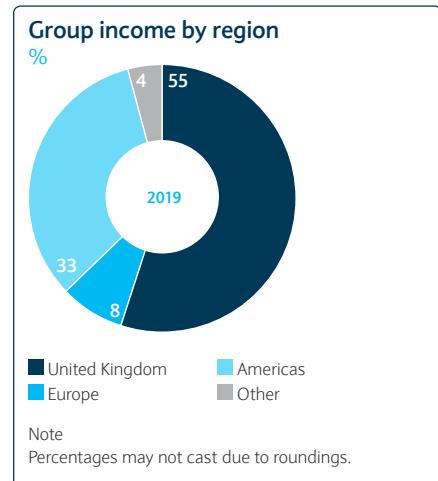
That is a responsibility we take seriously and, as we seek to take a leading role in tackling climate change, we are proud of the contribution we can make.

# ESG and our business

Our approach to managing environmental, social and governance (ESG) factors is rooted in ensuring the longevity and sustainability of our business.

To successfully deliver against our Purpose of creating opportunities to rise, we must ensure that we deliver against the needs of all our stakeholders. This includes customers and clients, colleagues, investors and the societies we operate in alike. The longevity of our business can only be ensured if we help tackle the challenges of our time, such as social inequality and climate change, whilst minimising any unintended and adverse impacts of our operations and our business as a financial institution.

To this end we seek to identify and understand the environmental, social and governance factors which impact our organisation and conversely how we shape and impact the environment and society around us. This is done in the context of the financial services we provide, the geographies in which we operate and the nature of our customers and clients.



Barclays UK is our UK ring-fenced bank, comprised largely of our UK Personal & Business Banking and Barclaycard Consumer UK businesses. Barclays International consists of the Corporate and Investment Bank (CIB) and international Consumer, Cards & Payments (CC&P) businesses. Barclays Execution Services (BX) is the Group-wide service company providing technology, operations and functional services to businesses across the Group.

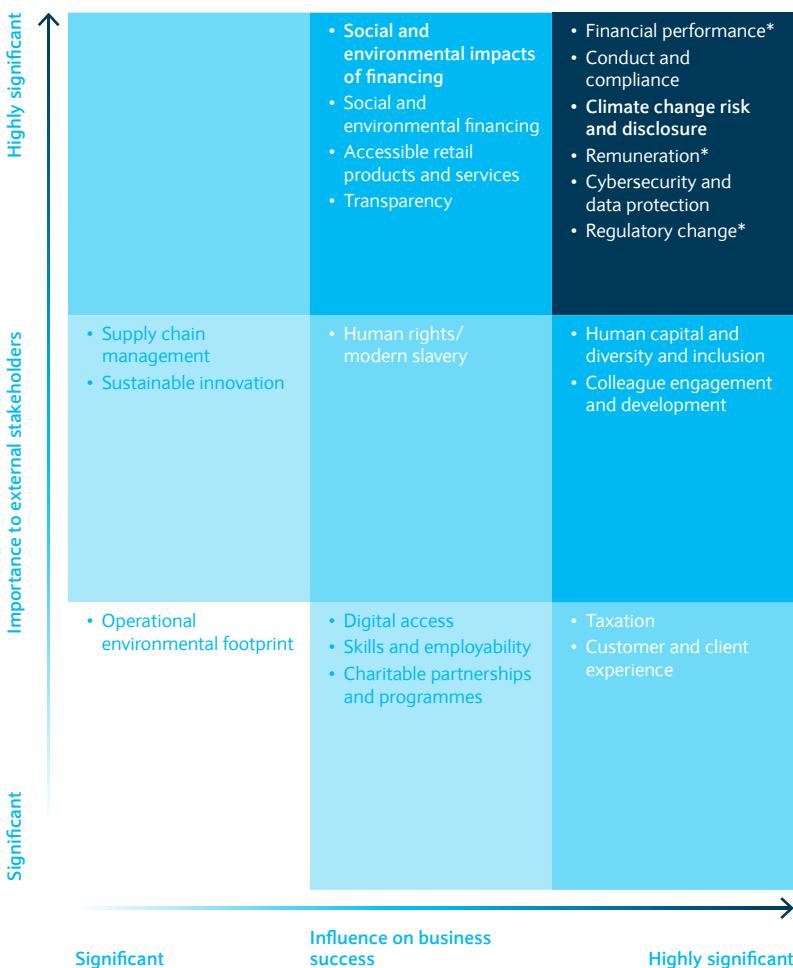
In March 2019, Barclays announced certain leadership changes, including the appointment of a new Group Head of Consumer Banking & Payments, whose role is to oversee the execution of plans for the Group's consumer banking and cards and payments businesses in the UK and internationally.

## OUR APPROACH

# ESG and our business

## ESG factors material to the business and our stakeholders

Strategic relevance across lines of business and geographic markets.



## Our response

Our focus areas and the underlying ESG factors are relevant to all parts of our business. The management of these is embedded in the operations of our business areas with additional monitoring and oversight provided by our governance framework.

Our five focus areas tackle the way we do business, through the themes of running a responsible business, supporting and enabling our colleagues, and managing our environmental and social impacts in a responsible way.

We are looking at the products and services we offer through the theme of making growth green, sustainable and inclusive. We are growing our social and environmental financing and targeting new and innovative product solutions.

Finally, we are supporting the wider agenda by investing in our communities, working in partnership with a range of organisations.

Our approach is underpinned by our commitment to the Principles for Responsible Banking (PRB), of which Barclays was one of the 30 founding banks.

The PRB help to align banks with society's goals, as expressed in the Paris Climate Agreement and the United Nations' Sustainable Development Goals (SDGs). To support the tracking of these issues, Barclays collects and monitors the performance of a host of applicable ESG metrics and we will continue to evolve our management approach to ensure it remains fit for purpose.

## ESG factors material to Barclays

The reporting of Barclays' ESG performance across our reporting suite has been developed in line with the principle of materiality, as described in the Global Reporting Initiative (GRI) Standards and with reference to materiality as set out in the Sustainability Accounting Standards Board's (SASB) framework. Every year we review a list of the most relevant ESG topics to ensure they are consistent with the current priorities of our stakeholders. The process is based on a review of what is relevant for our sector, the results of direct stakeholder engagement, including surveys and information requests from investors and ESG rating agencies, and an analysis of relevant banking industry frameworks and reporting guidelines.

This subjective assessment is based on a qualitative assessment and is not based on any formal financial or legal definitions of materiality.

 Further details are available in our Materiality and GRI disclosure at: [home.barclays/esg2019](http://home.barclays/esg2019)

One outcome of our 2019 assessment has been an increase in significance of climate change risk and disclosure as well as social and environmental impacts of financing.

The focus on Climate amongst our stakeholders continues to increase against a backdrop of enhanced disclosure frameworks developed through the Task Force on Climate-related Financial Disclosures (TCFD), and climate stress testing of banks by the Bank of England.

See pages 10 to 13 for our overall climate change strategy. We have provided enhanced TCFD disclosures on pages 41 to 65.

## Our focus areas

We have identified five focus areas which we believe encompass the underlying ESG factors most relevant to Barclays. By focusing on these, we augment the positive impact we have in society through our core business activities as a financial services provider, through our operations and through our investment in our communities, while simultaneously working to minimise potential negative impacts. These include:



## Our focus areas and the underlying ESG factors



# Our approach to climate change

## Barclays position on climate change

### Why it matters

Climate change is undoubtedly one of the greatest challenges and one of the most complex issues faced by the world today, given its proven impacts on the global economy, physical environment, habitats and human populations, but also its inherent ethical, social, political, and justice considerations.

The evidence is clear: as confirmed by the world's scientific community, the warming of the climate system is unequivocal, as a result of human activity since the mid-20th century, and it is proceeding at a rate that is unprecedented over at least the last 1,000 years and possibly longer<sup>1</sup>. Over the last century, the burning of fossil fuels has increased the concentration of greenhouse gases in the atmosphere; to a lesser extent but still having a severe impact, the clearing of land for agriculture, industry, and other human activities has destroyed natural sinks for CO<sub>2</sub> and has increased atmospheric greenhouse gas concentrations.

The consequences of the changing climate system are difficult to fully predict, but certain effects are likely, and some act as a catalyst and accelerate others. For example, warmer average temperatures lead to the melting of glaciers and sea ice, but the reducing area of reflective sea ice means the darker sea water absorbs more heat, leading to the increased melting of sea ice. These changes contribute to rising sea levels, but the melting of ice sheets is also thought to contribute to changes in patterns of ocean circulation, which have an important role in regulating regional climates<sup>2</sup>.

This last year saw many negative impacts from changing climate patterns, with the rise in extreme weather events such as hurricanes and severe forest fires. These events pose significant risk to individuals, communities, infrastructure (such as homes, buildings, transportation) and economies. Over the longer-term, shifts in climate patterns will have consequences for food security, livelihoods, and human migration, and could lead to significant social, economic and political upheaval.

Many of Barclays' customers, clients and colleagues will be directly affected and the bank has a role to play in preventing the worst effects from becoming a reality. This will be through supporting climate mitigation activities that will slow and reverse the warming of the planet, but also supporting climate adaptation activities, which make communities more resilient to inevitable physical impacts.

The Intergovernmental Panel on Climate Change (IPCC) has identified the need to limit temperature increases to less than 2°C above pre-industrial levels<sup>3</sup>, and make efforts to limit increases to 1.5°C, which would cause lower impacts and risks<sup>4</sup>. We are supportive of the findings of the scientific community, which has set out the changes that society, including the governments, businesses, and civil society, must make to combat climate change. On the most obvious level, this means supporting the transition to a low carbon economy. Connected with this, society needs to assess and reconfigure its use of resources, the efficiency of industrial processes, and the use of land, as well as develop new technologies in energy, transport, and other activities that have hitherto relied on carbon-intensive sources of energy.

### Our approach and ambition

Barclays can, and should, play a leading role in tackling climate change. The size and scale of our business means that we can make a real difference in helping to accelerate the transition to a low-carbon economy.

To be clear: this is a journey. Barclays takes seriously the work ahead to build, with multiple stakeholders, the detailed metrics for measuring our progress and targets against which we will report.

The Board believes that our new approach will set Barclays on a path to becoming one of the leading banks globally in addressing the climate challenge.

### Becoming net zero

The Greenhouse Gas (GHG) Protocol is the world's most widely used greenhouse gas accounting standard. It provides comprehensive global frameworks to measure and manage greenhouse gas emissions from private and public sector operations, across three broad scopes.

Barclays already has a plan to be net zero by 2030 in Scope 1 (all direct GHG emissions) and Scope 2 (indirect GHG emissions from the consumption of purchased electricity, heat or steam). We have halved our operational GHG emissions over the last two years through procurement of green energy, and our residual footprint from our properties and business travel is fully offset, which on some definitions would make us net zero today. We are committed to going further: as a member of the RE100 initiative, we are committed to sourcing 100% renewable electricity by 2030 at the latest. We are currently at 60%, and are targeting 90% by 2021.



See pages 38 to 40 for further detail on our operational emissions performance and RE100 activity.

We are now setting a goal to be net zero in Scope 3, across all of our financing activity, by 2050. "Scope 3" emissions for a bank are, in simple terms, the GHG footprint of the business activities we finance around the world, across all sectors.

### Aligning to the goals of the Paris Agreement

The 2015 Paris Agreement<sup>5</sup> is an international agreement between parties to the United Nations Framework Convention on Climate Change. It has an objective of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C.

1 NASA Earth Observatory [earthobservatory.nasa.gov/features/GlobalWarming/page3.php](http://earthobservatory.nasa.gov/features/GlobalWarming/page3.php)

2 Nasa Science [climate.nasa.gov/nasa\\_science/science/](http://climate.nasa.gov/nasa_science/science/)

3 The Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC, 2014), available at [ipcc.ch/report/ar5/syr/](http://ipcc.ch/report/ar5/syr/)

4 Special Report on Global Warming of 1.5 °C (IPCC, 2018), available at [ipcc.ch/sr15/](http://ipcc.ch/sr15/)

5 The Paris Agreement background is available at [unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement](http://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement)

To achieve the temperature goal, the Paris Agreement calls for emissions to peak as soon as possible and then reduce rapidly, to achieve a balance between anthropogenic emissions by sources and removals by sinks (i.e. net-zero emissions) in the second half of this century.

This goal is the driver behind governments and organisations, including the UK Government, adopting “net zero” as their ambition.

We will align all of our financing activities to the goals and timelines of the Paris Agreement. We will start with our provision of financing to the energy and power sectors, and we will extend this to our entire portfolio over time.

## A comprehensive strategy, with specific targets and regular reporting

### The pathway to a low-carbon future

Barclays’ strategy to align with the goals of the Paris Agreement will take the International Energy Agency’s (IEA) Sustainable Development Scenario (SDS) pathway as its starting point. It is already widely used, and thus has an industry dataset that enables us immediately to begin building the tools to align our portfolio.

The SDS outlines a major transformation of the global energy system required to make the transition to a low-carbon economy, and meets all of the conditions required for the world to be net zero in the second half of this century. As other approaches and pathways are developed, we will be able to update our planning assumptions to track the best available information.

Under the SDS, global CO<sub>2</sub> emissions fall from 33Gt in 2018 to less than 10Gt by 2050, and are on track to net zero emissions by 2070. This scenario has a 50% probability of holding the temperature rise to below 1.65°C, without reliance on global net-negative CO<sub>2</sub> emissions. If the technologies necessary to deliver net-negative emissions were to become available at scale, warming could be further limited. We believe that those technologies are likely to be available over the coming decades, but we do not wish to rely on them.

We have therefore set our ambition to be net zero by 2050, which gives us confidence that our approach for our own portfolio would remain appropriate even without any future net-negative technologies.

### Completing the toolset

Beyond understanding the high-level pathway for alignment, the work required to map the GHG emissions of a bank’s portfolio to the Paris Agreement has made good progress in recent years, but the tools are not yet complete.

In September 2019, Barclays joined 16 other banks in piloting the Paris Agreement Capital Transition Assessment (PACTA) – a leading tool developed by the 2° Investing Initiative. We continue to be very supportive of the methodology that has been developed, but it is insufficient to fully map the GHG emissions of Barclays’ portfolio. The assessment is narrowly focused on lending, whereas our portfolio requires an assessment of financing more broadly, and its sector-based approach does not yet cover fossil fuels in the level of detail required.

Because the tools do not yet exist to map GHG emissions from our portfolio in a way which would enable us to deliver on our commitments, we have engaged BlackRock’s Financial Markets Advisory<sup>1</sup> team to help us extend the current best practice in our industry, so that we can map our full portfolio to the Paris Agreement.

The work is well underway but will necessarily take some months to complete. We will be able to share more details about our strategy and methodology before the end of this year, in advance of beginning to report our progress from 2021.

The methodology Barclays is building uses a combination of metrics to assess both the carbon intensity (e.g. kgCO<sub>2</sub>/kWh and kgCO<sub>2</sub>/GJ) and absolute carbon emissions (e.g. kg/CO<sub>2</sub>) of different types of activity. With this approach, we will be able to use metrics most appropriate to different sectors across our portfolio, whilst also ensuring that we can track the overall reduction in absolute emissions over time.

Initial findings from this work show that alignment to the goals of the Paris Agreement is likely to require a 30% reduction of CO<sub>2</sub>

intensity in our power portfolio and a 15% reduction in CO<sub>2</sub> intensity in our energy portfolio by the end of 2025. We are committed to delivering these reductions by 2025.

We plan to release the full detail of the methodology we are building as an open source contribution to the community of practice currently developing tools and methodologies to measure and assess Paris alignment for financial institutions.

### Increased restrictions in sensitive energy sectors

Our strategy to align with the goals of the Paris Agreement will cover all of our portfolio in time. But there are some immediate changes we will make to the financing we provide in particularly sensitive energy sub-sectors:

- **Increased prohibitions on thermal coal**  
We will prohibit financing to clients with more than 50% of their revenue from thermal coal as of 2020, transitioning to 30% as of 2025, and to 10% as of 2030. A residual revenue of 10% will enable us to continue supporting clients through their transition where a small, legacy element of their overall portfolio is taking longer to phase out. This policy is made significantly more restrictive by being applied at a legal entity level, rather than at a Group level.
- **No financing for energy projects in the Arctic Circle**  
We will not finance energy projects in the Arctic Circle; replacing our existing policy of assessing all Arctic development with enhanced due diligence. Nor will we provide funding to ancillary businesses for use in supporting these projects. Furthermore, we will not provide any financing to companies whose primary business is oil and gas exploration and production operations in the Arctic Circle.

In September 2019, Barclays joined 16 other banks in piloting the Paris Agreement Capital Transition Assessment (PACTA) – a leading tool developed by the 2° Investing Initiative.

<sup>1</sup> BlackRock Financial Markets Advisory (FMA) is a distinct and segregated advisory business within BlackRock that is set apart from the firm’s investment activities through a stringent information barrier.

## OUR APPROACH

# Our approach to climate change

### ■ Helping to reduce the environmental footprint of oil sands

We will only provide financing to clients who have projects to reduce materially their overall emissions intensity and a plan for the company as a whole to have lower emissions intensity than the level of the median global oil producer by the end of the decade. We will expect our clients to, within a reasonable period, develop plans to achieve these reductions by 2030. Whilst our oil sands financing business is very small (revenue of around £20m per annum), our relationship with Canada is important. Our new approach is the result of active engagement with the Canadian government, which is itself also a signatory

to the Paris Agreement and also takes into consideration the just transition for the workforce and communities currently dependent on the oil sands industry in Canada. This new policy is an example of the role that Barclays can play in transition, more constructive in its impact than simply abandoning Canadian oil sands.

### ■ No financing for EU/UK fracking, and strengthened due diligence for fracking in the rest of the world

We will not finance projects involving fracking in Europe, including the UK. We will assess all projects involving fracking outside of Europe with enhanced due diligence.



See pages 53 to 55 for further detail on our increased energy sector restrictions.

These near-term actions alone will not be sufficient to enable us to deliver our strategy for alignment to the Paris goals, but we believe they demonstrate our commitment to making a meaningful difference.

## Our approach to tackling climate change

Our ambition

### Become a net zero bank by 2050 on Scopes 1, 2 and 3

We are focused on all 3 scopes in line with the **objectives of the Paris Agreement**.

We will do this by **setting, disclosing and implementing a strategy with targets**; starting with, but not limited to, the energy and power sectors.

We will **report annually on progress** under that strategy, starting from 2021.

Paris alignment

### Our commitment to align our entire portfolio of financial services to the Paris Agreement, starting with, but not limited to, the power and energy sectors

We will reduce the carbon footprint of our energy portfolio by aligning our financing of the power and energy sectors to the Paris Agreement, using an industry-leading tool, with clear targets. Aim to achieve a 30% reduction of CO<sub>2</sub> intensity in our power portfolio and a 15% reduction in CO<sub>2</sub> intensity in our energy portfolio by the end of 2025.

Increased energy sector restrictions

### Increasing restrictions in sensitive energy sectors to accelerate the transition to a low-carbon future

Increased prohibitions on thermal coal, including no financing for companies with revenue from thermal coal mining or power of >10% by 2030.

No financing for energy projects in the Arctic Circle.

Help to reduce the environmental footprint of oil sands.

No financing for EU/UK fracking and strengthened due diligence for fracking in the rest of the world.

Green financing

### Increasing green financing to £100bn by 2030<sup>1</sup>

We are expanding our recently set up Sustainable and Impact Banking (SIB) coverage group and other teams across corporate and investment banking to engage with clients on our green financing capabilities.

We will launch the Sustainable Impact Capital Initiative (£175m) within Principal Investments, which will be invested over a 5-year period in the equity of innovative, environmentally focused private companies.

<sup>1</sup> Target time frame 2018-2030. Eligible categories and basis of calculation in line with Barclays' Impact Eligibility Framework, including renewable energy, energy efficiency, low-carbon transport, sustainable food, agriculture and forestry.

## Principles for Responsible Banking

The Principles for Responsible Banking (PRB) provide a single framework for the global banking industry to embed sustainability at strategic, portfolio and transactional levels, and across all business areas. The Principles help to align banks with society's goals, as expressed in the Paris Climate Agreement and the United Nations' Sustainable Development Goals.

As one of the 30 founding banks, we are proud to have partnered to help develop and support the Principles and through 2019 have been working to ensure our existing business practices are consistent with the Principles.

Details of how Barclays is responding to the Principles is set out in the PRB Reporting and Self Assessment template on page 97.

### The Principles

#### Alignment

We will align our business strategy to be consistent with, and contribute to, individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

#### Impact and target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

#### Clients and customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### Governance and culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

### Transparency and accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about, and accountable for our positive and negative impacts and our contribution to society's goals.



UNEP  
FINANCE  
INITIATIVE

PRINCIPLES FOR  
RESPONSIBLE  
BANKING

## Supporting green financing

Alongside our strategy to align with the goals of the Paris Agreement, we will increase our commitment to green and sustainable finance, with a new target to provide at least £100bn of Green Finance by 2030<sup>1</sup>. We expect the proportion of green financing in our portfolio to increase significantly over time as we support the shift to a low-carbon economy.

We are further accelerating the transition by launching a Sustainable Impact Capital Initiative, to invest £175m over a 5-year period in the equity of innovative, environmentally-focused private companies. We are also targeting the commercial opportunities we see being created as a result of the greater focus on sustainability.

## Risk management

There is also of course an important risk dimension to this. The Prudential Regulatory Authority's 2019 Supervisory Statement on the financial risks from climate change was an important step in building a more strategic approach across the industry. Alongside other banks, and following the PRA's guidance, we continue to refine our approach to measuring and mitigating these risks. This includes the use of scenario analysis and stress testing, over both a short- and long-term time horizon.

See pages 41 to 65 for further information on climate-related risk management within our TCFD disclosures.



See pages 22 to 28 and pages 45 to 48 for further information on green financing products and services.

<sup>1</sup> Target time frame 2018-2030. Eligible categories and basis of calculation in line with Barclays' Impact Eligibility Framework, including renewable energy, energy efficiency, low-carbon transport, sustainable food, agriculture and forestry.

## PERFORMANCE HIGHLIGHTS

# ESG performance highlights across our focus areas

We present highlights of our ESG performance across our five focus areas and report our progress against our sustainability and citizenship commitments set in 2019.

## Making growth 'green', sustainable and inclusive

Financing facilitated in social and environmental segments<sup>△</sup>



against a target of £150bn by 2025

## Managing our social and environmental impacts

Transactions subjected to environmental and social risk review

523

Refreshed position statement on climate change

## Running a responsible business

Barclays UK net promoter score (NPS)<sup>®</sup><sup>1</sup>



The NPS® is a view of how willing customers are to recommend our products and services to others.

## Treasury green bond holding



against a target of £4bn over time

## UK SME lending

£3.8bn

against our commitment to support business growth across the UK through dedicated regional and industry focused growth funds

Scope 1 and 2 carbon emission reduction against 2018 baseline

-53%<sup>△</sup>

against a target of 80% by 2021 (market based)

## Barclays UK complaints excluding PPI



We received a significant volume of PPI-related claims leading up to the FCA deadline of 29 August 2019. As such the underlying trend provides a more meaningful comparison.

## Prompt payment to suppliers

85%

against our commitment to suppliers of 85%

## Tax paid globally

£1,797m

124

2018: 94 since 2016

against a commitment to support over 250 businesses solving social and environmental challenges by 2022

8 products launched since 2015

against a commitment to support the Social Innovation Facility (SIF) to develop new products and services for both commercial and social value



See pages 33 to 40 for Managing our social and environmental impacts.



See pages 67 to 79 for Running a responsible business.

<sup>△</sup> 2019 data subject to limited assurance by KPMG. Refer to page 111.

<sup>1</sup> Net Promoter, Net Promoter System, Net Promoter Score, NPS® and the NPS® related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.



## Our people and culture

**"I would recommend Barclays as a good place to work"**



A question in our Your View employee survey that measures colleague advocacy. For additional details on our approach to measure colleague engagement see page 83.

## Females at Managing Director and Director level



Metric reflects % of women in senior leadership roles within Barclays.

## Gender pay (ordinary pay gap)



The ordinary pay gap represents the difference in the average regular pay for UK male and female employees. From 2018, the median pay gap has decreased by 1.1%, and mean pay gap decreased by 0.6%.

## Training hours

# 15

average training hours per annum per employee (payroll)



See pages 81 to 87 for Our people and culture.



See pages 89 to 93 for Investing in our communities.

## External ESG benchmarks and surveys

### Sustainalytics risk rating

# 31.7

2018: 31.2 2017: N/A

Scale: 0-100, with 100 being the most severe

### MSCI

# BBB

2018: BBB 2017: BBB

Scale: AAA to CCC

### RobecoSAM

# 77th

2018: 72 2017: 80

Scale: 0-100 percentile, with 100 being the best possible ranking

### FTSE4Good

# 4.8/5

2018: 4.3/5 2017: 4.3/5

Scale: 0-5, with 5 being the best possible score

### Vigeo Eiris

# 48

2018: 46 2017: 46

Scale: 0-100, with 100 being the best possible score

### CDP

# A-

2018: A- 2017: B

Scale: A+ to F, with A+ being the best possible score

### ISS

#### Social

# 1/10

2018: 1/10 2017: 1/10

Scale: 1-10, with 1 being the best possible score

### Environmental

# 1/10

2018: 1/10 2017: 2/10

Scale: 1-10, with 1 being the best possible score

△ 2019 data subject to limited assurance by KPMG. Refer to page 111.



# Governance

Our governance framework

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# Our governance framework

Barclays is a large, diversified organisation. We are committed, through our governance model, to driving four key features: simplification, collaboration, accountability and quality of decision-making.

Our Group-wide governance framework has been designed to facilitate the effective management of the Group by our CEO and his Executive Committee (ExCo) whilst preserving the constructive challenge, support and oversight of our major subsidiary boards in the UK, Ireland and the US, consistent with their respective legal and regulatory responsibilities. The Barclays PLC (BPLC) Board sets the strategic direction and risk appetite of the Group and is the ultimate decision-making body for matters of Group-wide strategic, financial, regulatory or reputational significance.

BPLC is the Group parent company and has a premium listing on the London Stock Exchange. Each of our main operating entities, Barclays Bank PLC (BBPLC), Barclays Bank UK PLC (BBUKPLC), Barclays Bank Ireland PLC, Barclays US LLC and Barclays Bank Delaware, has its own Board comprising Executive and Non-Executive Directors. Each also has its own board committees.

During the year, we consolidated and streamlined membership of the BPLC and BBPLC Boards, such that membership of the BBPLC Board is now a subset of the BPLC Board, with all members of the BPLC Board except the Senior Independent Director (SID), the Chairman of BBUKPLC and one Non-Executive Director now also serving on the Board of BBPLC. This partial consolidation has significantly increased coordination and efficiency, and reduced complexity and duplication. The revised BBPLC Board composition vests oversight over the activities of BBPLC in a board the members of which also have direct accountability to BPLC's shareholders through their separate responsibilities as members of the BPLC Board.

Recognising the importance of our culture, reputation, the environment and social and human rights matters to all our stakeholders, the Barclays PLC Board took over responsibility for these matters from the former Board Reputation Committee during 2019. This decision ensures that the Board has direct responsibility for the oversight of the most important matters.

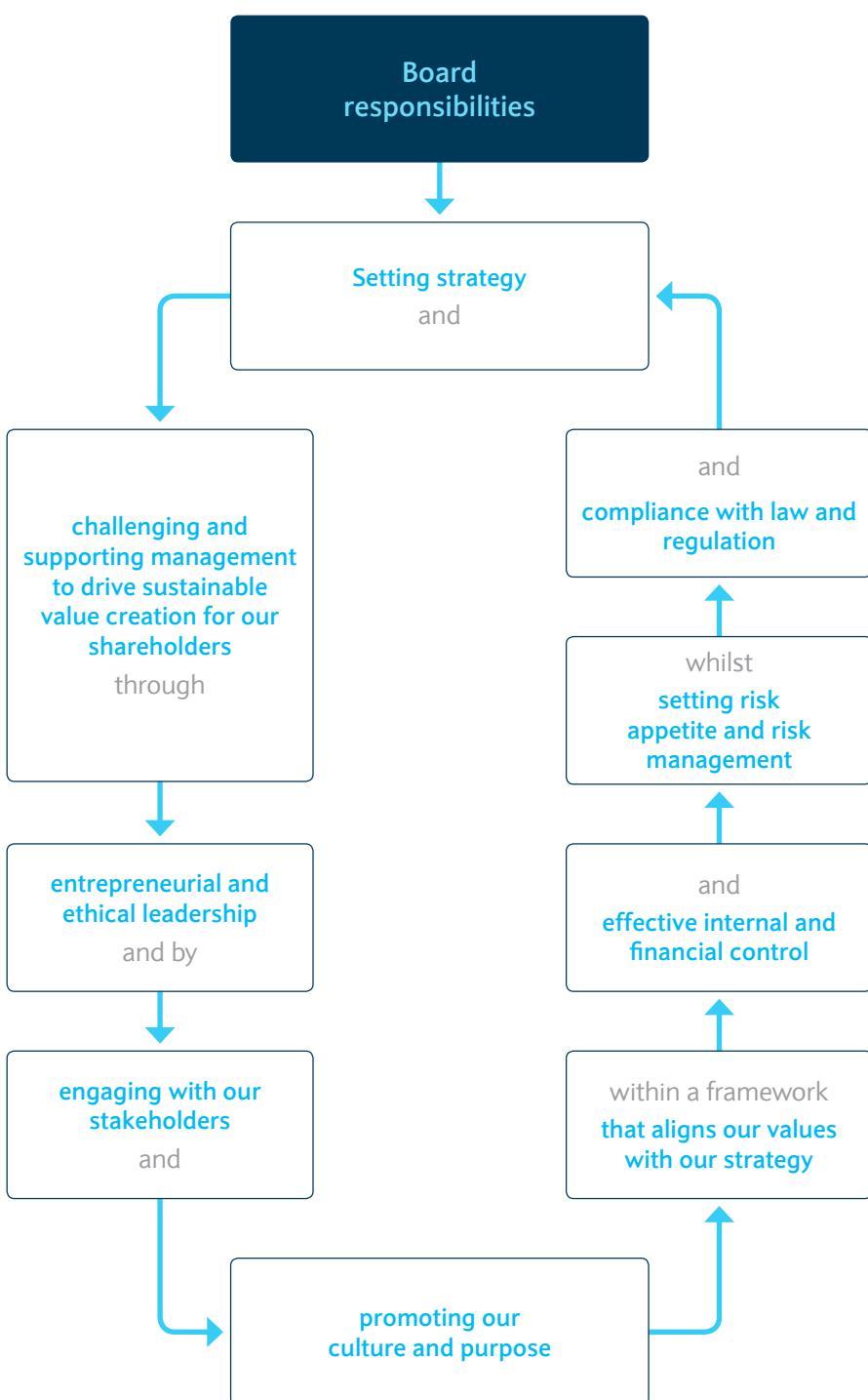
Please see the Director's Report within the Barclays PLC 2019 Annual report for further detail on corporate governance and Board sub-committees.



Additional information including our framework, code and rules are available at: [home.barclays/who-we-are/our-governance](http://home.barclays/who-we-are/our-governance)

## Board governance framework





## Purpose, culture and values

Our Purpose, adopted in May 2018, is 'Creating opportunities to rise'. This is underpinned by our Values: Respect, Integrity, Service, Excellence and Stewardship, and by the behaviours associated with them. Our Purpose, Values and behaviours are designed to support each other, to drive our culture and to guide our strategy and decision-making.

The Board has recently examined our Purpose and concluded that whilst it is fully integrated into many of our key processes and decision-making forums, we have further work to do to bring it to life, to express and apply it consistently across the Group, and for it to better connect all of our stakeholders, our businesses, ESG activities and ambitions. This work is under way.

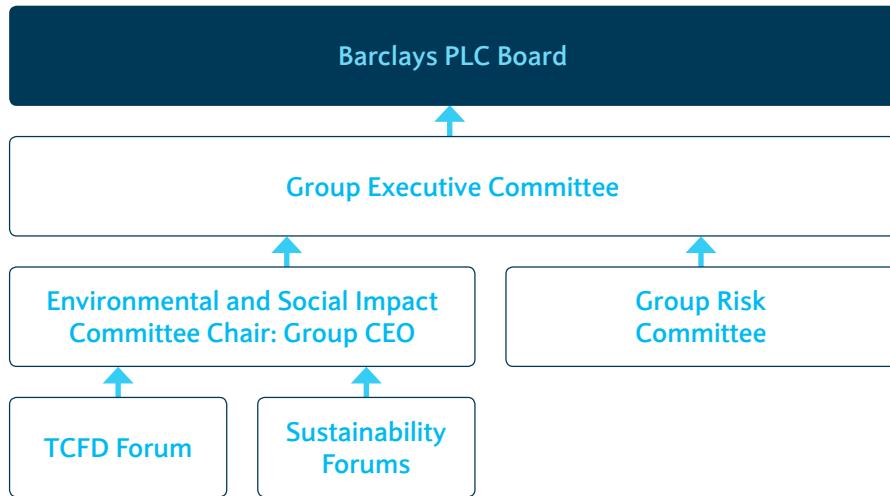
Our Values were adopted in January 2013. They were, and remain, fully embedded and integrated into the Group. Our culture is a core area of focus for the Board, which believes that the right culture and values, supported by effective leadership and a consistent tone from the top, are crucial to the success of the Group.

## How does the Board review our culture?

The Board reviews our culture in a number of ways, including:

- quantitative and qualitative feedback on how our culture aligns with our Purpose, Values and strategy through Culture Dashboards, so the Board can see the effect our people engagement has on our performance, and the continued strength of our culture;
- analysis of employee survey results;
- face-to-face engagement with employees locally to hear what they think;
- review of people policies, which are designed to provide equal opportunities and create an inclusive culture, in line with our Values and in support of our long-term success.

# Our governance framework



## Board deep dives in 2019

The Board's agenda in 2019 has been significantly influenced by a comprehensive 'listening tour', undertaken by our new Chairman following his arrival at Barclays in March, before he became Chairman in May. Nigel Higgins held around 50 meetings with shareholders and other stakeholders as part of this 'listening tour' and has also subsequently spent considerable time this year meeting with stakeholders across the globe as part of his induction, including with our investors, customers and colleagues.

The Board and Executive Committee used the feedback to agree a prioritised series of deep dives which now form a significant part of each Board meeting. These deep dives have helped to facilitate an in-depth understanding of issues, with a view to helping management and the Board make well-informed decisions both now and in the future. The deep dives conducted in 2019 covered a wide range of topics, including focus on particular business areas, capital allocation, our culture, our societal purpose and environmental matters.



Additional information including our framework, code and rules area available at: [home.barclays/who-we-are/our-governance/](http://home.barclays/who-we-are/our-governance/)

## Board Risk Committee focus on climate

In 2019, the Board Risk Committee reviewed the significant enhancements the Group has made in its approach to the management of the risks of climate change. Both physical and transition risks, across all portfolios, were considered in the context of a severe but

plausible climate stress. This analysis will support the Group's response to the forthcoming Bank of England industry-wide stress test. This progress was welcomed whilst acknowledging the need for risk management practices generally to evolve further across the whole industry in respect of climate change risk.

## Management oversight

We continue to strengthen the integration of social and environmental issues into our business. The Barclays PLC Board assumed responsibility for these matters from the former Board Reputation Committee during 2019. This decision ensures that the Board has direct responsibility for the oversight of the most important matters in this area.

Demonstrating the growing strategic importance of these issues, the Group Executive Committee created the Environment & Social Impact (ESI) Committee in June 2019 to manage the overall delivery of our environmental and social strategy and underlying initiatives.

Chaired by our CEO, the ESI is convened to provide senior oversight and set the overall direction of Barclays' strategy to manage its broader social and environmental impacts.

In addition, following the Bank of England's Supervisory Statement on enhancing the banks' approach to managing the financial risks from climate change in April 2019 (SS3/19), we appointed the Group Chief Risk Officer as Senior Manager responsible for climate-related financial risk under the Senior Managers Regime. For further information about the governance surrounding the management climate-related risks, please refer to pages 51 to 52.

# Making growth ‘green’, sustainable and inclusive



# Social and environmental financing

With a key focus on the impact of our financing, we are continuing to grow our product offering and social and environmental financing activity across the bank.

As a global financial institution, the way we prioritise and mobilise financial resources and the manner in which we do business ensures we can help to shape a cleaner, fairer future, which leaves no one behind.

In response to a growing focus on sustainability and social impact by investors and corporations, Barclays created the Sustainable and Impact Banking (SIB) group that will act as a singular global banking team. The team is focused on identifying and supporting new, high-growth clients, that are solving environmental or social challenges, with advice and financing needed to accelerate their growth and scale their impact. It will also serve and advise existing clients on their sustainable growth strategy and financing needs.

Our existing platform for green and sustainable finance also continues to grow as we work towards facilitating £150bn in social and environmental financing by 2025.

As part of our climate change approach set out on pages 10 to 13, we will also increase our commitment to green finance, with a new target to provide at least £100bn of Green Finance by 2030<sup>1</sup>.

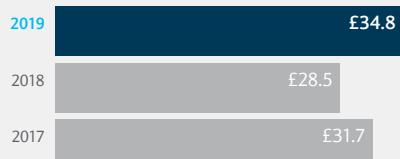
## 2019 performance

In 2019 we facilitated £34.8bn<sup>△</sup> (2018 £28.5bn) of social and environmental financing, a year on year increase of 22%. To date we have facilitated £63.3bn against our target of £150bn. This is made up of social and green financing based on use of proceeds, as governed by Barclays' Impact Eligibility Framework, as well as financing provided through the use of sustainability-linked loans. While the use of proceeds of sustainability-linked loans is not restricted to activities under the framework, they link the pricing mechanism to the achievement of sustainability-linked targets consistent with the approach set out in the LMA Sustainability Linked Loan Principles and therefore provide a means of integrating sustainability considerations in existing lending products.

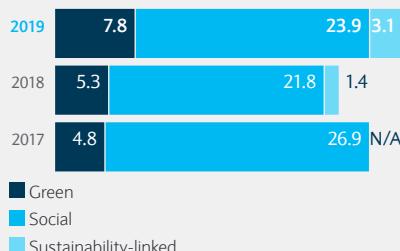
We have seen strong growth in social and green segments and given the increased significance of sustainability-linked products have integrated them into our 2019 performance reporting. We have updated the 2018 comparative to include sustainability-linked loans as set out in the second graph on the right.

Social and environmental financing  
£bn

£34.8<sup>△</sup>



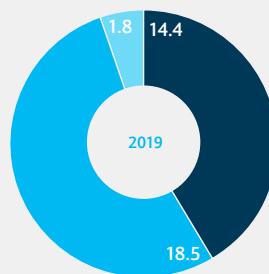
Social and environmental financing  
£bn



Note

2018 social and environmental financing has been restated from £27.3bn to £28.5bn to include sustainability-linked loans.

Social and environmental financing  
by region  
%



Details of our wider financing activities including a sector breakdown are found in the TCFD section starting on page 41.

Further information, including our ESG Reporting Framework and definitions can be found at: [home.barclays/esg2019](http://home.barclays/esg2019)

## Social and environmental financing methodology

Our financing volume is tracked and screened using Barclays' Impact Eligibility Framework, which provides clear social and environmental inclusion criteria to track and categorise financing volumes, which includes both labelled green and social transactions and a wider use of proceeds analysis against eligible social and environmental themes.

The framework was developed in collaboration with Sustainalytics, a global provider of ESG and corporate governance research, ratings and analytics.

We are conservative and transparent in our assumptions, and report our share of capital market transactions where we have played an active role, not the total deal value of transactions that may have multiple banks involved.

In addition, the data marked with the △ symbol is subject to limited assurance by KPMG.

△ 2019 data subject to limited assurance by KPMG. Refer to page 111.

1 Target time frame 2018-2030. Eligible categories and basis of calculation in line with Barclays Impact Eligibility Framework, including renewable energy, energy efficiency, low-carbon transport, sustainable food, agriculture and forestry.

## Social financing

Supranational, national and regional development institution finance continues to be a key driver of the £24bn in social financing Barclays facilitated in 2019.

Similarly, municipal financing continues to play a significant role. Following a sector-wide decrease last year, related to changes in the US tax code, US municipal financing rebounded in 2019 as state and local governments moved aggressively to lock in low financing costs using both tax-exempt and taxable debt structures. Barclays' notable transactions included large financings for several US states and large cities, as well as municipal utilities and housing agencies.

Barclays led an innovative US\$50m social bond issue for HealthRIGHT 360, a non-profit organisation providing healthcare to the most vulnerable and under-served communities in California. The transaction marks the first time Barclays has led a social bond for a US client, and the first-ever social bond for a non-profit issued in the US municipal bond market.

## Green and Sustainable Capital Markets

In March 2019, our Banking business formalised and launched the Green and Sustainable Capital Markets team.

The team originates, structures and executes green, social and sustainability debt capital market transactions as well as new products and issuance frameworks for our clients globally.

Working in collaboration with coverage, sector and product teams, the team works to identify tailor-made debt solutions for clients as they continue on their individual journeys to transition to a sustainable low carbon economy.

In 2019, the team executed a wide range of green, social and sustainability transactions, such as a joint active bookrunner on Orsted's £900m of Green Bonds issuance, which will, in part, help to finance Hornsea 2 - which once complete in 2022 will be able to power over 1.3 million UK homes. See page 47 for further information on green finance.

## Corporate lending

In the Corporate Bank we have seen year on year growth in public sector finance, green loans and green infrastructure finance.

In 2019, Barclays acted as a mandated lead arranger and hedge provider on the financing of Neart na Gaoithe, a 448MW offshore wind project located off the east coast of Scotland. After construction, this major project, owned jointly by EDF and ESB, will cover an area of 100km<sup>2</sup>.

We have also seen a rapidly growing interest and uptake in sustainability linked loans, which integrate sustainability performance factors and targets into general purpose lending facilities. Most commonly, GHG emission reduction targets have been factored into pricing mechanisms but we continue to explore a wider set of environmental and social metrics with our clients where they are relevant to their businesses.

## Retail banking

In 2019 we also enhanced our green and sustainable retail product offering.

We have been working to improve accessibility of existing green finance products for example through the reduction of lending thresholds for our UK Green loans from £1m to £25k.

## The Sustainable and Impact Banking group

The Sustainable and Impact Banking (SIB) group is advising two groups of corporate clients; emerging growth companies with an innovative technology or business model that is enabling the low-carbon economy; and large established companies that are transitioning their businesses to become more sustainable. The SIB group advises these companies on corporate strategy and capital raising.

With respect to the emerging growth companies, the SIB group is initially focused on companies in four key sectors: Food and Agriculture, Clean Energy Technologies, Recycling and the Circular Economy and Water. Each sector contains a growing pipeline of companies that are helping to address climate change and lower carbon emissions. In addition to the positive environmental impact, the companies exhibit strong financial potential.

In 2019, Barclays acted as financial advisor and placement agent to Califia Farms, a leading independently owned plant-based food and beverage company, on a US\$225 million private capital raising. Califia's plant-based milk beverages produce 60-80 percent fewer greenhouse gasses than consuming cow's milk. The offering was one of the largest private capital raisings within the natural foods sector and allows Califia to further invest in increased production capacity, substantial R&D, deeper US penetration, and continued global expansion.

Also in 2019, Barclays acted as lead left Bookrunner on TerraForm Power's US\$700m of 4.75% Senior Unsecured Notes due in 2030. TerraForm Power owns and operates a best-in-class renewable power portfolio of solar and wind assets in North America and Western Europe. TerraForm Power is the owner and operator of a 4,070 MW diversified portfolio of high-quality solar and wind assets underpinned by long-term contracts.

# Social and environmental financing

## Illustrative SDG breakdown of our social and environmental financing

Barclays recognises the Sustainable Development Goals (SDGs) as a set of shared global priorities to be achieved by 2030. The 2030 Agenda was adopted by all United Nations Member States in 2015 and is based on a set of 17 interconnected Goals, with 169 defined indicators. These relate to positive human, societal and environmental factors, and are to be reached through committed engagement and multilateral collaboration.

We acknowledge the importance of business, along with governments, society and other stakeholders to work together to make the 2030 Agenda a reality. Barclays is committed to play its part as an institution which connects people and capital, and work in partnership with our stakeholders to support the delivery of the Goals.

Our social and environmental financing covers supranational and regional development agencies, as well as businesses from all sectors and generates positive social and environmental contributions through financing of healthcare systems, universities, social housing authorities, and green infrastructure projects.

Financing of these activities in turn supports progress on the SDGs. Based on an analysis of the sectors, institutions and projects supported through our social and environmental financing and a mapping to the indicators underlying the SDGs we have identified the goals most significant supported which are illustrated in the graphic below.

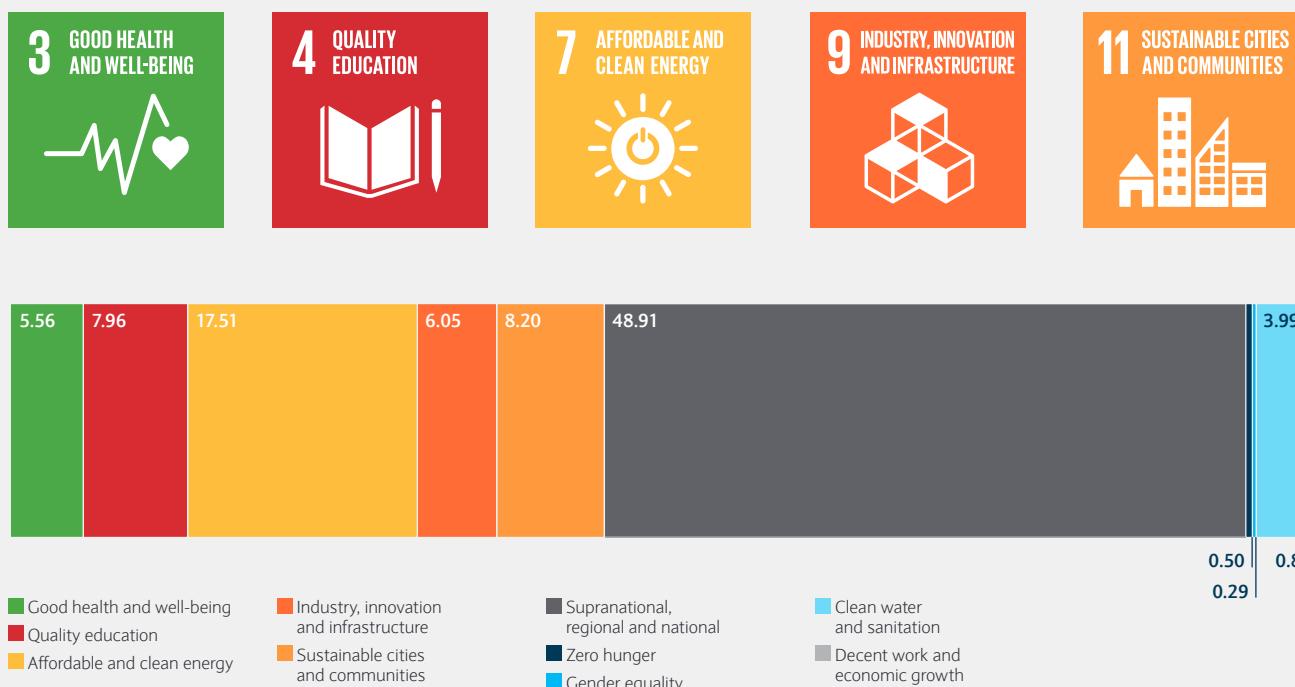
One large component of our social and environmental financing is to supranational, regional and national development institutions whose missions are consistent with the sustainable development goals. However, while some of these provide breakdowns of their financing activities, across institutions this data is not sufficiently enriched to enable an attribution to individual SDGs. As a result, we have grouped supranational, regional and national financing in their own category (highlighted in grey below). Based on the information available, key SDGs supported through our supranational, regional and national financing include:

- SDG 11 Sustainable Cities and Communities;
- SDG 8 Decent Work and Economic Growth;
- SDG 13 Climate Action; and
- SDG 7 Affordable and Clean Energy.

As better information becomes available, we will refine our methodologies in order to provide more granular insights.

## Illustrative SDG breakdown of 2019 social and environmental financing

%



Beyond our financing activities our community programmes and partnerships contribute to Goal 8 (see pages 89 to 93).

## Sustainable & Thematic Investing

As investors increasingly look to align investments with Environment, Social and Governance (ESG) considerations, the Investment Bank Research team aims to help clients navigate this new paradigm. Its ESG effort comprises three pillars:

- Thematic: The Sustainable & Thematic Investing team within Barclays Equity Research focuses on identifying global thematic trends that could shape the business environment over the coming five to 10 years. Such trends include demographic change, emerging industries and technology, and evolving consumer behavior.
- Fundamental: Barclays' Fundamental ESG Research is a cross-asset initiative aimed to provide clients with a multi-dimensional analysis of where companies sit on the spectrum of ESG performance and whether markets are incorporating ESG attributes in security pricing.

■ Systematic: The Barclays Quantitative Portfolio Strategy group within Research focuses on developing evidence-based empirical analysis of the market relationships between ESG ratings of issuers and the performance and valuation of their debt and equity securities.

The three pillars of Barclays ESG Research will feed into and inform each other to produce new and actionable ESG insights that enable investors and asset owners to assess the impact of regulatory and consumer change on markets and industries; the extent of adoption of ESG principles by companies under coverage; and how and to what extent adoption of ESG is influencing portfolio performance.

## Client engagement

We have held over 4,500 meetings in the Corporate Bank alone to engage with clients on the Green agenda, which is supported by our framework for Regulatory, Reputational, and Commercial drivers. This is a 50% increase on 2018, and underlines the increased importance of ESG issues for our clients and our increased focus on responding to this need.



For further details on our approach to green finance see page 41.

Consumer	Start-up/SME/Growth	Corporate	Capital Markets and Strategic Advisory
<p><b>Green Home Mortgages</b> Barclays was the first major UK bank to launch a green home mortgage, offering lower interest rates for new build properties meeting minimum energy efficiency requirements.</p> <p><b>Sustainable Investing solutions</b> ESG integration across investment process and offerings. Dedicated sustainable products, such as Sustainable Discretionary Strategies and Barclays Multi-Impact Growth Fund. Thought leadership on investing in scaling social businesses and on behavioural finance insights on investors motivations for impact investing.</p>	<p><b>Business Banking Green Loans</b> Launched loan products for SME and agricultural clients in the UK.</p> <p><b>Unreasonable Impact</b> Global network of accelerators to support innovative high-impact ventures. 124 companies currently in the network with \$1.9bn in revenues. Includes energy, transport, food and other low carbon solutions.</p> <p><b>Green Eagle Labs</b> Dedicated space with discounted opportunities and mentoring for start-ups in Barclays' Eagle Labs network across the UK.</p>	<p><b>Green Product Suite</b> We are growing a set of green products for Corporate clients based on Barclays' Green Product Framework. While still nascent, we recognise the growth opportunity and are seeking to scale these offerings, which include:</p> <ul style="list-style-type: none"> <li>■ <b>Green Innovation Finance</b> (SME and Midcap clients £100,000 – £5m)</li> <li>■ <b>Green Loans</b> (Term loans &gt;£25,000)</li> <li>■ <b>Green Asset Finance</b> (Corporate asset finance)</li> <li>■ <b>Green Trade Finance</b></li> <li>■ <b>Green Infrastructure &amp; Project Finance</b></li> <li>■ <b>Green Deposits</b></li> </ul>	<p><b>Capital Markets and Financing solutions</b></p> <p><b>Sustainable and Impact Banking</b></p> <ul style="list-style-type: none"> <li>■ Dedicated coverage group for high-growth sustainability ventures and ESG-focused private and public investors.</li> </ul> <p><b>Renewables and alternative energy</b></p> <ul style="list-style-type: none"> <li>■ Collaborative Industry Coverage Effort – integrated effort across Power, Technology, Industrials, and Natural Resources groups.</li> <li>■ Active in M&amp;A, ECM, DCM and private placements.</li> </ul> <p><b>Green and Sustainable Finance Capital Markets</b></p> <ul style="list-style-type: none"> <li>■ Active in underwriting Green and Sustainability Bond issuance across sectors and geographies including Corporate, Financial Institutions and Sovereign, Supranational and Agency issuers.</li> </ul> <p><b>Sustainability-linked solutions</b></p> <ul style="list-style-type: none"> <li>■ Structured first sustainability-linked loan for a US borrower.</li> <li>■ Also active in European and Asia sustainability-linked loans.</li> </ul>

# Social and environmental financing

## Sustainable investing

A growing number of our clients – individuals and families as well as charities and organisations – are seeking both to protect and grow their assets, and to make a positive contribution to our world. Recognising the impact that every investment has, Barclays has continued to integrate these considerations into our investment processes and services for our clients.

## Responsible investing

Foremost, across all of our investment management areas, including Barclays Investment Services Limited (BISL) and Barclays Asset Management Limited (BAML) in Barclays UK and the Private Bank in Barclays International, we endeavour to operate as responsible investors. This means we are committed to seeking to deliver the best possible risk-adjusted returns for our clients and believe that responsible investment, including environmental, social and governance (ESG) considerations should be integrated into our own investment processes.

By being cognisant of these ESG factors, we believe investors will be better equipped to make informed decisions about the financial performance and longer term viability of an investment. Therefore, we seek to incorporate any foreseeable risks and opportunities that arise from material ESG factors across all our investment offerings. Externally, BAML serves as our signatory to the UN supported Principles for Responsible Investment (PRI), and has achieved an 'A' score for investment modules in our last annual submission. We also support the aims of other ownership commitments, such as the UK Stewardship Code, to be active and engage on behalf of our clients.

## Sustainable investing products and services

In addition, we offer a variety of investment options for clients who want to express their ethical views, to make social or environmental focused investments, or to intentionally seek to generate a specific societal outcome alongside their financial returns.

For example, in the Private Bank we offer our Sustainable Discretionary strategies combining ethical screens (including exclusion of investments in the fossil fuel industry), ESG integration, and positive selection for companies supporting the United Nations' Sustainable Development Goals.

Additionally, our Barclays Multi-Impact Growth Fund within BAML blends selected specialist impact fund managers across a range of asset classes and impact areas within a single investment offering available for retail clients. This year, the fund published its first annual impact report to provide visibility and transparency on both the investment and impact performance of the underlying managers.

## Market building efforts

In the rapidly evolving field of sustainable and impact investing, Barclays has become a globally recognised player with deep expertise acknowledged by the industry and government. We have continued to participate in industry initiatives such as The Impact Management Project – a global effort coordinated by Bridges Impact+ team of over 2,000 organisations to establish a common language for impact investing.

Additionally, we have seen social businesses account for a large and growing portion of the UK business sector. Their business models lie on a spectrum ranging from strongly commercial to purely charitable, with many combining these elements to respond to complex and challenging community, environmental and broader societal concerns. However, they are not usually seen as high growth or opportunities for investment capital. Therefore, in order to better understand the challenges and dispel the myths surrounding these important businesses, we partnered with the ScaleUp Institute to produce a research report entitled: *Social Scaleups: High growth businesses with impact*.

Finally, we have continued to work to inform and support our clients to identify sustainable investment opportunities and risks for their portfolios. This has included publishing client briefings on topics such as ageing populations or renewable energy. We also hosted client sessions in all our global locations on incorporating climate change considerations in line with TCFD guidance.



**Barclays' Responsible investing policy:** [barclays.co.uk/wealth-management/important-information/responsible-investing-policy](http://barclays.co.uk/wealth-management/important-information/responsible-investing-policy)

**Barclays' Multi-Impact Growth Fund Impact Report:** [barclays.co.uk/content/dam/documents/wealth-management/investments/multi-impact-growth-fund-annual-report-2018.pdf](http://barclays.co.uk/content/dam/documents/wealth-management/investments/multi-impact-growth-fund-annual-report-2018.pdf)

**Social Scale-Up Report:** [scaleupinstitute.org.uk/wp-content/uploads/2019/10/Social-Scaleups.pdf](http://scaleupinstitute.org.uk/wp-content/uploads/2019/10/Social-Scaleups.pdf)



Barclays' public PRI Reports are available at: [unpri.org](http://unpri.org)

We are committed to seeking to deliver the best possible risk-adjusted returns for our clients and believe responsible investment supports this aim.

## Green bond portfolio

We remain wholly committed to the green bond market, both as an investor and as an issuer.

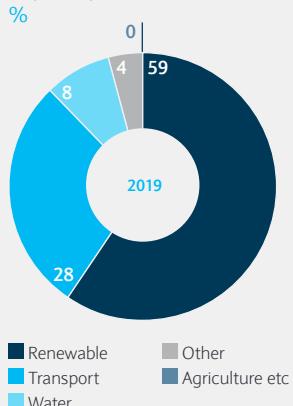
As an investor, we have continued to expand our Green Bond portfolio across 25 investment grade issuers. In 2019, the portfolio has seen strong growth. We continue to see bonds focusing heavily on renewable energy and energy efficiency projects, but in 2019 we saw increasing focus on clean mass transport and green buildings.

Barclays has undertaken thorough reviews to establish the social and environmental credentials of the proposed investment portfolio, including engaging with the issuers and also the leading NGO in this area, Climate Bonds Initiative.

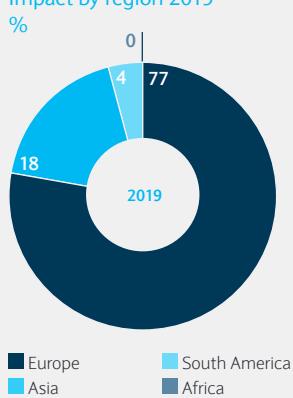
Based on issuer reporting, we estimate that our green bond investment portfolio helps avoid 3.3m tonnes of CO<sub>2</sub> per annum. In 2019, 90% of the portfolio related to climate change mitigation, and 10% to adaption measures.

## Green bond portfolio GBP market value £2.7bn

**Impact by sector 2019**



**Impact by region 2019**



## Green bond issuance

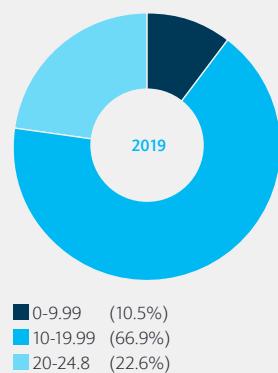
In 2017, Barclays issued a EUR 500m bond using UK assets. These proceeds were allocated to finance and refinance Barclays' residential mortgages on properties in England and Wales which are in the top 15% of the lowest carbon intensive buildings in these countries.

As at 31 December 2019 our Green Bond pool contained 1,723 mortgage loans for residential properties with a nominal value of £442.5m. The average carbon intensity for Barclays' allocated Eligible Mortgage Asset portfolio is 15.64KgCO<sub>2</sub>/ m<sup>2</sup>, almost 67% lower than the EPC dataset average of 48.12KgCO<sub>2</sub>/ m<sup>2</sup>. The portfolio generates an annual carbon saving of 6,919.66 tonnes CO<sub>2</sub>, or 13.84 tonnes of CO<sub>2</sub> emissions for every €1million of bond proceeds allocated.



Further information can be found in the second annual Green Bond Investor Report, available at: [home.barclays/investorrelations/fixed-income-investors/funding-and-liquidity/green-bonds](http://home.barclays/investorrelations/fixed-income-investors/funding-and-liquidity/green-bonds)

## Carbon intensity of Eligible Mortgage Asset portfolio kg/CO<sub>2</sub>/m<sup>2</sup>/year



## Geographical distribution of Eligible Mortgage Asset portfolio



East Anglia	8.8%
East Midlands	5.2%
Greater London	25.5%
North	2.5%
North West	4.9%
South East	33.9%
South West	7.5%
Wales	2.0%
West Midlands	5.6%
Yorkshire and Humber	4.1%

### Note

a Figures are based on data published by issuers of green bonds. As part of their yearly disclosure exercise and in line with the green bonds principles, every issuer will publish an impact report. The portfolio impact represents the aggregation across all relevant impact reports of issuers from whom we hold green bonds in our portfolio. These numbers are prorated to reflect the size of our holding relative to the total green bond programme of the issuer.

# Social and environmental financing

## Backing the UK

When the customers, clients and communities we serve succeed, Barclays succeeds. This is particularly true in the United Kingdom, where we have been part of the fabric of the country for over 325 years.

As our home market experienced uncertainty around Brexit through the year, we continued to support local businesses and communities through this period of change.

From farmers embracing the fourth industrial revolution, to manufacturers forging trade links in new markets, small, medium and large businesses across the UK continued to demonstrate ambition, innovation and resilience.

To help them fulfil their potential we launched our dedicated support package for small and medium-sized businesses (SMEs) – the lifeblood of the economy. This included a dedicated £14bn SME lending fund, our extensive network of on-the-ground Relationship Managers checking in with local businesses and over 200 Brexit and Beyond clinics, held across the UK.

Each clinic brought local businesses together to hear about one another's experiences, and equipped them with practical support on a range of issues, including cash flow, trade and exports, labour access and supply chain management. When local businesses could not come to us, we went to them. In a single week, our #FrontFoot initiative saw 2,200 of our banking experts walk the UK's high streets and industrial estates, to check-in with over 30,000 businesses on Brexit preparedness.

When the customers, clients and communities we serve succeed, Barclays succeeds. This is particularly true in the United Kingdom, where we have been part of the fabric of the country for over 325 years.

We also know that fast access to finance is a priority for many small business owners. That's why in a High Street banking first, we launched pre-assessed unsecured lending of up to £100k on our mobile app and online banking platform, with funds typically deposited within 24 hours.

Our network of Eagle Labs continued to grow and support even more local entrepreneurs throughout the UK (see page 32). Our Unreasonable Impact programme has supported 27 fast growing, social and environmental focused companies in the UK.

Barclays' £1bn Housing Delivery Fund, created in partnership with Homes England, is helping to boost the UK's housing stock, with £360m of funding directed to projects aiming to build at least 80,000 homes by 2030.

We also continued to support social housing providers to access funding, including Longhurst Group, one of the largest providers of affordable housing across 50 local authorities in the Midlands and the East of England.

## Helping local economies to thrive

Taunton Deane in the South West of England joined Bury and Kilmarnock on our Thriving Local Economies initiative.

During each three-year programme, we are working closely with local councils, schools and business groups to better understand what help and support they need to thrive, and how Barclays can play its part to make it happen.

Our support for local economies also extends to helping people to access the skills and employment they need to succeed, where they live.

Whilst LifeSkills continues to equip millions of people with the skills they need in a changing economy, Connect with Work has helped to support 1,075 people into work in the UK with 630 businesses across the country in 2019 (see page 92).

We are proud to back nearly one million businesses who put their trust in us every day, and we are committed to playing our full part in ensuring that the whole country continues to thrive – our future depends on it.

### SME fund

£14bn

### Supporting UK businesses

1m

### Brexit clinics

200+



Find out more at: [home.barclays/backingtheuk](http://home.barclays/backingtheuk)

# Accessible retail products and services

We believe that banking should work for everyone.

We believe that banking should work for everyone and we have a pivotal role to play in society, building relationships where we understand our customers and clients' aspirations and developing the products and services that meet their needs.

## Improving access to banking

### Basic current account

Since 2015 we have been offering our Basic Current Account which meets HM Treasury's Memorandum of Understanding (MoU) on basic bank accounts. There were 577,365 Barclays Basic Accounts open at the end of 2019, as we upgraded over 200,000 Basic Current Accounts to standard Barclays Bank Current Accounts. Our Basic Current Accounts are available to anyone who does not already have a bank account or who is not eligible for a standard account and includes over the counter services, access to ATMs and digital banking and free text alerts to manage finances.

Access to a transactional bank account enables consumers to benefit from bill reductions paid by direct debit and access to cheaper goods and services on the internet, which goes some way towards alleviating the poverty premium.

### Community account

We also provide free banking to over 130,000 small not-for-profit organisations through our Community Accounts, including sports and community clubs, religious groups, and local charities.

### Product research and design

We make customers central to our proposition development processes and use market research, insight, data analytics and data science to ensure their needs are at the core of our design principles.

We use behavioural science principles to develop a deep understanding of customer/human behaviour and how people make decisions. We apply behavioural science thinking to proposition, service and communication design. We also train teams throughout the organisation to use Behavioural Science principles to support our customers when they are making decisions.

We use "test and learn" approaches and analysis to quantify how our customers react to product changes, and to assess how fair they feel the value exchange that we provide is. Our analysis assesses the changes that customers make to their product holdings, their account balances, and how frequently they use our services.

We apply suitable risk criteria, for example when offering unsecured loans, and use analytics to offer personalised pricing at an individual level.

### Meeting customer needs

In our journey to creating life-long relationships with our customers, we centre our approach around understanding the motives and goals they are hoping to achieve. We are moving away from the traditional banking way of thinking, focused around their financial product needs, to develop a more customer centric mind-set that is rooted in a customer's underlying need. We achieve this by:

- Segmenting our customers across a lifetime from youth, to young adult, family and retirement to be able to tailor offerings that are relevant to them as their needs evolve over time.
- Identifying the key 'jobs' where many customers share certain goals and experience similar challenges in achieving them, which we can support them in making progress.

We maintain robust and iterative research and design processes to ensure customer needs are consistently being met as we develop new products and services. We start from a point of discovering what customers are trying to achieve at key life moments, to ensure that our products are very relevant to customers in their specific life stage. Our product development toolkit contains a series of check-ins and tests to ensure that potential new products still meet a core customer need.

Our Customer Voice sessions bring customers close to our senior leaders so they can hear first-hand about customers' lives, aspirations and struggles. This keeps our customers front of mind for our leadership teams.

### Number of Basic current accounts\*

2019	577,365
2018	725,000
2017	674,000

\* 200,000 accounts upgraded to standard current accounts in 2019.

### Fraud prevented

£720m

Our NPS<sup>§1</sup> customer experience research programme provides an understanding of customers' relationship with Barclays and their experience of a multitude of touchpoints with us. See page 68 for more information on our NPS<sup>§2</sup>.

Additionally, our internal online community of Barclays customers, the Future Forum, provides us with an ongoing feedback loop and keeps our customers involved in designing new services. This constant flow of feedback allows us to monitor changing needs and optimise service experiences.

Using machine learning, we have delivered a model that will prioritise content to communicate to customers, based on their most relevant need. This personalisation will aim to ensure that digitally the most relevant content will be delivered to the customer at any time.

1 Net Promoter, Net Promoter System, Net Promoter Score, NPS® and the NPS® related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Accessible retail products and services

## Financial capability

We monitor NPS<sup>®1</sup> for our financially vulnerable customers to understand where we can improve our offering and provide tools to best meet their circumstances. Also through qualitative research we have explored financial capability and triggers of vulnerability, both systemic and dynamic. This informs our proposition and service design, to help us identify issues early on, to help prevent financial vulnerability.

Using data, we have developed a financial vulnerability model to assess customers' current state of financial resilience. This model can be used to tailor contact and content to the most relevant products and resources for the customer's situation.

## Barclays mortgages and first-time buyers

We continue to help our customers on their home-buying journey with a 9% growth in gross lending year-on-year.

In 2019, we helped over 29,000 first-time buyers onto the home-ownership ladder and significantly more homeowners to make their next move. In 2019, we helped over 128,000 customers take out a mortgage or further borrowing on their property, 23% of whom were first-time buyers.

Our Family Springboard Mortgage allows homebuyers to secure a mortgage with the help from family or friends (helper), while allowing the helper to earn interest at the same time.

To improve the affordability and access to our Family Springboard Mortgage in the UK in 2019, we increased the maximum available term of the loan up to 35 years. Additionally, we increased the term of the helper savings deposit – the period during which the helper's funds are committed and during which the helper earns interest – from three to five years.

## Fraud and scams

To help keep our customers safe, we've invested millions of pounds in multi-layered security systems that protect against frauds and scams. We prevent thousands of attempted fraudulent transactions every day, and stopped over £720 million of fraud from taking place in the past year alone.

## Digital accessibility

We continue to improve our customer experience for all our customers as well as those who have specific accessibility requirements. Our main digital channels including mobile banking apps and websites have been or are being accredited for accessibility by AbilityNet, a leading UK accessibility charity.

Cheque Imaging which allows customers to lodge cheques using their mobile phone is now available and we are the first bank to allow customers to connect other bank accounts into our accessible mobile banking app, following the introduction of Open Banking. Video banking is now helping hard of hearing customers reliant on lip-reading to connect with us.

Our network of Digital Eagles is helping our customers, as well as the wider community, to develop and improve necessary digital skills. In 2019, this network was expanded to include universities and public sector organisations across the country. Our Tea and Teach events which previously targeted retirees now also provide basic online safety training and know-how to parents and teachers with 113,000 people attending our face to face events.

These activities are complemented by Barclays' Digital Wings, our free online learning platform for digital education.

## Branch closures

Our customers are increasingly choosing to access our products and services digitally, and as a result are using our branches less and less. That means we must constantly assess how and why our branches are used, and make commercial decisions based on that information.

Where we take the difficult decision to close a branch, we work closely with the local community to understand their needs and any alternative solutions we can provide. These solutions will be specific to each area but may include cashback from local retailers, arrangements with the nearest Post Office, or pop-up branches, as well as Barclays collect for businesses, video banking, fully automated facilities or cash machines. We also work closely with customers in communities across the UK to help them access and feel confident in using our digital services through our team of Barclays Digital Eagles.

In October 2019, we made a commitment to freeze branch closures for 'last-in-town' and remote locations, protecting 105 branches for at least two years, and we will maintain a full service proposition for our customers through the Post Office for the next three years.

<sup>1</sup> Net Promoter, Net Promoter System, Net Promoter Score, NPS® and the NPS® related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Sustainable innovation

We recognise the potential of sustainable innovation as a driver for improved productivity and economic growth and actively support it within Barclays as well as in the markets in which we operate.

For Barclays, sustainable innovation encompasses multiple mechanisms for fostering growth, including developing new commercial financial products and services which address environmental and social needs, exploring novel ways to support local businesses and encouraging the growth of FinTechs (financial technology) and disruptive technologies for the financial services sector.

## Social Innovation Facility

The Barclays Social Innovation Facility (SIF) is an internal mechanism that incubates ideas for financial products and services that seek to specifically address environmental or social challenges, and continues to be one of Barclays' most innovative mechanisms to advance socially and environmentally impactful products and services in a commercial way.

## Rise

Known as the #HomeofFinTech, Rise is a global community of the world's top innovators working together with Barclays colleagues, partners and clients to create the future of financial services. Members of the programme across the world get access to a diverse programme of training, workshops and events, as well as opportunities to connect into our Barclays network of colleagues, clients, partners, investors and industry experts. At the end of 2019, we had over 175 technology companies resident at Rise, and a virtual community of over 1,000 members.

Rise is also home to our Barclays Accelerator, powered by Techstars, an intensive 13-week programme designed to fast-track the next generation of FinTech businesses, while also bringing innovation and application opportunities to Barclays.

The programme has 170 alumni companies with a portfolio valuation of over \$1bn and in January 2019 Barclays launched 'Rise Growth Investments,' providing investment capital of up to £10m per Barclays Accelerator. To date Barclays has taken an equity interest in 70 of these, reinforcing Barclays' commitment to FinTech innovation and enabling us to invest in strategically-relevant companies and bringing growth to both the start-ups and the bank.



More information on Rise is available at: [rise.barclays/](http://rise.barclays/)

## Barclays Social Innovation Facility

Ventures supported since 2015

28

Products launched since 2015

8

## Product case study

SIF is supporting a proposition in the Municipals Public Finance group that provides banking services to Community Choice Aggregators (CCAs). CCAs are innovative municipality-owned programmes in the US that allow local governments to

procure power on behalf of their residents, businesses, and municipal accounts from an alternative renewable supplier while still receiving transmission and distribution services from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources and more green power being offered, but because they are relatively new entities, traditional banking products are not fit for purpose.

An example of this is our relationship with San José City Council, which agreed in April 2019 to expand San José Clean Energy (SJCE)'s revolving credit agreement with Barclays from \$50 million to \$80 million. The increased credit facility will allow SJCE to make additional purchases of clean power into future years, thereby further hedging future electricity costs and maximising customer savings.

## Colleague engagement case study

SIF plays its part in supporting colleagues to realise their full professional potential. In 2019, SIF sponsored a number of sustainable innovation workshops curated by our partners at TIL Ventures. These sessions, which take place over a course of three days, allow Barclays colleagues to turn their initial innovative ideas into products and services whilst also acquiring product development skills. At the end of the three days, each team presents to a panel of judges, with SIF committing to invest in the most disruptive and impactful ventures.

Feedback from an attendee: *"I think, for us the biggest award was that we were given the opportunity to be part of this amazing experience, as well as the access to some invaluable learning, thoughts and expertise".*

# Sustainable innovation



## Unreasonable Impact ventures

### The future of energy

When a typical battery reaches its end of life, it usually has 70-80% of its capacity remaining but is not designed for repair.

Unreasonable Impact venture Aceleron has developed the world's first circular economy battery which is designed to be maintained and upgraded thus reducing waste and cost.

This assembly technology, coupled with Aceleron's advanced analytics, machine learning and blockchain technology, is revolutionising the way we think about energy storage and usage – offering users a battery for life.

### The future of sustainable living

Unreasonable Impact venture Ecoware is India's first and largest sustainable food packaging company. They produce a range of 100 percent biodegradable, eco-friendly and compostable-certified products, including tableware, cutlery and takeaway packaging, thereby curbing the production of single-use plastics and their dispersion into the natural environment.

### The future of food, water and agriculture

Clara Foods produces animal protein without animals.

The Unreasonable Impact venture is working towards a disruptive advance in food technology with the creation of the world's first animal-free egg white and other protein-based products for sports nutrition, baking and industrial uses.

By using fermentation to turn sugars into proteins, Clara designs yeast to produce the same proteins people know and love while requiring less land, water and energy.



A complete list of participating ventures can be found at:  
[unreasonableimpact.com/companies](http://unreasonableimpact.com/companies)

### Unreasonable Impact

Unreasonable Impact is a global partnership between Barclays and Unreasonable Group. It supports growth-stage entrepreneurs whose ventures have the potential to employ thousands of people worldwide while solving some of the world's most pressing social and environmental challenges.

To date, the programme has worked with 124 ventures, providing them with the resources, mentorship and a global network needed to rapidly scale their companies.

The Unreasonable Group estimates that collectively these companies have created 20,000 new jobs and have positively impacted over 187 million people.

In 2019, Barclays and Unreasonable Group launched their first Unreasonable Impact Report ([unreasonableimpact.com/report](http://unreasonableimpact.com/report)), highlighting the programme's achievements from the first three years of the partnership.

By 2022, we aspire to have supported 250 high-growth businesses that make a difference to society.

### Eagle Labs

Barclays Eagle Labs is a platform to support the UK's entrepreneurial community. Through a national network of 24 labs we incubate high-growth tech businesses, offering co-working spaces, mentoring opportunities and access to cutting-edge technology to rapidly prototype new product ideas.

We currently support over 470 start-ups and to date our members and alumni have collectively raised over £600m of funding.

### Locations

24

### Resident businesses

493

### Funds raised

£612m

# Managing environmental and social impacts



# Environmental and social impact management

We believe that appropriate management of environmental and social impacts is not only the right thing to do, but ensures the longevity of our business and our ability to serve our clients.

The scale and scope of the support we provide to our customers and clients means that we can have a significant impact on the world around us.

The bank's potential adverse environmental and social impacts are frequently indirect, arising from the provision of financial services to business customers operating in sensitive sectors.

We believe that appropriate risk management of these environmental and social impacts is not only the right thing to do, but ensures the longevity of our business and our ability to serve our clients.

## Environmental and social transaction risk management

Environmental and social risks are governed and managed as part of Barclays' credit risk and reputation risk management frameworks and processes. This includes the client transaction review process, which is managed by a dedicated Environmental Risk Management team, as part of the central Credit Risk Management function, as well as the Group Sustainability and Reputation risk teams. Our approach to environmental and social risk management is based on a combination of statements, standards and guidance.

The position statements are developed in consultation with external stakeholders and aligned with industry best practices, such as the International Finance Corporation (IFC) Performance Standards.

We have developed internal standards within the Enterprise Risk Management Framework (ERMF) and these are a core part of transaction origination, review and approval processes, where applicable. This enables us to adopt a robust approach, while maintaining the flexibility to consider potential clients and transactions on their respective merits.

## External position statements in place during 2019



## Internal standards to embed provisions



## Risk identification

Barclays' front office business teams are responsible for identifying transactions and relationships that may present significant environmental and social risks. These may include broader considerations on human rights, labour practices and operations in sensitive geographies. These teams also review client relationships and transactions that are in scope of our position statements and internal standards, as part of their due diligence.

Our property and land valuers can use our environmental screening product, Barclays SiteGuard, to assess the history of a piece of land and the operational implications of a site's current or intended commercial use. Where appropriate, cases are referred to the Barclays' Environmental Risk Management team for review. In 2019, 3,880 commercial properties were screened using a Barclays Siteguard Report, with 1531 cases referred.

Credit risk teams also identify higher risk transactions and are able to leverage their regional, sector and product-related expertise to identify environmental and social risks.

The Group Sustainability and Environmental Risk Management teams provide training to both front office, credit risk and compliance teams to raise awareness of the risks in particular sectors and understand their responsibilities in identifying these risks. In 2019, training was provided to 600 colleagues. We also have developed detailed industry-specific risk guidance notes covering more than 50 environmentally and socially sensitive activities across 10 different sectors to further support business line and function teams. Sectors covered include, for example, Agriculture and Fisheries, Oil and Gas, Mining and Metals, and Utilities and Waste Management.

## Enhanced due diligence

Where significant environmental and social risks are identified, or the client or transaction is in scope of our statements and standards, this will be referred to the Group Sustainability team and Environmental Risk Management team to advise on enhanced due diligence. This may include a review of the client's policies, performance and practices, as well as their commitments and capacity to manage the identified risks. We may also review independent third party reports and assessments, and engage with the client directly to better understand how these risks are managed.

## Escalation and decision

Where relationships or transactions are considered to be high risk following the enhanced due diligence review, these are then escalated to the appropriate regional and business unit Transaction Review Committee, which contains senior business and control function representatives. Where necessary, this may be escalated to a Group-wide forum such as a sub-committee of the Group Executive Committee or ultimately to the Board for final decision.

Decisions will be informed by the extent to which we can work with the company to mitigate the risks causing concern. In cases where clients are unable or unwilling to agree to an action plan to address identified risks, or the risks are deemed too high, we may decline to support the transaction or continue the client relationship.

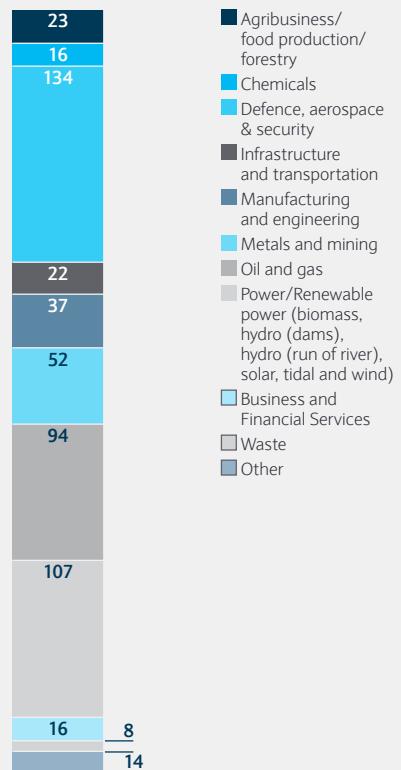
## Monitoring

We believe that we can have a greater positive impact through supporting clients to improve their performance within a reasonable time frame, rather than declining all transactions that carry heightened environmental or social risks. To achieve this, we may, as part of the escalation and decision process, require that environmental and social management requirements are integrated into loan documentation, and work with the client to develop a time-bound action plan to address significant risks. In these instances, we will monitor the client's progress on a regular basis.

During 2019, 523 transactions were reviewed for social and environmental risks; four of those transactions fell within the scope of the Equator Principles.

## Transactions subjected to social and environmental risk review in 2019 by sector

### 2019 transactions by sector



#### Note

There is a disproportionately high number of defence-related transactions due to internal, mandatory escalation rules.

# Environmental and social impact management

## Equator Principles

For project related finance, we apply our Environmental Risk Standard which implements the Equator Principles and relevant IFC Performance Standards. Barclays was one of the four banks which collaborated in developing the Principles, ahead of their launch in 2003 with 10 adopting banks. Our Environmental Risk Standard is supported by a toolkit for employees comprising a range of practical guidance documents.

## Equator Principle transactions 2019

	Category		
Sector	A	B	C
Mining			
Infrastructure			
Oil & Gas			
Power	4		
Others			
Region	A	B	C
Americas			
EMEA	1		
APAC	3		
Country designation	A	B	C
Designated	4		
Non-designated			
Independent review	A	B	C
Yes			
No	4		
Finance type	A	B	C
Project finance	4		

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

Country Designation is based on the World Bank's income criteria. Projects in designated countries (High Income OECD members) are assessed only according to local laws. Projects in 'non-designated' countries are assessed according to local laws and the International Finance Corporation's standards.

 For details of our energy sector finance restrictions see pages 53 to 55.

## Deforestation and soft commodities

During 2019 we worked to embed our Forestry and Palm Oil Statement, which we published at the beginning of the year. The Statement contains a number of requirements for clients with forestry, pulp and paper or palm oil operations that address deforestation risks and promote sustainable land use practices. For example, we require that clients establish a public commitment to prohibit the conversion of tropical forests, peatlands and high conservation value areas, and also require that clients achieve certification of their operations based on a credible certification scheme such as Forestry Stewardship Council (FSC) or Roundtable on Sustainable Palm Oil (RSPO).

We also produced a progress report on our implementation of the Banking Environment Initiative's Soft Commodities Compact, which we adopted in 2015. The report details the steps we have taken to support clients in the soft commodities supply chain to achieve zero net deforestation, and provides an assessment of the certification coverage of our clients involved in the production of palm oil, timber products, and soy.



Our progress report on the Banking Environment Initiative's Soft Commodities Compact can be found at: [home.barclays/esg2019](http://home.barclays/esg2019)

## Human rights and modern slavery

At Barclays, we operate in accordance with the International Bill of Human Rights, and take account of other internationally accepted human rights standards, including the UN Guiding Principles on Business and Human Rights. We respect and promote human rights through our employment policies and practices, through our supply chain screening and engagement and through the responsible provision of our products and services. This year we worked to embed human rights considerations into our client due diligence processes in sectors with elevated human rights risks. For example, we included forced labour considerations in our Forestry & Palm Oil Statement and indigenous rights/ local community engagement in our Energy & Climate Change Statement.

Modern slavery is a priority human rights issue for Barclays, and we are committed to combating this across our business, client and customer relationships, and our supply chain. In 2019 we refreshed our assessment of supply chain modern slavery risks and developed a detailed modern slavery due diligence questionnaire that was piloted with a range of higher risk suppliers in order to better evaluate the risks in our supply chain.

Barclays also participated in the Finance Against Slavery and Trafficking (FAST) Initiative led by the United Nations, which seeks to improve access to financial services for survivors of modern slavery and human trafficking. Barclays developed a procedure for opening bank accounts for survivors – who may not have access to required identification and verification documents – and successfully opened its first survivor bank account in October.

Barclays full position statements can be found on the Barclays ESG hub at [home.barclays/esg2019](http://home.barclays/esg2019)

- Climate Change
- Code of Conduct
- Data Protection
- Defence Sector
- Donations
- Environmental Risk in Lending
- Financial Crime
- Forestry and Palm Oil
- Governance and Financial Crime statements
- Health, Safety and Welfare
- Human Rights
- Modern Slavery
- Resilience
- Supplier Code of Conduct
- Supply Chain
- Tax
- The Barclays Way
- World Heritage Sites and Ramsar Wetlands

In 2020, we plan to carry out a strategic review of our approach to managing human rights risks, partnering with an external expert organisation. We anticipate that the results of this exercise will help inform improvements to our customer and client due diligence processes in particular and updates to our policy framework.



Further information on the Finance Against Slavery and Trafficking (FAST) Initiative can be found at: [fastinitiative.org/](http://fastinitiative.org/)

## Supply chain

### Barclays supply chain overview

With nearly 14,000 companies from more than 26 countries supplying us, our supply chain helps our businesses deliver for all our customers, clients and colleagues.

Barclays Execution Services, the central technology and functions business, is responsible for more than 50% of global third-party spend and supporting both (1) Barclays International – whose products and services are designed for our larger corporate, wholesale and international banking clients and (2) Barclays UK – whose products and services are designed for retail and consumer customers and small to medium sized enterprises based in the UK.

Though our businesses are geographically diverse, nearly 90% of our third-party spend is concentrated in the UK and US, our two home markets.

Our supply base is diverse across scale and ownership type and structure, including start-ups, small and medium-sized businesses, businesses owned, controlled and operated by under-represented segments of local societies as well as multinational corporations. In 2019, we achieved 8% of global spend with small and medium sized enterprises and businesses owned by women, ethnic minorities and other under-represented entrepreneurs.

Those we contract directly with, also known as first-tier suppliers, generally fall into one or more of the following categories: Corporate Real Estate & related services, Technology Infrastructure, Software & Services, Banking Operations, Professional Services, Marketing and Human Resources.

Many of our suppliers have their own extensive supply chains, connecting us to thousands more businesses and employees worldwide. Second-tier suppliers (subcontractors) are aligned to the work performed by first-tier suppliers.

### Third-party operational and reputational risk management

Barclays will always require that our suppliers comply with all applicable laws, regulations and standards within the geographies in which they operate.

Supplier relationships are assessed and managed based on the inherent risk posed to Barclays through provision of the services, and suppliers assessed as non low-risk are required to sign up to and adhere to Barclays Supplier Control Obligations (SCOs) covering operational risks and the Supplier Code of Conduct (SCoC) that covers reputational risks. The SCOS and SCoC are published on the Barclays website for all new and existing suppliers to view and are refreshed on an annual basis or more frequently if required to meet Barclays current standards and the latest regulatory requirements.



Barclays' SCOS and SCoC can be found at: [home.barclays/who-we-are/our-suppliers/our-requirements-of-external-suppliers](http://home.barclays/who-we-are/our-suppliers/our-requirements-of-external-suppliers)

The Barclays SCOS set forth expectations of suppliers considered medium and high risk across several risk categories including Compliance, Data Privacy, End-User Developed Applications, Health and Safety, Information and Cyber Security, Payments Processing, People Screening, Physical Security, Records Management, Resilience and Technology risk.

The Barclays SCoC, informed by the Global Reporting Initiative (GRI) sustainability reporting guidelines, an international set of voluntary codes, sets forth our minimum expectations with regard to Environmental Management, Human Rights, Diversity and Inclusion, Societal Responsibility, Product Responsibility, Whistleblowing and working in accordance with the Barclays Values. In instances where standards outlined in the Supplier Code of Conduct differ from local laws and customs, we expect suppliers to respect these standards within the context of the customs and the local laws of their specific geography.

Suppliers' adherence to the SCO and SCoC is captured pre-contractually via a Pre-contract Supplier Assurance Attestation (Pre-SAA). Any control gaps/weaknesses are captured in the Sourcing Risk Log which is submitted to the subject matter expert who will opine on the appropriate course of action, based on the level of risk associated with the control gap(s). Some of the gaps will be remediated before contract, some will be conditions of the contract and others will be accepted within the Barclays risk appetite and approved by the subject matter expert.

Post-contractually, on an annual basis, Barclays seeks ongoing assurance from the supplier that SCO controls continue to be designed and operating effectively. The assurance approach used is agreed based on the inherent risk associated with the supplier/service(s) provided and may take the form of on-site testing, remote desktop testing or a supplier attestation, or any combination of these approaches. Any control gaps or weaknesses identified are reviewed with the Barclays Executive accountable for the relationship and subject matter experts and remediation actions agreed, monitored and tracked to completion. Additionally, on an annual basis, suppliers categorised as non low risk must attest to their ongoing commitment to meet the expectations placed upon them within the SCoC and, where they are unable to meet these expectations, remediation must be progressed in order for the relationship with the supplier to remain in good standing.

### Prompt payment

Prompt payment is critical to the cash flow of every business, and especially to smaller businesses within the supply chain as cash flow issues are a major contributor to business failure.

Barclays PLC is a signatory to the Prompt Payment Code in the UK. We commit to paying our suppliers within clearly defined terms, and to ensuring there is a proper process for dealing with any issues that may arise. We measure prompt payment by calculating the percentage of third-party supplier spend paid within 45 days following invoice date, or receipt date if the invoice is received late (45 days from invoice date and where purchase order was raised ahead). The measurement applies against all invoices by value over a three-month rolling period for all entities where invoices are managed centrally.

We achieved 85% (2018: 82.1%) on-time payment by value to our suppliers, meeting our public commitment to the suppliers of 85%. This metric was affected by a change in procurement systems last year. Barclays started its three year journey to implement a new procurement system in 2018. This new system is a leading digital purchasing and invoice processing solution, designed to improve the buying experience for Barclays and bring benefits to our suppliers with increased transparency.

The Duty To Report on Payment Practices and Performance Legislation requires reporting on a six-month rolling average, by volume, where we measure percentage of payments made in line with contractual payment terms. Under this definition we paid 79% and 83% of UK invoices on time in H1 and H2 2019 respectively.

# Managing our operational footprint

## Managing the environmental footprint of our operations

Barclays is committed to managing our own operational footprint and transitioning to a low-carbon economy.



Full details of our progress and management processes are found in our GRI disclosures at: [home.barclays/esg2019](http://home.barclays/esg2019)

In 2019, we made significant progress towards our 80% carbon reduction commitment by 2025, achieving a 53%<sup>△</sup> reduction in Group emissions against the 2018 baseline through purchase of renewable energy contracts across our operations in the UK and continental Europe.

We are procuring 60% of our operational electricity needs from renewable energy and are on track to hit our interim RE100 target of 90% by 2025.

In light of this progress, we have committed to accelerating these timelines and are targeting an 80% reduction in Scope 1 and 2 emission and to procuring 90% of our electricity from renewable sources by the end of 2021.

In 2020, we will continue to explore opportunities for self-generation and power purchase agreements in the UK and US thereby adding additional renewable energy capacity to the market.

We continue to work on improving the operational efficiency of our property portfolio and in 2019 conducted a number of projects globally which have achieved a total of 2GWh of energy savings.

## Carbon offsetting

We offset our operational carbon footprint, including from our properties and colleague business travel, by funding an equivalent carbon dioxide saving elsewhere through the purchase of carbon credits. This is part of our wider strategy around reducing our overall footprint, which prioritises reducing operational carbon emissions through improved energy efficiency and sourcing low-carbon energy where it is cost effective to do so. We further drive carbon management and reduction downstream through working with suppliers and partners to instil a low carbon culture. Lastly, we offset unavoidable emissions from energy use in buildings and in business travel. We purchase credits from a range of projects, which must meet strict standards on verification and due diligence.

**Carbon emission Scope 1 & 2 reductions (from 2018 baseline) tCO<sub>2</sub>e**

**-53%**<sup>△</sup>

**Total emissions by scope (market based)<sup>△</sup> tCO<sub>2</sub>e**

	Scope 1	Scope 2	Scope 3
2019	24,276	110,071	68,137
2018	-25,868	260,731	69,233
2017		298,734	70,641

**Total emissions by scope (location based)<sup>△</sup> tCO<sub>2</sub>e**

	Scope 1	Scope 2	Scope 3
2019	24,276	185,743	68,137
2018	-25,868	203,126	69,233
2017		249,396	70,641

**Carbon emissions intensity tCO<sub>2</sub>e/FTE**

**2.51**

	2019	2018	2017
	2.51	4.26	4.93

### Notes

- Scope 1: Direct combustion of fuels and company-owned vehicles (UK only).
- Scope 2: Purchased electricity and steam for own use.
- Scope 3: Emissions related to employee business travel.

1 Emission reductions and intensities have been reported using the market based methodology. Prior year performance has similarly been updated to report on this basis.

2 The reporting year for our GHG emissions is 1 October to 30 September. The methodology used for emissions calculation is the WRI/WBCSD Greenhouse Gas Protocol. We have adopted the operational control approach on reporting boundaries.

3 2018 energy consumption has been restated from 679,553,281 kWh to 698,527,190 kWh to reflect additional consumption data not available at the time of reporting. Emissions and intensity ratios have been updated accordingly.

△ 2019 data subject to limited assurance by KPMG. Refer to page 111.

**Carbon emissions intensity tCO<sub>2</sub>e/m<sup>2</sup>**

**0.09**

	2019	2018	2017
	0.09	0.18	0.18

**Energy consumption '000 kWh**

**686,138<sup>△</sup>**

	2019	2018	2017
	686,138	698,527	750,086

**Energy intensity kWh/m<sup>2</sup>**

**446**

	2019	2018	2017
	446	441	416

**Water consumption '000 m<sup>3</sup>**

**1,225**

	2019	2018	2017
	1,225	1,039	1,400

**Waste t**

**10,465**

	2019	2018	2017
	10,465	16,999	13,596

## Paper and water

Globally we recycle 98% of our paper through our confidential waste stream. In addition, we are working with our Procurement teams to increase the coverage of sustainably sourced paper. We are actively looking to improve the efficiency of our water consumption across our buildings through the installation of water saving infrastructure in our buildings. A global pilot study of water reduction initiatives was launched in 2019.

## Plastic waste

In 2019 we delivered 80% of our global 5 Point Plastic Plan which aims to replace or remove single use plastic items available from our catering, branch and office areas. Where we have to date been unable to replace the use of plastics we have worked with suppliers to ensure the plastics used can be recycled. In total 20 million single use plastic items have been removed or replaced across our properties globally, with the remaining plastic items to be removed in 2020.

## Environmental property policy and environment standard

Barclays' Group Property Policy sets out criteria for environmental management, risk, opportunity and control for our buildings as we operate our business. Within the Property Policy we have environmental controls which range from aspects and impacts, pollution control through to environmental data reporting. These controls are annually audited by Barclays Internal Audit and control effectiveness is reported as part of our Enterprise Risk Management Framework. Within our Property Policy we include a commitment that any building investment over £5m will achieve an independent best practice standard for environmental performance.

## Environmental management systems

Barclays currently has 20 buildings globally certified to ISO 14001, which represents 50% of FTE. However, Barclays Environmental Operating Procedures, which are aligned to ISO 14001 standards, are implemented and reviewed against all buildings, ensuring environmental best practice, internal audit and management review is delivered across the full portfolio. Barclays also has an ambition to roll out full ISO 14001 certifications across its strategic campus sites globally by 2025.

## WELL registration

Barclays are working with the International WELL Building Institute (IWBI) and are a member of their new Portfolio Pathway Programme. IWBI delivers the WELL Building Standard™, the leading global rating system and the first to be focused exclusively on the ways that buildings, and everything in them, can enhance, not compromise, our health and wellness. Barclays aims to certify key strategic sites individually and will work to continuously improve upon health and well-being.

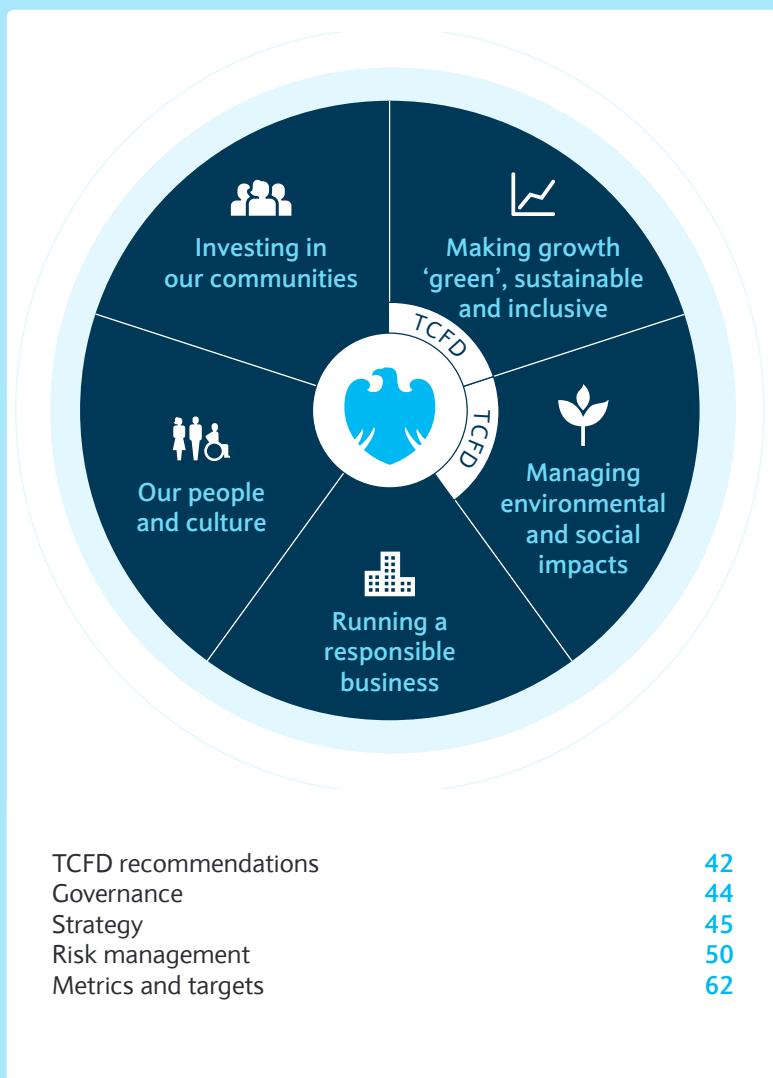
# Managing our operational footprint

## Looking forward

### 2018 – 2030 Targets (progress to date)

Theme	Target	2019 Progress	New accelerated 2020 target	
Greenhouse gas reduction	Achieve a combined 80% reduction of Scope 1 & 2 emissions, aligned to Science Based Target methodology, by 2025.	In 2019, we achieved a 53% reduction of Scope 1 & 2 emissions vs. 2018.	80% emission reductions from Scope 1 & 2 by 2021.	
Energy use	Purchase electricity from renewable sources: 90% by 2025 and 100% by 2030. 3% energy savings per annum.	To date, 60% of our energy is purchased through renewable means. We have a Regional Guarantee of Origin (REGO) for all of our mainland sites in UK in addition to a number of green contracts across a number locations in Continental Europe.	90% by 2021 and 100% by 2030. 15% energy savings by 2023.	
Water	25% reduction in water by 2025.	100m litres recycled by 2025.	We have spent 2019 evaluating water recycling pilots at key locations with a view to a wider deployment of initiatives in 2020.	
Waste	75% diversion from landfill by 2025.	5 Point Plastic Plan to remove or replace single use plastics by 2020.	Over 80% of the 5 Point Plastic Plan has been delivered across all of our corporate sites globally. We have removed or replaced 22 million single use plastic items.  Our remaining focus for 2020 will be on reducing our coffee cup usage. At the end of 2019, we achieved a 91% global diversion from landfill rate.	In 2020, we will set a global waste reduction target to 2025 which will complement our diversion from landfill target. This will form part of our accelerated waste management programme.  As the 5 Point Plastic Plan draws to a close, we are evaluating the remaining plastic items that exist in our portfolio and will look to remove these items as part of our accelerated waste management plan.
Paper	95% of paper recycled by 2025.	98% of paper recycled.	In 2020, we will create a paper policy that mandates purchase of sustainably sourced paper for all office printing.	
Vendor engagement	90% CDP Supply chain response rate by 2025.	80% of suppliers reporting GHG emissions by 2025.	Barclays has been listed on the 2019 CDP Supplier Engagement Leader Board and we requested 120 of our suppliers to complete CDP's Climate Change Questionnaire and achieved a 56% response rate in 2019.	

# Climate-related financial disclosures



# TCFD recommendations

We believe that comprehensive, robust and comparable disclosures are essential to enabling stakeholders to understand our activity and progress.

Barclays was a founding member of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD). Since the publication of the taskforce's final recommendations, in 2017, Barclays has aligned its disclosures to follow the TCFD guidance.

This is Barclay's third year of reporting with reference to the TCFD. We have significantly increased our disclosures across each of the four overall TCFD categories as well as the 11 underlying recommendations, including specific guidance for banks.

Building on our scenario analysis work in 2018, we are disclosing our Group-wide exploratory stress test on climate which has increased our knowledge and understanding of forward looking impact assessments.

We have also increased the granularity of information about our credit exposures in climate-related sectors. For example, we are now disclosing not just our overall carbon-related assets, but also detailed lending data related to climate change risk for a range of carbon-intensive sectors, such as steel, chemicals and transport.

We will continue to enhance our disclosures in future years and will work to reflect emerging guidance on TCFD from regulators and other bodies. Barclays will also continue to play an active role in national and global fora on TCFD and associated climate disclosure matters.

## Barclays support for TCFD



## The TCFD recommendations

The purpose of the TCFD was to develop climate related financial disclosures that could be widely adopted and would provide decision-useful information to investors, lenders, and insurance underwriters about the material risks posed by climate change. The TCFD focused on four core elements that are applicable to organisations across sectors and jurisdictions. The core elements of Governance, Strategy, Risk management and Metrics and targets are underpinned by eleven recommended disclosures that help banks and others understand how the reporting organisations assess climate-related risks and opportunities.



### Governance

The organisation's governance around climate-related risks and opportunities.

### Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

### Risk management

The processes used by the organisation to identify, assess, and manage climate-related risks.

### Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

## Overview of progress against recommendations

TCFD Focus Area	Recommended Disclosure	Our Disclosure
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.	<p>Describe the board's oversight of climate-related risks and opportunities.</p> <p>Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<ul style="list-style-type: none"> <li>▪ Oversight on climate change, including reputation risk, at Board level</li> <li>▪ Environmental and Social Impact Committee (sub committee of Group ExCo) sets overall direction on Climate Change strategy.</li> <li>▪ Oversight of financial and operational risks from climate change at Board Risk Committee.</li> </ul>
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	<p>Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning</p> <p>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<ul style="list-style-type: none"> <li>▪ Key risks impacting over short, medium and long term identified.</li> <li>▪ In-depth analysis of business strategy and the opportunities associated with climate change – risks described in detail in risk management section.</li> <li>▪ Overview &amp; outcomes from our Group-wide exploratory stress tests and engagement with 2 Degrees Investing initiative on its PACTA<sup>1</sup> tool. Future focus on Bank of England BES<sup>2</sup>.</li> </ul>
<b>Risk management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks.	<p>Describe the organisation's processes for identifying and assessing climate-related risk.</p> <p>Describe the organisation's processes for managing climate-related risks.</p> <p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<ul style="list-style-type: none"> <li>▪ Extensive description of risk management governance.</li> <li>▪ Identification of climate-related risks and over what time frames they manifest.</li> <li>▪ Implications of identified risks on some of the Principal Risks.</li> <li>▪ Enhanced disclosure on management of climate-related risks within overall risk management framework.</li> </ul>
<b>Metrics and targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<ul style="list-style-type: none"> <li>▪ Disclosed credit risk by elevated risk sector and concentrations of credit exposure to carbon related assets including percentage of total loans.</li> <li>▪ Green financing and operational footprint metrics disclosed.</li> <li>▪ Total capital raised across capital markets financing including breakdown of energy and power sectors.</li> </ul>

■ Recommendations we have been able to fully disclose against and will continue to evolve throughout the year.

■ Recommendations we have made significant progress against and recognise that further work is required to fully disclose against.

■ Recommendations that we have considered in depth and require further work and engagement. We expect to make progress on these over the year and be in a position to disclose next year.

<sup>1</sup> PACTA – Paris Agreement Capital Transition Assessment tool for corporate lending  
<sup>2</sup> BES – Biennial Exploratory Scenario

# Governance

## Group governance of climate matters

The Barclays PLC (BPLC) Board sets the strategic direction and risk appetite of the Group and is the ultimate decision-making body for matters of Group-wide strategic, financial, regulatory or reputational significance. More detail about the Group's overall governance framework can be found on pages 17 to 20.

A key development during 2019 has been that oversight of social and environmental matters, including climate change, has been taken up by the Board, where previously it was overseen by the Board Reputation Committee. This change in governance confirms the importance placed on these topics. Areas considered by the board in 2019 included our strategy on green financing, our policy positions relating to carbon intensive industries and our commitments to aligning with the goals of the Paris Accord.

In addition we appointed the Group Chief Risk Officer as Senior Manager responsible for climate-related financial risk under the Senior Managers Regime.



For further information on governance of climate risk please refer to page 50.

## Environmental and Social Impact Committee

Demonstrating the growing strategic importance of these issues, the Group Executive Committee created the Environmental and Social Impact (ESI) Committee in June 2019 to provide senior oversight and set the overall direction of Barclays' strategy to manage its broader social and environmental impacts. Chaired by the Group Chief Executive, with representation from business and function leadership, the Committee provides strategic management oversight, sets a firm-wide approach on key-topics and monitors execution against priorities.



## TCFD Forum

This senior forum, chaired by the Global Head of Sustainability and ESG, with representation from business lines and function teams including strategy, risk, finance, treasury and compliance, was set up in 2017 to provide oversight and drive implementation of the TCFD recommendations and the Group's wider climate change strategy. The forum reports into ESI on Barclays' response to the issue of climate change, including; the approach to climate-related opportunities and risks within the bank; and ensuring public commitments on the TCFD recommendation are upheld.

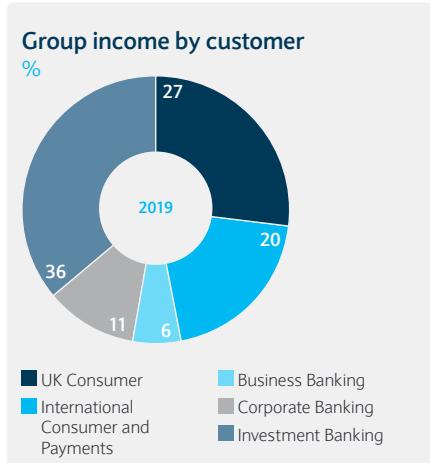
## Divisional sustainability coordination

The 2019 launch of the ESI has inspired the creation of multiple Sustainability Forums focused within specific business areas including Investment Banking, Corporate Banking and Retail and Business Banking. These forums advance and replace the work of the Barclays Green Banking Council, which was started in 2017. They operate in a targeted manner to drive client, employee and stakeholder engagement on environmental and climate change issues, whilst continuing to develop a leading product set to support our clients' transition to a low-carbon economy.

# Strategy

## Business strategy

We are a British universal bank with a diversified and connected portfolio of businesses, serving retail and wholesale customers and clients globally.



## Our business model

Our diversified business model is core to our strategy. The resilience this brings means we can deliver value to all our stakeholders.

Our diversification is a real strength, and we will maintain and increase our diversity as we evolve. Our revenue today comes from different businesses, different types of customer and client, different types of income, and different geographies. We believe this diversification creates the balance and resilience required to deliver through the economic cycle. As a result of having such a broad range of products and services, we can support our customers and clients across almost all of their financial needs. It also creates opportunities for growth. Across our businesses there are multiple areas where we benefit from significant scale – and where there is opportunity to further enhance the products and services we deliver for our customers and clients, without materially increasing capital deployed.

Strategic diversification is also relevant from a climate change perspective. Total carbon related assets in the energy and utility sectors are around 4% of our total loans as at December 2019 (see pages 62 to 63 for further detail). In terms of our broader capital markets financing and underwriting, the overall capital raised for energy, utility and mining clients, is around 12.7% of the total capital raised across all sectors.



See pages 10 to 13 for information on Barclays' ambition to be a net zero bank by 2050.

## Impact of climate-related risks and opportunities on strategy

In reference to the TCFD guidance, we provide a detailed view of the opportunities we see in supporting the transition to a lower carbon economy and growing our Green Finance activity. Information on our risk management approach and the emerging use of scenario analysis and stress testing tools to assess the resilience of our strategy can be found on pages 50 to 61.

## Supporting clients and customers

We aim to support our clients and customers in achieving sustainable and inclusive growth that is aligned to the goals of the Paris Agreement, via the provision of products and services to facilitate transition and adaptation.

We do not think that simple divestment achieves the aim of transitioning the economy. Instead, we recognise that engaging clients and mobilising the capital required for them to transition their own business models is the way to steward the most progress, both in terms of financing more 'green' activities and business models, and in transitioning the polluting elements of their business activities. We will prioritise and support those clients that are making progress in their own Paris-aligned transition journeys.

## Supporting the transition to green finance

Estimates suggest that between \$320 and \$480 billion of additional investment will be needed each year up to 2030, to achieve the goals of the Paris Agreement, in addition to reallocating existing investment in energy systems to renewable and green sources<sup>1</sup>. We are committed to supporting our clients in making the significant financial investments required to mitigate and adapt to climate change, whether financing their investment in efficiency, new forms of low-carbon technology, resilience in their business operations, or helping new markets to evolve and flourish through renewable and other low-carbon technologies.

In order to achieve the ambitions of the Paris Agreement, state and private-sector actors will need to work together to develop low carbon energy systems; low carbon approaches in building & construction, transport, manufacturing and other sectors; smarter cities (incorporating technology to improve urban planning and energy efficiency), a shift towards more sustainable agriculture, smarter resource management, and decarbonisation. Our aim is to actively support those efforts through the development of specialised products, services

and expertise, and we take seriously our responsibility to engage clients proactively on these and other environmental and social issues.

At the same time, we are mindful of the complex challenges faced by countries seeking to strike a balance between achieving sustainable economic development and industrialisation, while trying to mitigate climate change and adapt to its consequences – what is termed a "just transition". We are committed to supporting this transition by identifying and financing the deployment of affordable, sustainable and economically feasible technologies that provide energy security over the long term, which is crucial for both developed and developing economies. We also recognise that where we decide to actively support a client that is transitioning its technology base or operating model – and by virtue of that transition its employee base – as a financial service provider, we take responsibility for asking our clients the right questions about their response to the displacement of individuals from the security of employment; particularly those from more vulnerable groups.

Many government and corporate clients will need to train and upskill their current and future workforce on the importance of this transition. There will be an important role for financial institutions to play in terms of providing finance for this activity and this is something we will explore with our client base accordingly.

## How we organise our coverage of clients to support transition and green growth

As part of our ambition to continue to support clients' transition activities, to develop innovative new financing products, and to embed support for green and sustainable products and services across our operating model – we have established dedicated client-facing teams to advance this work.

## Supporting corporate and investment banking clients

Barclays supports the renewable energy and clean technology sector, offering strategic advice, and facilitating access to finance for renewables including wind and solar, energy storage solutions and other innovations that will support the transition.

We also continue to enhance our focus on the development of green product structuring capabilities in the capital markets and corporate banking markets including green bonds and sustainability-linked financing instruments (e.g. revolving credit facilities).

<sup>1</sup> International Institute for Applied Systems Analysis assessment (IIASA) "Energy investment needs for fulfilling the Paris Agreement and achieving the Sustainable Development Goals," pure.iiasa.ac.at/id/eprint/15328/

# Strategy



We will build on our leading product range for Corporate Banking clients, including green loans, green trade loans, green innovation loans, green asset finance and project finance capabilities to support clients that may not be able to access the capital markets.

Environmental financing grew by 45% year on year to a total of £7.8bn (2018: £5.3bn). We have seen good growth across our product set in our consumer and wholesale businesses. Alongside our strategy to align with the goals of the Paris Agreement, we will increase our commitment to green and sustainable finance, with a new target to provide at least £100bn of Green Finance by 2030<sup>1</sup>.

We expect the proportion of green financing in our portfolio to increase significantly over time as we support the shift to a low-carbon economy.

- The Sustainable and Impact Banking (SIB) group within the Investment Bank is advising two groups of corporate clients; emerging growth companies with an innovative technology or business model that is enabling the low-carbon economy and large established companies that are transitioning their businesses to become more sustainable. The SIB group advises these companies on corporate strategy and capital raising. With respect to the

emerging growth companies, the SIB group is initially focused on companies in four key sectors: Food and Agriculture, Clean Energy Technologies, Recycling and the Circular Economy and Water. Each sector contains a growing pipeline of companies that are helping to address climate change and lower carbon emissions. In addition to the positive environmental impact, the companies exhibit strong financial potential.

- In 2020, the newly formed Corporate Bank Sustainable Product group will focus initially on how it can grow the market in renewables, project finance and sustainability-linked loans, whilst working with traditional product teams to develop future ESG offerings for SME and some large corporate clients. The team will also continue to develop and promote our suite of green products for Corporate Banking clients (see diagram on page 25).
- The Green and Sustainable Capital Markets team will continue to support our growing franchise in green, social and sustainability debt products (bonds and loans). ESG debt financing has seen further growth in 2019 with a broader range of issuers accessing such debt products as they continue on their individual sustainability journeys.

## Supporting entrepreneurs and growth ventures

We also recognise that the solutions to the world's social and environmental challenges, including climate change, will come from a range of actors, which includes innovative and creative entrepreneurs, and agile start-up or early stage companies.

Barclays has developed a range of activities that commits to supporting entrepreneurs and early-stage businesses with ambitions to have a positive social and environmental impact, particularly those that are scaling rapidly.

- We are further accelerating the transition by launching a Sustainable Impact Capital Initiative, to invest £175m over a 5-year period in the equity of innovative, environmentally-focused private companies. This will be managed by Barclays Principal Investments team. Underpinning the initiative is the strategic aim to help support Barclays' long-term goal of transitioning its businesses, customers and communities to a more sustainable operating model.

1 Target time frame 2018-2030. Eligible categories and basis of calculation in line with Barclays Impact Eligibility Framework, including renewable energy, energy efficiency, low-carbon transport, sustainable food, agriculture and forestry.

2 Unreasonable Impact is available at [unreasonableimpact.com](http://unreasonableimpact.com)

- In 2016, we created Unreasonable Impact<sup>2</sup>, a multi-year partnership with Unreasonable Group, to launch the world's first international network of accelerators focused on scaling up entrepreneurial businesses that will help employ thousands of people around the world, while solving critical environmental and societal challenges. Through the programme, Barclays is committed to supporting over 250 high-impact businesses by 2022.
- The Barclays Social Innovation Facility (SIF) is an internal mechanism that incubates ideas for profitable financial products and services that seek to specifically address environmental or social challenges. SIF has contributed to the development of a number of products in the climate finance and sustainable capital market spaces, such as the Barclays Multi-Impact Growth Fund and the Social and Impact Banking Group.

### Client engagement

We have held over 4,500 meetings in the Corporate Bank alone to engage with clients on the Green agenda, which is supported by our framework for Regulatory, Reputational, and Commercial drivers. This represents over a 50% increase on 2018, and underlines the increased importance of ESG issues for our clients and our increased focus to respond to this need.

### Products and services to facilitate the transition

As social and environmental challenges are tackled globally, our clients increasingly need advisory and financing solutions that can help them to achieve commercialisation and scale. Institutional and other investors are increasingly interested in environmental, social and governance (ESG) issues, policies and practices.

In recent years, as we have reorganised and formed new business teams and grown knowledge and expertise in these areas, we have increasingly supported clients with these solutions – but we also recognise our need to continue to grow this capability. With the help of the aforementioned sustainability forums around the bank, these efforts are well under way.

## Helping clients issue Green Bonds and financing renewable

### Orsted Green Bond

Barclays helped Orsted, a leading global renewable energy company headquartered in Copenhagen, to issue £900m green bonds to fund its offshore wind projects. Since 2006, the company has reduced their emissions by 86% and committed to become carbon neutral by 2025. To become 100% carbon-neutral, the company will continue to drive out the remaining emissions from its energy generation and operations by investing in innovation and offsetting any residual emissions through certified carbon removal projects. The proceeds raised will in part help to finance Hornsea 2, which once complete in 2022 will be able to power over 1.3 million UK homes and take the title as the world's biggest offshore wind farm.

### Apple Green Bond

In November 2019, we priced a €2.0bn green bond for Apple. The transaction was the largest ever Euro-denominated green bond issued by a US corporate, and the second-largest Euro-denominated corporate green bond offering of all time. Apple intends to use the proceeds from the offering to finance one or more of its 'Eligible Green Projects': mitigating its impact on climate change by reducing the carbon footprint of its supply chain, pioneering the use of greener materials in its products and processes, and conserving resources by transitioning to recycled and renewable materials for production.

### Renewable Project Bond series in Japan

Barclays has helped Renewable Japan Co. Ltd issue a series of green project bonds during 2019, with a total issuance of JPY 44 billion (308 million GBP) through six bonds. Barclays acted as sole green structuring advisor and sole bookrunner on these transactions, with strong demand from Japanese life insurers, against continuous demand in ESG investment.

Renewable Japan is a leading general service provider in the renewable energy sector in Japan, specialising in development and operation of solar power plants. The Group also manages a publicly listed infrastructure fund, Renewable Japan Energy Infrastructure Fund, while the total capacity of the mega-solar plants that the Group has developed and operated to date reaches 500MW, estimated at US\$1.8bn as pipeline asset value in Japan.

### Financing offshore wind farms

In 2019, Barclays acted as a mandated lead arranger and hedge provider on the financing of Neart na Gaoithe, a 448MW offshore wind project located off the east coast of Scotland. After construction, this major project, owned jointly by EDF and ESB, will cover an area of 100km<sup>2</sup>.

### Offering solutions for consumers

In 2019 we also enhanced our green and sustainable retail product offering. Our Barclays Green Home Mortgage offers homebuyers lower interest rates for new build properties meeting minimum energy efficiency requirements. In January 2019, we extended its distribution to a further nine major homebuilders (bringing the total to fourteen), who between them build more than half of all new-build residential properties thereby further increasing the availability of green finance solutions.

# Strategy

Developing a wider range of green products is a growing area of focus for Barclays UK to help our customers transition to the low carbon economy. During 2019, we conducted consumer research on awareness and attitudes toward green finance amongst our UK customer base. Whilst the research found that a large proportion of consumers currently don't know how green finance may be applicable to them, there is growing interest. We have established a Sustainability Forum within Barclays UK, to bring together product and channel leads to explore opportunities to support our business and personal banking customers.

Across our Private Banking and Wealth & Investments businesses, Barclays has a growing number of clients who are seeking both to protect and grow their assets, and to make a positive contribution to our world. Recognising the risks, and opportunities, of climate change is an integral consideration in how this business invests for clients. For those who want a more active stance, climate-focused investment products and services are provided, including fossil-free or lower carbon strategies. These range from discretionary portfolios, a selection of third-party funds, private asset funds, or direct investments into companies addressing climate issues. The Private Bank regularly publishes briefings to inform clients about specific risks and opportunities their investments will face, including those posed by climate change and the transition to a lower carbon economy.

**Advocacy and public policy engagement**

Government action is central to making the shift to a low carbon economy. Governments have the ability to commit to a strong position, create an appropriately ambitious policy environment, and drive consistency across sectors. In 2015, Barclays committed to the Paris Pledge for Action, and we support the 195 governments, and more than 300 cities around the world which are working towards their commitments under the Paris Agreement. We seek to work closely with governments in the geographies in which we operate to support the development of practical and ambitious policies where appropriate. We support the creation of national green finance strategies, such as the UK Green Finance Strategy launched in 2019, which specifically aim to support the mobilisation of finance towards the transition to a low-carbon economy.

We also participate in relevant global conversations about what productive public policy could look like on the issue of climate change, both bilaterally with relevant Government departments and via sustainable finance focused industry working groups, such as the UK Green Finance Institute, UK Finance, the Confederation of British Industry



(CBI), the Association for Financial Markets in Europe (AFME) and the Institute of International Finance (IIF). On a senior level, we chair the UK Government's Global Resource Initiative and are members of the UK Finance Sustainable Finance Committee and the CBI Energy and Climate Change Board.

## Industry and multi-stakeholder engagement

We seek multi-stakeholder and industry partnership opportunities related to climate change. Barclays is a member of, or signatory to, a number of climate-specific initiatives. We have been a member of the United Nations Environment Programme Finance Initiative (UNEP FI) for more than 20 years. We were proud to partner with UNEP FI, and to collaborate with other members to develop the Principles for Responsible Banking, launched in September 2019.

As we deepen our understanding of future climate-related risks and opportunities, we have continued to engage with peers, industry experts and academics to assess transition to a zero-carbon economy and consider emerging methodologies for aligning bank portfolios to the Paris goals.

In 2019, we joined 17 international banks as a pilot group working with 2 Degrees Investing Initiative (2°ii). We were pleased to be able to test the methodology for their Paris Agreement Capital Transition Assessment (PACTA), helping it to become more broadly used in the banking sector. The pilot focused on seven sectors including fossil fuel production and power generation of gas, oil and coal, and has allowed us to understand the extent to which our lending activity to carbon-intensive industries is aligned to the two-degree pathway of the Paris Agreement, taking into account the fact that it is focusing on a moment in time.

## The Impact Series

Barclays' thought-leading Impact Series provides analysis and insights on the social impact of economic, demographic and disruptive changes affecting markets, sectors and society at large, while commercialising the bank's research product.

Extending the track record of exceptional client response to the Impact Series, the piece titled *Oil in 3D: the demand outlook to 2050* and published in May 2019 drove a high volume of client interactions while strengthening Barclays' leadership position on the topic. The publication analyses whether the world's estimated oil needs for the next few decades could be compatible with the COP 21 commitment.

In particular, the report explores three potential scenarios for global oil demand out to 2050. Modelling differing degrees of government policy and technological innovation, the analysis assesses their impact on future demand. The research concludes that only the most ambitious scenario, which represents a step change to the trajectory the world is currently on, will result in the 30% reduction in oil usage that may be required to help curb global temperatures to below the 2°C figure agreed at the Paris COP 21.

The research is authored by Lydia Rainforth, a Managing Director in Barclays Equity Research team with close to two decades experience in the energy sector. Previous publications have recently won several awards on the 2019 Financial Communications Society Portfolio Awards.

## 2 Degree Investing Initiative PACTA methodology

In 2019, Barclays was part of an initial pilot group of 17 international banks road-testing with 2<sup>o</sup>ii's Paris Agreement Capital Transition Assessment (PACTA) methodology<sup>1</sup> for climate scenario analysis of corporate lending portfolios. The aim of the methodology is to create one approach to assess the alignment of a bank's corporate lending activities and portfolios with varying future climate change scenarios and ultimately with 2°C scenario benchmarks. The objective of the road testing was to provide feedback and help assess if the methodology could be more broadly used in the banking sector.

The PACTA analysis to-date covers seven key climate-relevant industries: Upstream Oil & Gas, Coal Mining, Power generation, Automotive manufacturing, Shipping, Cement & Steel.

The methodology utilises information from Barclays' loan portfolio (for the seven industries in scope), 2<sup>o</sup>ii databases which store forward-looking information on capacity or technology utilised by corporates (physical asset-level data) taken from third-party data providers, and finally information from various IEA climate scenarios, condensed to the technology pathways these scenarios prescribe.

A scenario which PACTA utilises, which we felt most relevant, is the IEA's Sustainable Development Scenario (SDS), which predicts a 1.7 -1.8°C in median temperature rise by 2100. The SDS projects that global final energy consumption can stay flat thanks to gains in energy efficiency, despite the doubling in economic output.

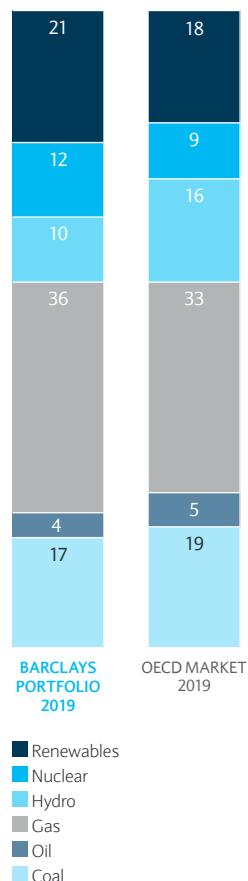
To illustrate an element of the outputs shared by the PACTA tool, the graphic on the right shows how the PACTA methodology divides our loan portfolio for the power sector into a mix of generation technologies. The tool does this by tracking the generation technology capacity mix for the power

companies that we lend to, as well as for forecasts of the change in that mix at those companies over the near-term. It is then possible, using the PACTA tool, to compare our current portfolio with the power generation technology mix in the wider economy for OECD countries. The PACTA tool's aim is to be able to prescribe targets for the technology mix of a bank's loan portfolio in future, in order to align lending activities to various scenarios, according to PACTA's specific methodology.

We recognise that the PACTA methodology is still evolving and is, therefore, subject to change. We also recognise that there are also other emerging approaches that aim to assess the alignment of corporate lending portfolios with differing climate scenarios – these various initiatives can differ in the assumptions made about how to link the contribution of specific lending activity with economic activity that impacts on global warming and climate change. Given this is a rapidly evolving field, we may need to further adapt to new insights as they develop. We are committed to this process of refinement and development and will continue to assess available and emerging methodologies and how we can practically apply them.

### Barclays corporate lending portfolio energy technology mix for power production vs OECD market

%



BARCLAYS  
PORTFOLIO  
2019

OECD MARKET  
2019

- Renewables
- Nuclear
- Hydro
- Gas
- Oil
- Coal

Details on how Barclays has considered its approach to alignment with the Paris Agreement can be found on pages 10 to 13.

- 1 Barclays has used the tools and methodology developed by 2 Degree Investing Initiative and underlying data provided through their platform. This methodology and the underlying data has not been developed or validated by Barclays. The application of this methodology (or any consequences of such application) shall not be interpreted in any way as conflicting with any legal or contractual obligations. Any such legal or contractual obligation shall take precedence over the application of this methodology. Our interpretation, application or involvement with the PACTA, express or implied, is not intended to and shall not create or grant any right or any cause of action to, by or for any person.

Collaboration across the industry will ensure that consistent methodology and understanding is developed. Barclays was a member of the UNEP FI TCFD Phase 1 pilot project aimed at developing transition and physical assessment models and metrics to enable scenario-based, forward-looking assessment and disclosure of climate-related risks and opportunities. In April and July 2018, the Phase 1 Banks published reports detailing the methodologies for scenario-based assessments of transition and physical risks and opportunities.

The reports can be found here:

**Extending our Horizons: Assessing Credit Risk and Opportunity in a Changing Climate** [unepfi.org/news-themes/climate-change/extending-our-horizons/](http://unepfi.org/news-themes/climate-change/extending-our-horizons/)

**Navigating a New Climate: Assessing Credit Risk and Opportunity in a Changing Climate** [unepfi.org/publications/banking-publications/navigating-a-new-climate-assessing-credit-risk-and-opportunity-in-a-changing-climate/](http://unepfi.org/publications/banking-publications/navigating-a-new-climate-assessing-credit-risk-and-opportunity-in-a-changing-climate/)

In 2019, Barclays has participated in Phase 2 which seeks to develop the findings of the first phase. In particular, the Group is engaging with academics and research institutions to better understand the science behind climate change and translate it into decision-useful financial metrics that can inform our future financing activities.

We are also a member of the Science Based Target initiative, which is working to develop metrics and methodologies to measure and set targets for alignment with a two-degree world, including accounting protocols for emissions related to financing, banking and investment management activities.

# Risk management

## Risk governance

### Financial and operational risks associated with climate change

#### Board Risk Committee (BRC)

Barclays PLC Board Risk Committee monitors and recommends the Group's financial, operational and legal risk appetite. It considers reports on key financial and legal risk issues and oversees conduct and compliance. It also monitors the Group's financial, operational and legal risk profile.

In 2019, the Committee received an update on the financial and operational risks associated with climate change and endorsed the approach to manage these risks, which included the establishment of a Climate Change Financial Risk and Operational Risk Policy and the inclusion of climate change in the Enterprise Risk Management Framework (ERMF) and Principal Risk Frameworks.

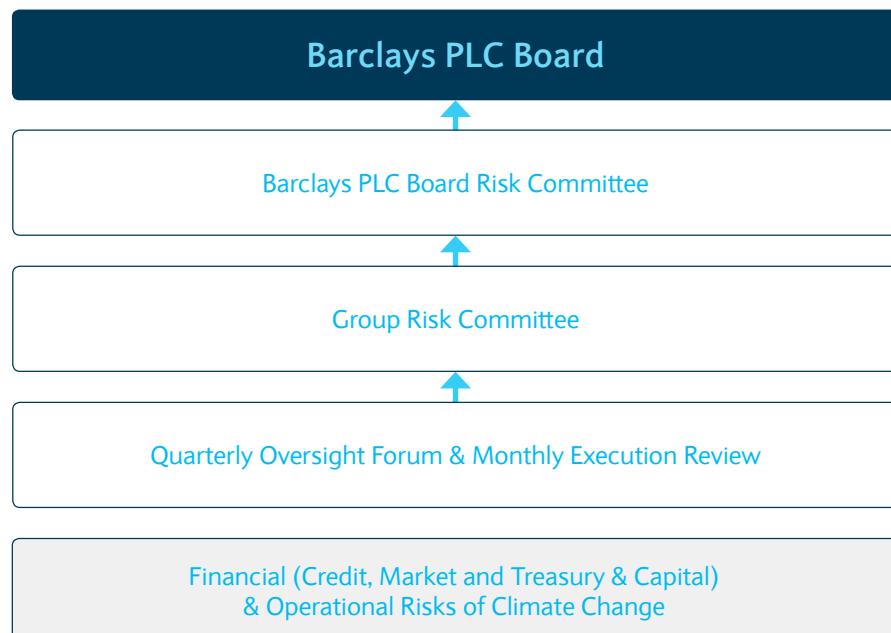
The Committee also reviewed the significant enhancements the Group has made in its approach to managing the risks associated with climate change. Both physical and transition risks across all portfolios were considered in the context of a severe but plausible climate stress. This analysis will support the Group's response to the forthcoming Bank of England (BoE) industry-wide stress test. This progress was welcomed by the Committee, whilst acknowledging the need for risk management practices generally to evolve further across the industry in respect of climate change risk.

Barclays Chief Risk Officer has been appointed as Senior Manager responsible for climate risk and the Head of Enterprise Risk Management has been made Accountable Executive.

#### Group Risk Committee (GRC)

GRC reports into the Board Risk Committee. This mandated committee is the most senior risk executive body and is convened to:

- Review and monitor the risk profile of a material nature to the Barclays Group. This includes coverage of all Principal Risks and other key themes, including climate change, which may impact the Group;
- Review and recommend to the Board Risk Committee the proposed Risk Appetite for Barclays Group and legal entities and review and recommend limits to control Risk Appetite.



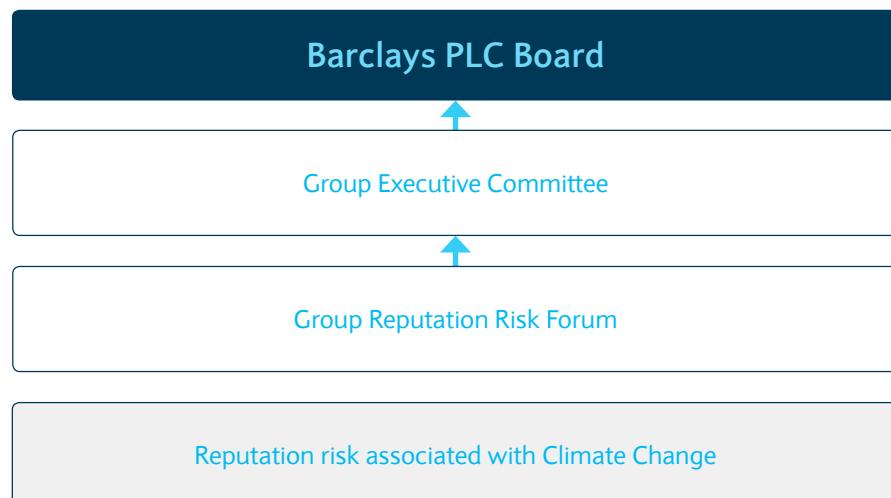
#### Financial and operational risks of climate change – monthly execution meeting

To oversee the implementation of climate change risk management, a monthly stakeholder working group has been established, bringing together senior colleagues within Risk, Treasury, Finance and Sustainability. This group is responsible for the delivery of key actions and milestones as Barclays embeds climate change risk into risk management frameworks, as well as discussing the approach and strategy for key climate risk projects, including the Bank of England's Biennial Exploratory Scenario.

#### Reputation risks associated with climate change

Reputation risk issues arising from climate change (for example, breach of sensitive sector restrictions) would be tabled at the Group Reputation Risk Forum as part of the quarterly reporting process, which reports up to Group ExCo for review and the full Board for noting.

More urgent climate change-related reputation risks that require immediate assessment would be escalated accordingly to the individual business process in place. If the risk spans more than one business, it would be escalated up to Group ExCo and the full Board.



## Managing climate-related risks

Risks arising from climate change materialise through various channels:

1) through the financial services and support we provide to customers who may themselves be exposed to the risks of climate change;

- 2) the operation of our own infrastructure, business and premises which may be exposed to both transition and physical risk; and
- 3) through a deteriorated perception of Barclays if we do not adequately support a transition away from high-carbon activities and consequent loss of our social licence to operate.

We broadly categorise climate risks into one of the following – transition risk, physical risk and connected risk. Within these broad categories we identify a number of factors arising from climate change which we monitor over the short, medium and long- term.

### Transition Risk

The transition to a lower carbon economy will involve significant rapid policy, regulatory and legal changes, as evolving technology and markets adapt to a changing climate and associated impacts.

Changing public sentiment may lead to scrutiny of the business activity, leading to reputational damage.

Over time, campaign and other groups may decide to take legal action against entities perceived to be contributing to climate change.

### Physical Risk

Physical risks resulting from a changing climate can be event driven (acute risks), including increased severity of extreme weather events such as cyclones, hurricanes and flood.

Longer term shifts in climate patterns (chronic risks) arise from sustained higher temperatures that may cause rises in sea levels, rising mean temperatures and more severe weather events.

Potential impacts on GDP, unemployment, food prices, inflation, insurance costs, asset prices and profitability of sectors. Physical damage could result in higher costs and impair asset values.

### Connected Risk

Connected Risk is the second-order risk arising from physical or transition risk impacts. Connected risk is diverse, impacting consumer and wholesale portfolios. These could be household affordability or recessionary pressures from the rise in credit defaults and sector profitability arising from transition and physical risk.

**When considering climate-related risks, Barclays has categorised short, medium and long term to mean the following timescales:**

Short Term  
0–1 Years S

Medium Term  
1–5 Years M

Long Term  
5–30 Years L

#### Examples of climate transition risks

##### Regulatory Risk

S M L

- Rapid policy or regulatory changes (e.g. carbon taxes, tightening of efficiency standards) could lead to increased credit risk associated with clients and counterparties.
- Widespread and significant policy changes have not yet occurred but remain a risk now and in the future.

##### Technology Risk

S M L

- New evolving and disruptive technologies could lead to substantial and rapid changes in costs of production and operation, competitiveness, supply and demand in certain sectors – which could impact on credit risk associated with clients and counterparties.
- The risk of this occurring exists now and in the future.

##### Legal Risk

S M L

- Clients could face potential litigation as a result of the environmental impact of their business activities or their approach to addressing climate change, which could lead to credit risk for the bank where we have exposure to them.
- There is some evidence that this is an emerging risk which could continue into the future.

#### Examples of climate physical risks

##### Acute Physical Risk (event-driven)

S M L

- This could lead to credit and market risks associated with counterparties and clients.
- The bank's own operational resilience will mitigate against business disruption and damage to assets.
- Acute physical events are already occurring in the short term but will likely continue and become more widespread.

##### Chronic Physical Risk (shifts)

M L

- These risks could impact on entire sectors and geographic regions that the bank supports, as well as potentially impacting on the bank's own infrastructure.
- These shifts in climate pattern are expected to manifest in the longer-term.

# Risk management

During 2019, we further embedded climate change risk into the Group's Enterprise Risk Management Framework (ERMF) and recognised that climate change, and the associated risks described above, can impact a number of principal risks the Group faces.

		Enterprise Risk Management Framework (ERMF)				
		Climate Change Standard				
		Climate Change Financial Risk and Operational Risk Policy				
Governance		Reputation Risk			Credit Risk	Market Risk
Responsibilities		Treasury & Capital Risk		Operational Risk		
Ownership		Global Head of Sustainability & ESG	Credit Risk Accountable Officer	Market Risk Accountable Officer	Treasury & Capital Risk Accountable Officer	Operational Risk Accountable Officer
	<ul style="list-style-type: none"> <li>Outline minimum requirements and controls for reputation risk management relating to client relationships or transactions.</li> <li>Outline the expected business behaviours in relation to these issues.</li> <li>Outline the approach to enhanced due diligence.</li> </ul>	<ul style="list-style-type: none"> <li>Review individual obligors' exposure using Credit Climate Lens.</li> <li>Consider climate change risk appetite in relevant countries and portfolios.</li> <li>Oversight by Retail and Wholesale Risk Management Committees, and Board Risk Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Assess and identify all risk factors affecting climate change risk.</li> <li>Apply stress scenarios, assess stress losses and set risk limits.</li> <li>Include in ICAAP.</li> <li>Oversight by Market Risk Committee and Board Risk Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Assess and aggregate exposures to climate-related risks.</li> <li>Incorporate as part of stress testing, capital and liquidity planning, and non-traded market risk funding processes.</li> <li>Include in ICAAP and ILAAP.</li> <li>Oversight by Treasury and Capital Risk Committee and Board Risk Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Integrate climate change across different risk categories e.g. premises, supplier.</li> <li>Include climate change within risk assessment processes including strategic risk assessment.</li> <li>Oversight by Operational Risk Profile Committee and Board Risk Committee.</li> </ul>	

## Enterprise Risk Management Framework (ERMF)

The ERMF sets the strategic approach for risk management by defining standards, objectives and responsibilities for all areas of the Group.

The ERMF is complemented by frameworks, policies and standards which are mainly aligned to individual principal risks.

Within the ERMF, the Group has a Climate Change Standard that corresponds to our latest Climate Change Statement to manage reputation risk. For credit, market, treasury and capital and operational risk, the Group published a 'Climate Change Financial Risk and Operational Risk Policy'.

## Climate Change Statement and Standard

In January 2019, we developed the bank's first Energy and Climate Change Statement and Standard, which set out our approach to climate change and energy sectors. This is now replaced with an updated, broader Climate Change Statement which sets out our strategic ambition to support economies and clients through the transition that is needed, as well as approach on all sectors relevant to climate change. We have developed an internal standard to reflect these positions in more detail and together with other climate-related Standards (such as the Forestry & Palm Oil Standard), these now determine our approach to climate change and relevant sensitive sectors. These standards sit under the management of reputation risk within the ERMF and are enforced through an existing transaction origination, review and approval process that has been described in more detail on pages 34 to 35.

## Environmental Risk Standard

In 2019, the Equator Principles Association published version four of the Equator Principles which introduces, amongst other things, new requirements on sponsors to prepare a Climate Change Risk Assessment aligned with the physical risk and transition risk categories of TCFD. Barclays adherence to the Equator Principles is governed by the Environmental Risk Standard which considers financial risks arising from wider environmental and social issues and is overseen through the transaction review process also described on pages 34 to 35.

## Barclays' approach to sensitive sectors

### The Energy Sector and Electric & Gas Utilities Sectors

The energy industry is essential for almost all economic and human activity, and is at the heart of important opportunities and challenges faced by the world today. The sector provides power, transport and heating, and supports industry, education, health, and livelihoods in communities across the world.

The global energy sector is already changing rapidly, embracing new technology, data-driven efficiency solutions, and, increasingly, reliance on renewable energy. Against the backdrop of these trends, we are responding to the needs of our clients operating in the energy sector, supporting their transition to less carbon intensive sources of energy, as well as helping to mitigate and adapt to physical risks which are heightened by climate change. We support our clients to adopt new technologies rapidly, embracing the trend of increasing electrification of the energy system, improving efficiency, and reducing the carbon intensity of their industries.

We are especially cognisant of the need for a just transition. The Paris Agreement requires that appropriate financial resources, new technology and an enhanced capacity building framework is put in place to support action by those countries most vulnerable to the impacts of climate change. The just transition towards an environmentally sustainable economy needs to contribute to the goals of decent work for all, social inclusion and the eradication of poverty. Governments and the private sector have a joint responsibility to ensure that the transition to a low-carbon economy is not carried out at the expense of social welfare, access to employment and associated worker benefits.

According to the commonly used IEA scenarios, there will be a significant shift away from carbon based fuel consumption in the long term and we are adapting our financing activity to reflect that change. In particular, we have introduced more stringent restrictions on our support for the thermal coal sector, given the consensus that investment in this fuel type needs to end by 2030.

Barclays is committed to a considered approach to clients in sectors with higher carbon-related exposures or emissions from extraction or consumption, or those which may have an impact in certain sensitive environments or on communities. We conduct Enhanced Due Diligence (EDD) on a case-by-case basis on clients in these sensitive energy sectors that fall outside explicit restrictions, and will consider the following factors as a minimum:

- i. The client's adherence to the Equator Principles (if a project finance or credit transaction is deemed to be in scope) and relevant International Finance Corporation (IFC) performance standards;
- ii. The client's adherence to local and national environmental regulation and standards and industry best practice;
- iii. The client's management and implementation of procedures which minimise direct environmental impacts in the context of their operations;

- iv. The client's transparent corporate governance and oversight of climate change issues and associated corporate risks, including disclosure against principles such as the Financial Stability Board (FSB) Taskforce on Climate-related Financial Disclosures and appropriate transition plans;
- v. The client's approach to and track record in protecting the health and safety of the workforce and local communities;
- vi. The client's approach to stakeholder engagement and consultation, including its commitment and adherence to the principles of Free Prior Informed Consent (FPIC) where indigenous peoples may be impacted by their operations;
- vii. The client's approach to managing its human rights impacts, including its commitment and adherence to UN Voluntary Principles on Security and Human Rights where the client uses security personnel.

In order to assist and enhance the EDD process, we operate a training programme for credit teams and plan to expand our awareness raising across a wider range of relevant internal audiences throughout 2020.

External technical input may be obtained to assist the business in reviewing and assessing whether certain client activities meet our internal EDD criteria, or where there is uncertainty as to whether a certain activity is within scope of our EDD criteria. Barclays will continue to align its approach to sensitive energy sectors with developments in government and public policy.

#### Sector restrictions

For the sector specific restrictions, the following definitions should be applied:

- i) "Financing": all lending, underwriting, issuance of debt and equity, trade and working capital finance;
- ii) "Directly finance projects" refers to project finance or other lending/underwriting where the use of proceeds is known to be for a particular project.

# Risk management

## Coal

We are working to adjust our financing portfolio to mirror the trajectory in energy emissions required to meet net zero, taking the International Energy Agency's (IEA) Sustainable Development Scenario (SDS) as our starting point. Our January 2019 Energy and Climate Change Statement outlined our initial restrictions regarding the thermal coal industry, which are still in place as follows:

- No project finance to enable the construction or material expansion of coal-fired power stations anywhere in the world;
- No project finance for the development of greenfield thermal coal mines anywhere in the world.

In recognition of the fact that Barclays needs to go further in the approach taken to this industry, we are also now introducing the following restrictions:

- From 2020, we will not provide any financing to clients that generate more than 50% of revenue from thermal coal activities (mining and/or coal fired power generation);
- By 2025, we will no longer provide any financing to clients that generate more than 30% of revenue from thermal coal activities;
- By 2030, we will no longer provide any financing to clients that generate more than 10% of revenue from thermal coal activities;
- We will provide transition finance for companies reducing their thermal coal portfolio (including retro fitting of existing facilities). For those unable to transition their portfolio, we will provide financing for decommissioning plants;
- We will also not provide general corporate financing that is specified as being for new or expanded coal mining or coal-fired power plant development.

*Restrictions relating to % revenue generated by clients from thermal coal activities listed above applies to the entity being financed, whether transacting with a group parent, subsidiary or joint venture.*

## Mountain Top Removal Coal Mining

Mountain Top Removal (MTR) coal mining refers to surface coal mining (and the associated reclamation operations) that remove entire coal seams running through the upper fraction of a mountain, ridge, or hill, by removing all of the overburden and creating a level plateau or gently rolling contour with no high-walls remaining.<sup>1</sup>

Barclays recognises that MTR in the Appalachian region of the USA is a legal mining method, overseen by a robust regulatory framework. MTR has also, however, been subject to intense political, judicial and regulatory debate over the last decade, due to its negative environmental and social impacts on one hand, and positive local benefits on the other.

The following additional restrictions are in place for clients active in MTR:

- Barclays does not directly finance MTR projects or developments;
- We apply EDD to financing facilities involving clients which practice MTR.

## Arctic Oil and Gas

Arctic oil and gas refers to new exploration and extraction of oil and gas in the area within the Arctic Circle which is subject to sea ice, and includes the Arctic National Wildlife Refuge (ANWR) and the Coastal Plains<sup>2</sup>. The ANWR is a particularly fragile and pristine ecosystem which is central to the livelihoods and culture of local indigenous peoples. We have therefore introduced the following restrictions:

- We will not directly finance oil and gas projects in the Arctic Circle, including but not limited to the ANWR.
- In addition, we will not provide any financing to companies primarily engaged in oil and gas exploration and production operations or plan in the Arctic Circle, including but not limited to the ANWR.

By 2030, we will no longer provide any financing to clients that generate more than 10% of revenue from thermal coal activities.

<sup>1</sup> The Surface Mining Control & Reclamation Act (SMCRA 1977), available at [gpo.gov/fdsys/pkg/CFR-2012-title30-vol3/pdf/CFR-2012-title30-vol3-sec716-3.pdf](http://gpo.gov/fdsys/pkg/CFR-2012-title30-vol3/pdf/CFR-2012-title30-vol3-sec716-3.pdf)

<sup>2</sup> The Arctic Circle is defined by the National Snow & Ice Data Center, available at [nsidc.org/cryosphere/arctic-meteorology/arctic.html](http://nsidc.org/cryosphere/arctic-meteorology/arctic.html)

## **Oil Sands**

Oil sands refers to naturally occurring deposits of water and clay, containing a heavy, viscous oil called bitumen.

The development of Canada's oil sands reserves is Canadian government policy and, as such, the Canadian Oil Sands industry is highly regulated. New technology is being actively deployed to extract oil sands and to improve environmental performance.

In order to address stakeholder concerns, we will only provide financing to clients who have projects to reduce materially their overall emissions intensity, and a plan for the company as a whole to have lower emissions intensity than the level of the median global oil producer by the end of the decade. This approach takes into consideration the just transition for the workforce and communities currently dependent on the oil sands industry in Canada. We have been in deep discussions with the government of Canada about this and believe that this position, which it supports, is the right position to adopt and the best way of enabling our clients which have operations in the oil sands to participate in transition.

In addition to this requirement, any financing for a company involved in the exploration, extraction, transportation (including the construction of pipelines to carry oil sands), or processing of oil sands, is subject to EDD.

Oil sands clients and transactions which are subject to EDD must demonstrate consideration of environmental and social impacts and risks (as outlined earlier in this section on page 53) and, in addition, demonstrate the following:

- Compliance with all legal, regulatory and permitting requirements in the regions that they operate, showing evidence of any breaches being adequately remediated;
- Management and implementation of procedures which minimise direct environmental impacts including land reclamation, air, ground and water pollution, fresh water use, biodiversity protection, and impacts on protected areas such as boreal forests.

## **Hydraulic Fracturing**

Hydraulic fracturing, commonly referred to as fracking, is an oil and gas well development technique, using a high pressure injection of liquid into the rock, which creates fracturing and allows natural gas and oil to flow more freely. Whilst this method of extraction has provided cheaper, more plentiful energy sources for many, it is also a sensitive sector that is of concern for many stakeholders. Impact areas include water consumption and quality, wastewater disposal, air emissions and impacts on local communities, including noise, traffic and seismic changes. Our appetite for doing business with this industry is as follows:

- We will not directly finance projects involving fracking in the UK and Europe;
- In addition, we will not provide any financing to companies primarily engaged in fracking activities in the UK and Europe;
- Any financing for a company involved in fracking activities outside the UK and Europe, is subject to EDD.

Fracking clients and transactions which are subject to EDD must demonstrate consideration of environmental and social impacts and risks (as outlined earlier in this section on page 53) and, in addition, demonstrate the following:

- Compliance with legal, regulatory and permitting requirements and remediation plans resulting from any breaches;
- GHG emissions management and continuous reduction;
- Management of key environmental impacts, including: well construction and maintenance, water use and conservation, waste water management, water pollution management, air emissions management (including flaring);
- Engagement with local communities on impacts, including seismic impacts, noise, health and safety.

# Risk management

## Climate change financial risk and operational risk policy

This policy introduced climate change as an overarching risk impacting certain principal risks: credit risk, market risk, treasury and capital risk and operational risk.

The policy outlines the requirements for identifying, measuring, managing and reporting the impact on Financial and

Operational Risks arising from the physical, transition and connected risks associated with climate change.

The risks associated with climate change are subject to rapidly increasing societal, regulatory and political focus, both in the UK and internationally. Embedding climate risk into the Group's risk framework in line with regulatory expectations, and adapting the

Group's operations and business strategy to address both the financial risks resulting from the physical risk of climate change and the risk from the transition to a low-carbon economy, could have a significant impact on the Group's business.

### Risk

### *Measurement approach for quantifying climate change*

<b>Credit risk</b>	<p>The risk of loss to the Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivables.</p> <p>The Group manages credit risk under a framework of controls which enable the identification, assessment, measurement and monitoring of credit risk from the level of individual credit facilities up to the total portfolio in each business.</p> <p>Transition and physical risks from climate change may lead to credit risks to the Group. This is an evolving risk theme and robust understanding of the risk, severity, level of interconnectedness, and time horizons relating to these risks are developing.</p>	<p>A Credit Risk Materiality Matrix (Credit Climate Lens) was introduced in 2019 to understand, assess and manage how climate change may impact the Group's credit risk exposures. The Credit Climate Lens is a series of questions which is applied to a counterparty to which the Group is exposed in order to assess its climate change risk.</p>
<b>Market risk</b>	<p>The risk of loss arising from potential adverse changes in the value of the Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.</p> <p>Climate change may lead to market risk through a disorderly transition to a low-carbon economy or via physical climate events and shifts in supply and demand for financial instruments, which may then impact market prices for susceptible sectors or countries.</p>	<p>The Credit Climate Lens considers transition factors such as a counterparty's sensitivity to policy changes, reliance on fossil fuels and adaptive strategy, as well as exposure to acute and chronic physical risks. The Credit Climate Lens is applied to clients operating in elevated risk sectors with exposure of more than £5m. Where an obligor is rated as medium or high, the details are referred to the Environmental Risk Management team, a dedicated team in the Group Credit Risk Management function, who conduct enhanced due diligence.</p> <p>A lens based review is also applied for portfolio and country risk reviews for elevated risk sectors and countries. There are currently over 500 counterparties in scope for the Credit Climate Lens, in sectors most exposed to climate change risks. To support the introduction of the Credit Climate Lens, over 600 credit risk executives were trained on climate change risks.</p>

Risk	Measurement approach for quantifying climate change	
<b>Treasury and capital risk</b>	<p>This comprises:</p> <p>Liquidity risk: the risk that the Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.</p> <p>Capital risk: the risk that the Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Group's pension plans.</p> <p>Interest rate risk in the banking book (IRRBB): the risk that the Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.</p> <p>The Treasury function manages treasury and capital risk exposure on a day-to-day basis with the Group Treasury Committee acting as the principal management body, ensuring that these risks remain acceptable boundaries and thresholds. The Treasury and Capital Risk function is responsible for oversight and provides insight into key capital, liquidity, IRRBB and pension risk management activities.</p> <p>The broad range and severity of risks associated with climate change means that the impacts on Barclays' capital and liquidity positions in a range of scenarios and time horizons must be considered.</p>	<p>Treasury and capital risks are impacted by climate-related risks, primarily in a second order manner. Stress tests using climate change scenarios will be used to assess the impact on Treasury portfolios and the bank's overall capital position. Climate change narrative and assessment are captured in the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).</p>
<b>Operational risk</b>	<p>The risk of loss to the Group from inadequate or failed processes or systems, human factors or due to external events (for example, extreme weather events) where the root cause is not due to credit or market risks.</p> <p>Barclays is exposed to climate change risks in its operations, either directly or via the operations of its suppliers.</p> <p>The Group Property Standard outlines Barclays approach to addressing environmental risks with respect to the availability of operational premises. Additionally, when selecting locations for new strategic sites exposure to extreme weather events is considered.</p> <p>Our Resilience programme outlines Barclays requirements (including requirements of its suppliers) to maintain services and respond robustly to business disruption, including if caused by climate-related events. Barclays deploys and validates appropriate business recovery strategies for its critical processes, including the ability to transfer processing to alternative locations or premises.</p> <p>For our suppliers, resilience requirements are articulated through our Supplier Control Obligations (SCOs). Each supplier is required to attest to their compliance with the SCOS on an annual basis and further testing is undertaken on a risk based approach.</p>	<p>Climate change has been included in the Strategic Risk Assessment to understand exposure on a forward looking basis across the five-year business planning cycle. Operational risk was included in the 2019 exploratory stress test.</p>

# Risk management

## Assessing resilience of strategy

### Scenario analysis and stress testing

Scenario analysis is a critical tool in assessing the future implications of potential climate change pathways on an organisation's business model. It forms a key part of the TCFD's recommendation on strategy, guiding organisations to assess their resilience to climate-related issues under a range of uncertainties and future states.

In April 2019, the Bank of England published its Supervisory Statement on approaches to managing the financial risks from climate change (SS3/19). Consistent with TCFD, this set out regulatory expectations for firms to conduct scenario analysis to inform their strategic planning and determine the impact of the financial risks from climate change on their overall risk profile and business strategy – including the use of scenarios to explore the resilience and vulnerabilities of a firm's business model to a range of outcomes.

In 2018, the United Nations Environment Programme Finance Initiative (UNEP FI) brought together a group of 16 banks to develop an approach to scenario analysis that would assess the transition and physical risk inherent in banks' loan portfolios for certain higher risk sectors. Barclays participated in this pilot exercise and the results can be found in our ESG report from 2019. The modelling approaches developed were bottom-up, analysing impacts at the corporate borrower level. The analysis was based on a tool developed together with Oliver Wyman, which enabled results from the assessment of a representative sample of the portfolio to be used as a benchmark for potential losses in the wider loan portfolio.

In 2019 and 2020, we have continued our participation in Phase 2 of the UNEP-FI working group on TCFD. The goals of Phase 2 includes the continued exploration of scenarios, which has involved engagement with the Potsdam institute for Climate Research (PIK) and the International Institute for Applied Systems Analysis (IIASA). PIK and IIASA develop scenarios using integrated assessment models (IAMs) and are intending to expand the number of scenarios available to include a late transition 1.5° pathway. This pathway would be characterised by disorderly, non-linear macroeconomic transition impacts as a result of a step-change policy response. This scenario expansion will support banks in addressing a critical aspect of scenario analysis; that they cover a reasonable variety of future outcomes, both favourable and unfavourable.

In 2019, Barclays undertook a Group-wide exploratory stress test using a three year, severe but plausible scenario covering both physical and transitional impacts. We followed a top-down approach utilising the bank's stress testing capability. We disclose further detail on our exploratory stress test approach in the next section, which we hope will contribute to greater understanding of approaches across the sector.

In December 2019, the Bank of England announced it would use its 2021 Biennial Exploratory Scenario (BES) to explore the financial risks posed by climate change. The exercise will test the resilience of the current business models of the largest banks, insurers and the financial system to climate-related risks and therefore the scale of adjustment that will need to be undertaken in coming decades for the system to remain resilient.

The Bank of England published a discussion paper which detailed their proposed approach. The proposed scope and breadth of the BES will be a pioneering exercise. We are proud to participate in this exercise and we hope that our combined effort will encourage other central banks to build upon these first steps to understand and mitigate our shared global challenge.

## Group-wide Exploratory Climate Stress Test 2019

During 2019, Barclays conducted a Group-wide, exploratory stress test against a severe but plausible near-term climate scenario. The aim of the analysis was to identify key vulnerabilities that were most relevant and material to Barclays' business model and geographical footprint.

Our key objective was to understand the vulnerability of the bank should global financial systems experience a significant market shock triggered by sudden policy action on climate change.

The Intergovernmental Panel on Climate Change (IPCC) have adopted four representative concentration pathways (RCP) as part of their goal in providing an objective and scientific view of climate change. These range from a high transition scenario where

global temperatures are contained to 2.3°C (RCP2.6) to a world whereby carbon emissions continue at current rates and temperatures increase beyond 3°C (RCP8.5). The approach to our stress test aligns most closely to the RCP2.6 pathway.

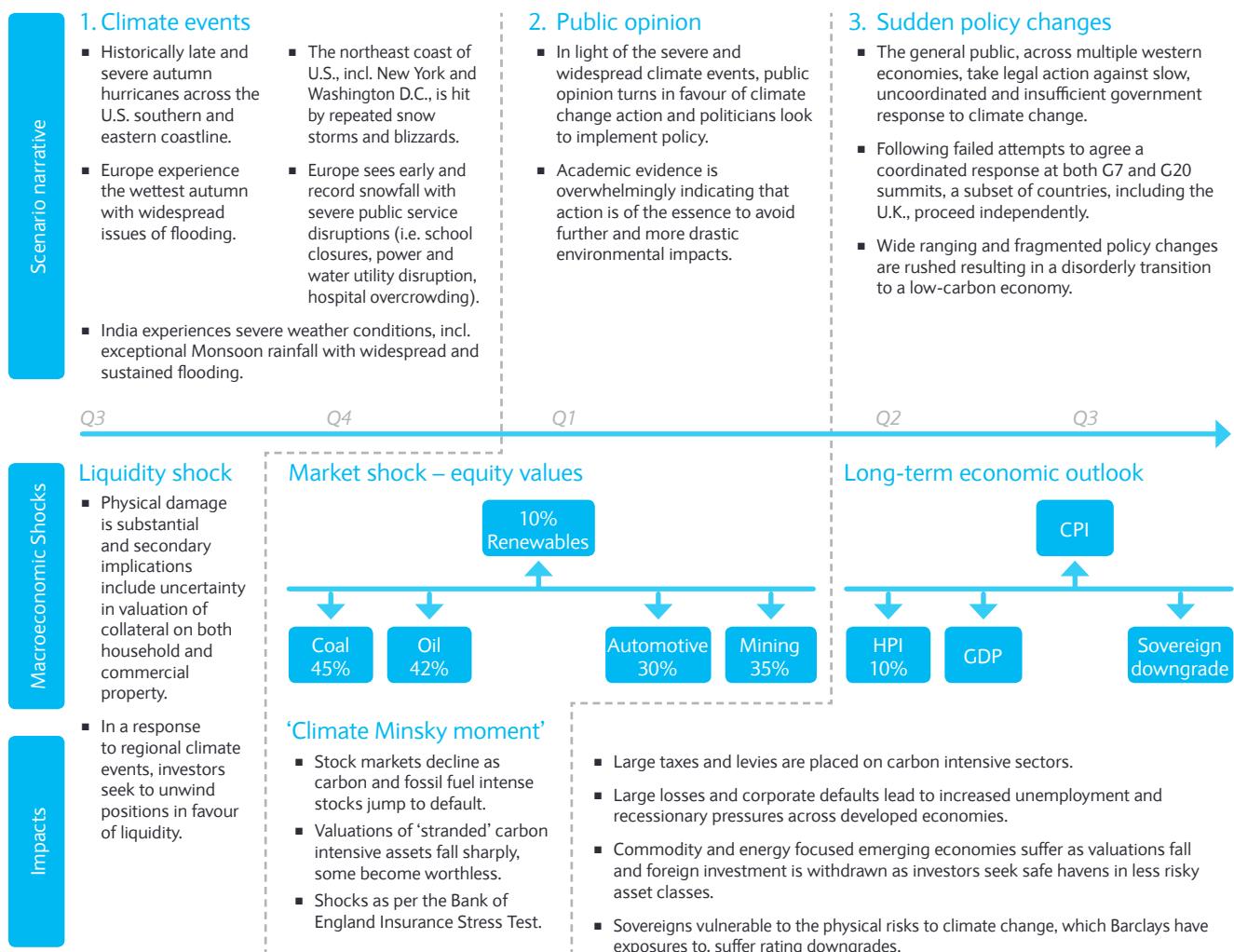
### Approach

The approach utilised our existing stress testing capabilities and climate risk framework to help us identify potential vulnerabilities and key areas of focus.

We first designed a three-year scenario which was intended to be severe but plausible in light of the current global political and economic environment. The scenario began in 2019 and evolved over a three-year time horizon.

We then considered how each phase of the scenario could impact Barclays' portfolios and principal risks, including running sensitivity analysis on key assumptions made and on the most impacted areas.

Lastly, we considered each loss event in turn and whether there were any notable second-order feedbacks that could exacerbate losses identified in other areas of the bank.



# Risk management

## Scenario narrative

The scenario commences with a severe escalation of physical climate events across Europe, US and India, causing a sharp withdrawal of liquidity from financial markets. Public opinion rapidly shifts in response leading to a sharp revaluation of assets, with carbon-intensive sectors particularly impacted. These combine to force governments to introduce wide ranging, but fragmented policy changes, which lead to broader macroeconomic impacts.

A range of economic variables were sourced from the PRA's 2019 Life Insurance stress test.

## Key assumptions

This stress testing exercise was exploratory in nature, we made a number of key assumptions partly to simplify the exercise, but also where they were consistent with the severity and plausibility of the scenario narrative. Sensitivity analysis of key climate-based assumptions highlighted the below as the most notable:

- No material climate events occur outside of our key physical locations;
- The Thames Barrier is sufficient to prevent wide-spread flooding across the City of London; and
- Major household insurance providers remain solvent throughout the forecast horizon.

## Physical impacts

- Widespread issues of flooding across the UK impacted the valuation of flood-prone residential and commercial property, including Barclays-owned real estate, and led to an increase in default rates across our Home Finance and Business Banking (primarily Agriculture) portfolios.
- A historically late and severe hurricane season on the US southern and eastern coastlines led to a significant increase in property damage and subsequent spike in insurance claims across impacted states, affecting the credit quality of certain non-life insurance companies and local municipalities.
- The impact of severe weather in India affected Barclays' business operations, albeit resilience plans negated major disruption or loss.

## Transition impacts

- The rapid transition to a low carbon economy impacted the credit quality and funding requirements of clients within carbon-intensive sectors, particularly those exposed to i) changes in regulatory, supervisory and climate policies; ii) shift in technology towards less carbon intensive products; and iii) behavioural changes from shifting consumer demand patterns.
- The response within financial markets was a decline in equity, credit and securitised product valuations across key sectors, affecting the valuation of assets measured at fair value, including those held in the trading book, leverage finance underwrites, equity positions held as principal investments, assets held for liquidity purposes and investments within Barclays' pension fund.

## Connected impacts

As a result of this analysis, we identified second order (or 'connected') risks whereby:

- The higher cost of carbon in certain sectors, including utilities, was then passed through to the end consumer resulting in an increase in energy prices. This in turn reduced the affordability and credit quality of our retail customers in the UK and US.
- The connected impact of all the above loss events ultimately led to higher unemployment and recessionary pressures in developed economies. This resulted in an increase in impairment across all portfolios and geographies, a reduction in net interest income from lower balances, albeit partially offset by slightly higher rates to combat inflationary pressures, and lower fees from banking products.

## Outcome

Climate risk is an emerging risk and as such, there is currently no defined approach across the banking industry for identifying, measuring, aggregating and reporting climate risks. As a result, the approach we have taken for this stress test is the first step on that journey and our techniques will naturally evolve over time. Whilst the outcome of any forecast is inherently uncertain, there will be more uncertainty within these results than more traditional macroeconomic-based scenarios. The losses displayed below are approximations only and should be treated with a high-level of caution given the caveats mentioned above.

Climate risk	P&L contribution by risk type
Physical	4%
Transition	49%
– of which relates to higher Corporate downgrades and defaults in elevated-risk sectors	20%
– of which relates to market-related movements	22%
– of which relates to other impacts, such as higher operating costs	7%
Connected	47%
Total	100%

The approximate capital impact was comfortably within that observed as part of the Bank of England's 2019 Annual Cyclical Scenario and primarily driven by transition and connected risks. Barclays' risk profile is well positioned in relation to short-term physical events; however, we recognise that longer-term scenarios will be required to assess a greater range of impacts, most notably the physical implications of global temperature increases that go beyond those committed to as part of the Paris Climate Accord.

Climate risk is complex and the industry is at the beginning of a journey to understand physical risks and impacts on our clients and exposures over time. For example, as part of this stress test, we undertook a deep dive review of our UK mortgage portfolio where we were able to assess the flood risks associated with our home loans using data from the UK Government's Department for Environment, Food and Rural Affairs (DEFRA). This analysis, using granular postcode level data within England, found that a small portion of our credit exposure currently falls in high or medium risk zones. However, we recognise we will need to understand how this profile may change under different scenarios over longer time horizons.

The table below details gross loans and advances to the UK Home Finance portfolio only for clients classified by DEFRA as being in a flood risk postcode, the majority of these are in postcodes classified as being very low risk.

As at 31 December 2019	Description	Gross loans and advances
<b>Barclays UK</b>		
High risk	Each year, there is a chance of flooding of greater than 1 in 30 (3.3%).	479
Medium risk	Each year, there is a chance of flooding of between than 1 in 30 (3.3%) and 1 in 100 (1%).	1,691
Low risk	Each year, there is a chance of flooding of between than 1 in 100 (1%) and 1 in 1000 (0.1%).	2,701
Very low risk	Each year, there is a chance of flooding of less than 1 in 1000 (0.1%).	6,097

### Key learnings and next steps

This Group-wide climate change risk stress testing exercise was a useful means for the bank to continue to explore the use of its existing risk management and assessment infrastructure to assess climate change risk and to continue to build the capabilities of different teams within the bank who are responsible for understanding and assessing risk.

Following the publication of the Bank of England discussion paper in December 2019, on stressing the UK financial system to climate-related risks – Barclays will participate in the Bank of England's Biennial Exploratory Scenario on climate-related risks. Work is progressing to enhance our capabilities in order to meet the proposals set out in the Discussion Paper, leveraging work already undertaken during 2019 to support this going forward.

We recognise that supervisors and regulators globally will increasingly move in the direction of requiring assessments of climate-related risks, including using stress testing tools. As climate change is a global issue, we believe a global assessment makes the most sense and we welcome increasing co-ordination between regulators on this issue, for example in terms of scenario development and modelling approaches, through bodies including the Network for Greening the Financial System (NGFS).

# Metrics and targets

As a bank and financial intermediary we are committed to exploring metrics which we can use to assess the impact of climate-related risks and opportunities in our lending portfolio and wider financing activities.

Our involvement with a number of organisations and working groups such as the UN Environment Programme Finance Initiative (UNEP FI), the Institute of International Finance (IIF), UK Finance and the Science Based Targets initiative (SBTi) aims to develop appropriate definitions and metrics for the sector.

Areas of focus include, amongst others, clarity over detailed definitions of carbon-related assets building on the TCFD high-level guidance; standardised methods for the calculation and presentation of credit exposure to carbon related assets; definitions for climate-related and green financing across product categories; and suitable risk management metrics.

We are also involved in collaborative projects to develop accounting protocols for emissions related to financing, banking and investment management.

As disclosures develop, we would expect further dialogue over time between banks, corporates, investors and other market participants on appropriate, decision-useful and robust metrics to assess climate-related risks and opportunities and the development of portfolio alignment approaches and metrics.

## Enhanced quantitative disclosures for 2019

Barclays has significantly enhanced our reporting against the suggested TCFD guidelines including the supplemental guidance for banks. In some instances, we provide additional detail aligned to our approach, which may go beyond the approach suggested by TCFD.

Metrics include a range of internal and external measures including balance sheet credit exposures, financing facilitated, operational emissions and performance in external climate change and environmental benchmarks.

## Credit exposures

Barclays is committed to understanding the risks associated with sectors sensitive to the impacts from climate change. Disclosing risk management metrics and quantitative credit exposures supports this approach and our ongoing alignment with the TCFD recommendations. The following sectors represent those that the Group considers at an elevated risk from the impacts of climate change, and cover a broader range of sectors beyond energy and utilities. However, in each sector there will exist a range of vulnerabilities and as such these figures do not represent elevated carbon emission exposures and should not be interpreted as an indicator of relative carbon intensity. These sectors have been identified through an analysis of Barclays Industrial Classifications by portfolio and benchmarked against Moody's and other external sources, with additional input from subject matter experts.

### Overview of credit exposures by industry sector

'Manufacturing', 'energy and water', 'wholesale and retail distribution' and 'other' are those standard categories, as disclosed in the Annual Report, that have been identified to contain exposures at an elevated risk from the impacts of climate change.

As a bank and financial intermediary we are committed to exploring metrics which we can use to assess the impact of climate-related risks and opportunities in our lending portfolio and wider financing activities.

The table below shows, for these four categories, loans and advances at amortised cost and loan commitments at a total Group level and for those sectors at an elevated risk from the impacts of climate change. The data presented is before the effects of netting, collateral and risk transfer have been applied. The monitoring and reporting of exposures to elevated climate risk sectors will continue to evolve in line with Barclays' approach to climate change risk management and to further align to TCFD recommendations to disclose exposure to carbon-related assets.

#### Credit risk concentration by elevated risk sector

As at 31 December 2019	Manufacturing £m	Energy and water £m	Wholesale and retail distribution and leisure £m	Other £m	Total £m
<b>Identified as elevated climate risk sectors:</b>					
<b>On-balance sheet:</b>					
Loans and advances at amortised cost	1,454	2,944	213	5,234	9,845
<b>Off-balance sheet:</b>					
Loan commitments	6,576	13,228	842	6,179	26,825
<b>Total</b>	<b>8,030</b>	<b>16,172</b>	<b>1,055</b>	<b>11,413</b>	<b>36,670</b>
<b>Of which:</b>					
Airlines	–	–	–	1,390	1,390
Airports	–	–	–	546	546
Automobile manufacturers	2,987	–	–	–	2,987
Building materials	1,174	–	–	–	1,174
Coal mining and supporting infrastructure	–	40	–	–	40
Commodity chemicals	1,454	–	–	–	1,454
Mining and metals, excluding coal	206	1,880	–	–	2,086
Oil & Gas – Extraction	–	7,313	–	–	7,313
Oil & Gas – Midstream Energy	–	–	–	3,617	3,617
Oil & Gas – Oilfield Services	–	2,447	–	40	2,487
Oil & Gas – Refining and Marketing	1,726	–	1,055	–	2,781
Protein and agriculture	6	–	–	4,898	4,904
Shipping	–	–	–	237	237
Steel	477	–	–	–	477
Surface transportation and logistics	–	–	–	685	685
Unregulated utilities and power companies	–	4,492	–	–	4,492
<b>Total</b>	<b>8,030</b>	<b>16,172</b>	<b>1,055</b>	<b>11,413</b>	<b>36,670</b>

To align with the recommendation of the TCFD, we also disclose concentrations of credit exposure to carbon-related assets. The TCFD recommends that carbon-related assets are those assets tied to the energy and utilities sectors under the Global Industry Classification Standard (GICS) excluding water utilities, independent power and renewable electricity.

As at 31 December 2019	Energy £m	Utilities £m	Total carbon-related assets £m
<b>On-balance sheet:</b>			
Loans and advances at amortised cost			
Loans and advances at amortised cost	2,998	621	3,619
<b>Off-balance sheet:</b>			
Loan commitments			
Loan commitments	13,240	10,139	23,379
<b>Total</b>	<b>16,238</b>	<b>10,760</b>	<b>26,998</b>
<b>% of Total Loans &amp; Advances and Loan Commitments<sup>1</sup></b>	<b>4%</b>		

<sup>1</sup>Total Loans & Advances and Loan Commitments amount to £673,570m.

# Metrics and targets

## Financing (capital markets)

Barclays' financing of carbon-related assets is wider than our loan book and in particular extends to underwriting and distributing debt and equity securities in our debt and equity capital markets businesses (referred to as capital markets financing).

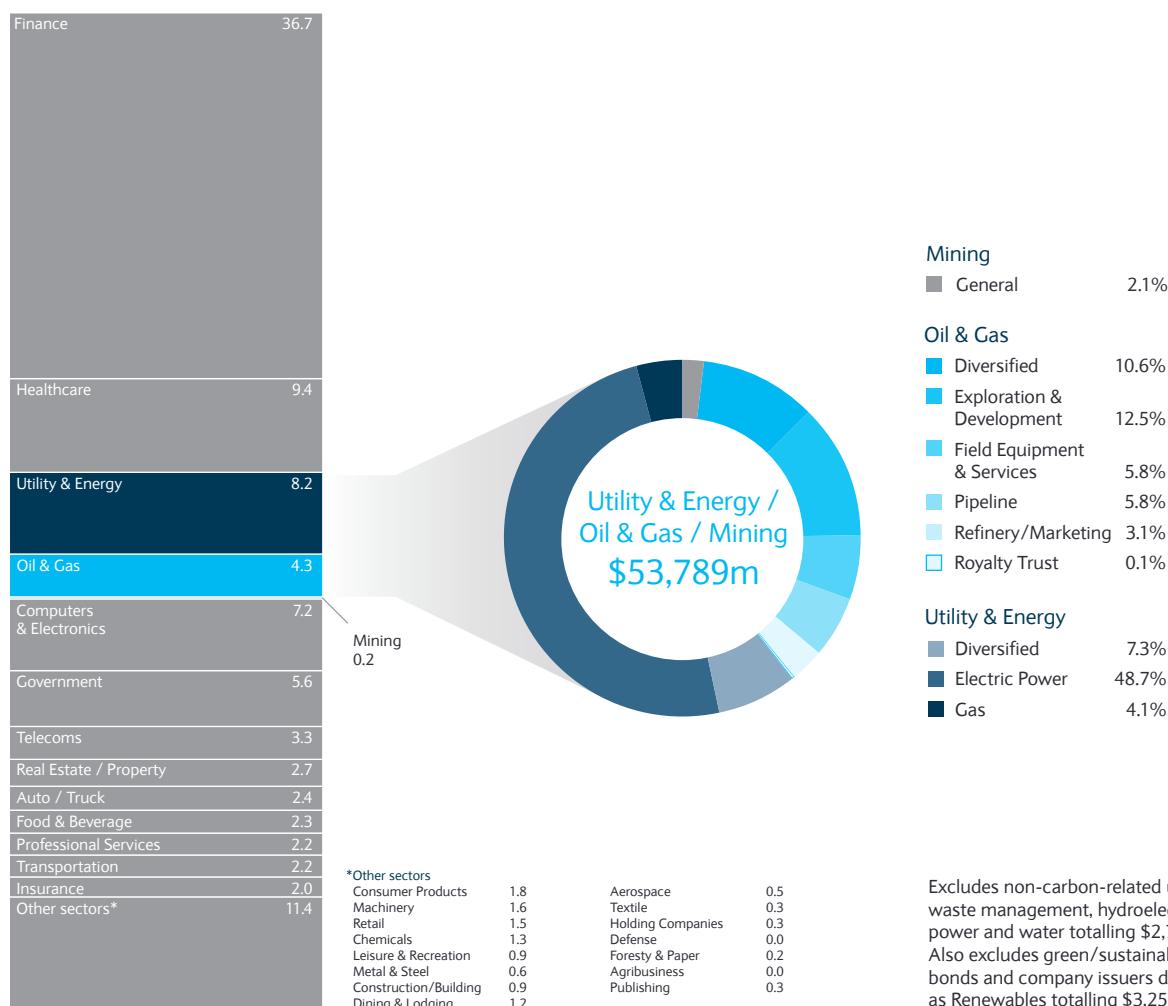
To facilitate greater understanding and transparency of our capital markets financing, we have disclosed below total capital raised for clients across all sectors in 2019. We have also provided a more detailed breakdown of capital raised for the energy and power sectors.

The data is sourced from Dealogic and the industry sector categories are designated by Dealogic General and Specific Industry Group classifications. Financing volumes are reported on a manager-proceeds basis including bonds, equities, loans and securitised bonds (no modifications have been made by Barclays).

### Total financing 2019

**\$468,055m**

**%**



**Operational footprint**  
Details on our Scope 1, 2 and 3 emissions can be found on pages 38 to 40.



**Green financing**  
Progress against our £150bn social and environmental financing target, including green financing, can be found on page 22.



**ESG ratings**  
We respond to a number of external ESG ratings and surveys.  
Further details can be found on page 96.

## TCFD Index

<i>Core element</i>	<i>Recommendation</i>	<i>Index</i>
<b>Governance</b>	Describe the Board's oversight of climate-related risks and opportunities.	Pages 17, 20, 44, 50
	Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 44, 50
<b>Strategy</b>	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Page 51
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pages 45-48
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Pages 58-61
<b>Risk management</b>	Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 52-57
	Describe the organisation's processes for managing climate-related risks.	Pages 52-57
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 52
<b>Metrics and targets</b>	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 62-64
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risk.	Pages 38-40
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 2-4



# Running a responsible business



# Running a responsible business

We are committed to responsible delivery of our products and services, governed by our code of conduct, fair treatment of our customers and strict adherence to all relevant legislation and regulation.

Our commitment to being a responsible business includes:

- ensuring we conduct ourselves in line with our code of conduct – The Barclays Way,
- ensuring that we treat our customers fairly and that the products and services we deliver are transparent and responsible,
- improving customer experiences,
- ensuring we operate in line with relevant laws and regulations including those applicable to financial crime,
- and ensuring we safeguard the data which has been entrusted to us.

## The Barclays Way

Our code of conduct reflects the trust that millions of people place in us every day. We know that trust is earned by repeatedly doing the right thing. We believe the best way to build that trust is to invest in our culture and support our people in the choices they make every day with guidance and policies that help.

That starts with our Purpose and our Values, and is locked into our organisation through The Barclays Way; the touchstone for everyone in Barclays on the standard of conduct we expect, which sets an unequivocal tone from the top about who we are and what we stand for.

**The Barclays Way – our Code of Conduct – was launched in 2013, replacing existing codes of conduct with a single document. It outlines the Purpose and Values which govern our way of working across our business globally and constitutes a reference point.**

The Barclays Way was launched in 2013, replacing existing codes of conduct with a single document. It outlines the Purpose and Values that govern our way of working across our business globally and constitutes a reference point covering all aspects of colleagues' working relationships, specifically (but not exclusively) with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community. It is aligned to the Code of Professional Conduct, published by the Chartered Banker Professional Standards Board, which sets out the ethical and professional attitudes and behaviours expected of bankers. Barclays subscribes to this code and is committed to embedding its broad principles into our business.

The Barclays Way includes information and guidance on how employees are expected to behave and take personal accountability for making decisions. We apply a range of criteria, over and above financial considerations, aimed at building a sustainable, strong and profitable business for the long term and adding value to our business relationships and the broader communities in which we live and work. We provide guidance across key stakeholder groups, including service for customers and clients, promoting respect, diversity and performance in the workplace, maintaining strong governance, robust controls and strict ethical standards.

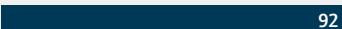
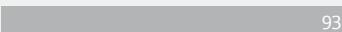
The Barclays Way also includes advice and guidance on speaking up and raising concerns. It is important for the success of Barclays, and the safety and well-being of our customers, clients and colleagues, that we encourage a culture which supports speaking up when things aren't as they should be. All colleagues are required to undertake training on the Barclays Way.



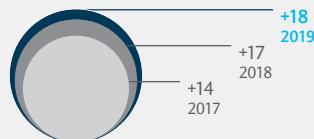
It is available on our website at: [home.barclays/citizenship/the-way-we-do-business/code-of-conduct/](http://home.barclays/citizenship/the-way-we-do-business/code-of-conduct/)

## Employee survey results

"I believe my team and I role model the Values"

2019		92
2018		93

## Barclays UK net promoter score (NPS®)<sup>1</sup>



The NPS® is a view of how willing customers are to recommend our products and services to others.

<sup>1</sup> Net Promoter, Net Promoter System, Net Promoter Score, NPS® and the NPS® related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Conduct

## Culture and conduct

We believe that the stronger our culture, the better the choices our people will make – and the stronger our business will be for all our stakeholders.

Our culture also helps us to reduce the impact of poor conduct on our customers. We do not intend to repeat the errors of the past.

Our most senior leaders spend significant time setting the right tone at Barclays, and our Purpose and Values are now deeply embedded in their message.

We are investing in the skills of our leaders throughout the organisation as well, with two new leadership programmes helping us to develop the culture carriers of the future. For more details see the People and culture section on pages 81 to 87.

We also strengthen our culture with clear and effective controls. We continue to see a marked improvement in the number of operational risk events and compliance breaches. Our aspiration for both of these is zero and we will continue to invest in making our controls better still.

We are investing in the skills of our leaders throughout the organisation as well, with two new leadership programmes helping us to develop the culture carriers of the future.

## Managing conduct risk

Barclays Group defines, manages and mitigates Conduct risk with the goal of providing positive customer and client outcomes, protecting market integrity and promoting effective competition. This includes taking reasonable steps to ensure that our culture and strategy are appropriately aligned to these goals; its products and services are reasonably designed and delivered to meet the needs of customers and clients; promoting the fair and orderly operation of the markets in which Barclays Group does business; and that Barclays Group does not commit or facilitate money laundering, terrorist financing, bribery and corruption, or breaches of economic sanctions. Product Life cycle, Culture and Strategy and Financial Crime are the risk categories within the Barclays Group definition of Conduct risk.

Barclays is committed to continuing to drive the right culture throughout all levels of the organisation. The Group will continue to enhance effective management of conduct risk and appropriately consider the relevant tools, governance and management information in decision-making processes. Focus on management of conduct risk is ongoing and amongst other relevant business and control management information the Trading Entity Conduct Dashboards are a key component of this.

The Group continues to review the role and impact of Conduct Risk Events and issues in the remuneration process at both the individual and business level.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2019 medium-term planning process, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2019, Conduct risks were raised by each business area for consideration by relevant Board level Committees. These Committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Group continued to incur costs in relation to litigation and conduct matters.



Refer to Note 26 Legal, competition and regulatory matters and Note 24 Provisions in the 2019 Barclays Plc Annual Report at: [home.barclays/investor-relations/reports-and-events/annual-reports/](http://home.barclays/investor-relations/reports-and-events/annual-reports/) for further details.

Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains a necessary and important part of delivering the Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

Trading entity Board Risk Committees and senior management received Conduct Dashboards setting out key indicators in relation to Conduct, Financial Crime, Culture and Complaints. These continue to be evolved and enhanced to allow effective oversight and decision-making. Barclays has operated at the overall set tolerance for Conduct risk throughout 2019. The tolerance adherence is assessed by the business areas through key indicators which are aggregated and provide an overall rating which are reported to the relevant Board level Committees as part of the Conduct Dashboard.

We remain focused on the continuous improvements being made to manage risk effectively with an emphasis on enhancing governance and management information to identify risk at earlier stages.

Please see the Conduct Risk management and performance sections in the 2019 Annual Report for more information.

See the report of the Board Reputation Committee in the Director's Report for further information on Board oversight of culture and conduct matters and Committee activity in 2019.



See the Pillar 3 Report for further detail on Risk management strategy, governance and risk culture

# Conduct

## Customer communications

It is important that our engagement with our customers is open and honest and that we treat them fairly to make sure they are not harmed, exploited or misled. Barclays continues to ensure that our customers' needs and priorities are understood before making recommendations and that the communications we provide allow informed decisions to be made. This is achieved through a number of controls which focus on ensuring our customers receive clear information in order to understand the risks and benefits of the products we offer.

For example:

- Communications are sufficient for, targeted and distributed to recipients whom Barclays knows or reasonably believes may stand to benefit from the communication, and are communicated in a manner and style that will be understood by the average recipient (or likely recipient); and
- Communications are withdrawn from further circulation when they are no longer accurate or fit for purpose.

## Remediation and redress

Barclays recognises that customer detriment may occur as a result of our error, actions or inactions, and that we must undertake appropriate activity to ensure our customers are put back in the position they would have been in had the issue not occurred.

Remediation can be proactive, where we have identified the issue ourselves (for example through identifying a pattern in customer complaints), or reactive, where identified by a third party such as a Barclays regulator.

Barclays operates consistent principles for remediation which includes timely notification to the relevant regulatory bodies.

## Product life cycle

It is important that our products and services meet the needs of clients, customers, markets and the bank, throughout their life cycle. We do this by operating two processes which together enable our product life cycle management framework.

Firstly, we have a process that supports the bank in the implementation of new and amended products and services. This process outlines the requirements that must be met in order to ensure that new and amended products and services are adequately designed prior to their launch.

Secondly, we have a complementary process that reviews the existing portfolio of products and services. These reviews consider a range of relevant information about the performance and operation of the product or service, such as: volumes, risk events, customer feedback, complaints and account closures. If issues are found, remedial action is taken to address them.

These processes are overseen by the Risk Function of the bank.

## How our business lines approach conduct

### Barclays UK

#### Consumer Banking

##### Customer led design

Good design emphasises the usefulness of a product or proposition, which is why it's important to underpin each with customer insights in order to deliver the right outcome for the customer. To achieve this, we have adopted an approach centred in customer design to bring new propositions to market.

- We start with the 'who', understanding the customer to grasp what really matters to them and what they are trying to achieve, spending time in research labs and with customers at home or their place of work, to immerse ourselves in the problem statement, pain points and needs.
- This is followed by the 'what' in conceptual design, mapping the end to end journey as a customer would see and experience it, drawing out the key emotional touch points so we can create the right experience for the circumstance the customer is in.
- Before any concept moves into development, we aim to test the design with different customer groups to validate the output, but more importantly to incorporate feedback and adapt the final design so every aspect of a proposition is grounded in deep customer insights.

##### Reward and incentives

Since June 2019, a new reward scheme has been in place, incentivising all BUK colleagues to collaborate across the business to better serve our customers. All BUK colleagues now receive an annual payment relating to one shared objective: to improve the customer experience. We measure our progress and define payment levels through the use of a brand level Net Promoter Score.

In addition to this change, our customer facing colleagues working for Branch, Virtual Channels, Mortgages, Advocacy, Wealth Client Management Services, Business and Premier Banking have also seen the majority of their former reward budget rolled into a permanent base salary increase. This change provides more financial security for colleagues, reducing the risk of our reward structure being misaligned with the needs and desires of our customers.

##### Product design

One of the key purposes of the Product Review process is to ensure alignment with our Product and Service Design Principles. These include requirements that:

- The product or service meets a clear, unique and genuine customer need;
- Customers are able to exit or downgrade from the product or product elements with minimal difficulty or cost;
- An option to cancel without cost within a 'cooling off' period is standard, and there is minimal difficulty or cost to cancel or switch after this period has ended;
- Customer vulnerability is considered and the risk of causing customer detriment is mitigated.

The Product Review process also covers matters including:

- Product parameters, including target markets, client segments, ongoing suitability and whether the product or service remains consistent with the needs, characteristics and objectives of the identified target market;
- Benefits versus best interests to customers and client, and the business;
- Features of the product or service;
- Distribution channels;
- Financial Risks as relevant to the customer or client and market integrity;
- Post-sale transactional services where there is potential for customer, client or market detriment;
- Relevant supporting infrastructure and controls including data, resilience and technology;
- Any potential issues identified.

Wherever a product or service is found not to be meeting these principles, the product or service owner must ensure that actions are taken to address this. The actions are validated by functional areas, including Legal and Compliance.

##### Fair pricing

Our pricing principles commit to ensuring that customers are paying a fair price for the products and services they are receiving and an ongoing review of the suitability of these products is conducted through Group Product Reviews.

We have conduct considerations embedded in the Barclays Pricing Framework, in particular our commitment to treating customers fairly and that our pricing practices do not cause poor customer outcomes.

We benchmark our rates against competitors and are committed to encouraging a healthy level of competition and switching, which in turn benefits customers through increased choice, lower costs and encourages greater product innovation.

In the previous Product Review process, a 'Value for Money' assessment was undertaken; in the new process this has been replaced with a series of questions around pricing, including:

- How does this product or service generate income?
- Does the product have a complex price structure that makes total cost difficult to understand?
- Are there any fees or charges significantly above the cost of the service or disproportionately in favour of the bank?
- How are changes to fees or rates communicated to customers and clients?
- Has the product relied on a zero, low upfront or fixed charges, but has high per usage charges?
- Are there features or add-ons that customers pay for as part of this product that are not used by the majority of customers and clients?
- Have there been any temporary or short term promotions or offers?
- Are there introductory offers or fees?

##### Governance and reporting

Governance around product review has been strengthened. Under the new Product Review process, a Product Review Committee operates monthly, giving senior management oversight of outputs of all product reviews. Output of product reviews will be rated according to the bank-wide standard risks and issues classification matrix; once the Committee has approved the risk assessment, any risks rated High or Exceptional must be escalated to the relevant Risk Committee. Any actions arising from the product reviews are managed through the Barclays Risk Acceptance and Issues Management Standard, with all associated issues and actions being presented to the Product Review Committee.

# Conduct

## Business Banking

We aim to continually improve the conduct and culture of our business with particular focus on improving colleague engagement and the colleague experience, the importance of diversity and inclusion and a continuous focus on positive customer outcomes. Underpinning all this is our control environment which ensures that any problems are quickly identified and escalated, with robust decision making processes in place to resolve the issues. Alongside the rest of the Group, we have introduced a Culture Dashboard which is a framework to assess what the current culture is and how it evolves.

We regularly review our products and propositions to ensure they are fit for purpose and meet our client needs. There are robust processes in place to ensure any new products or services are thoroughly reviewed to ensure client and conduct considerations are at the forefront. We have relaunched our Pathway to Purchase approach to ensure that client needs are fully explored, product options fully considered and product terms and conditions are transparent. This is supported by quality assurance testing and underpinned by greater use of data and insights delivered via Salesforce to inform and support front line colleagues. Throughout 2019, significant improvements have been introduced across lending, through a combination of simplification of operational procedures and processes, enhancements to lending automation and better controls. In this way, we have delivered great customer outcomes for both simple and complex lending.

## Wealth

Our aim is to integrate banking, planning and investments in one place while leveraging the Barclays customer base and UK customer app. We're simplifying investments and opening up advice and the tools that we use to support our wealthiest clients to more people. Our Wealth Managers will be empowered with the latest technology, freeing them up to focus on the more complicated 'moments that matter', whilst also giving Wealth clients an excellent digital experience.

## Barclays International

### Consumer, Cards & Payments

#### Enhancing product governance and oversight

Ensuring our products remain fit for purpose and valued by our customers continues to be a priority. In 2019 we have introduced more rigour to our product review and analysis processes through introducing a service assessment and new controls around triggers and regular product monitoring of key customer outcomes. Cards & Payments has a total of 54 Product Families and 231 products.

2019 enhancements included review trigger monitoring which resulted in an out of cycle Product Review for the UK Payments

SmartPay Hub. The product was removed from the market to ensure sales processes were fair, balanced and well monitored. The product will be relaunched to new customers in 2020. In the US Timeshare sector, enhancements have been made to ensure training materials for sales agents include important information such as complaints processes and communication channels for customers to report concerns or raise questions.

#### Strengthening product design through innovation

#### UK Payments – Commercial Payments (BCP):

BCP provides solutions that address the process and working capital challenges that firms often face when making business-to-business (B2B) payments. BCP has recognised this customer need and has responded by creating a family of analytical tools that deliver a data driven case for change, helping organisations make informed decisions when considering whether to use our solutions. Many customers are already benefiting from Accounts Payables (AP) and Value Calculators capability and have given positive feedback on the innovative way they can visually understand the specifics of their supplier base.

#### Strengthening sales processes, including third party sales:

#### Barclays Partner Finance (BPF):

BPF rolled out functionality of 'Sign Anywhere' to the majority of clients, for BPF to get positive affirmation direct from the customer that they have been provided with the required information (including terms and conditions) to ensure they understand the product that they are agreeing to and to open channels for discussion and the resolution of concerns or questions.

BPF sends a SMS survey to all customers to check if they have any concerns about the finance product that they purchased or the way it was sold to them. This provides BPF with the ability to identify and address any customer concerns much earlier in the customer journey. It also helps identify concerns about client behaviours that can then be addressed and filtered into improved sales processes, training and procedures on an ongoing basis – resulting in continuous improvement to the client experience and outcomes.

BPF has enhanced the monitoring of the financial viability and strength of all clients to improve the likelihood that partners will be able to honour their commitments to joint customers.

#### Supporting customers through challenging times

#### US Consumer Bank:

We have focused on supporting customers through difficult challenges including Hurricane Florence and other natural disasters through the 'Be Safe' programme, through providing focused and additional support, waiving of fees and temporary credit card limits, delayed payment waivers and through proactively supporting and responding to customers' concerns and needs as events have unfolded. This is a model the US business now embeds into day to day operations to continue to focus on supporting customers through times of challenge.

#### UK Payments – Business and Commercial Payments:

We proactively identified a significant customer and client impact as a result of the collapse of Thomas Cook. The business implemented a robust, empathetic and collaborative process across both the businesses to focus on helping to make life easier for both customers and clients. Additional support for customers was made available to process chargebacks and to manage/support on specific issues.

### **Use of analytics to continuously improve customer experience and outcomes:**

*Barclays Partner Finance:*

BPF made improvements to our Buy Now Pay Later (BNPL) product to improve the upfront explanation of the product to customers and to rebate interest on partial payments made in the deferral period. This was in direct response to customer feedback and internal analysis being performed on an ongoing basis to assess and spot indicators that customers may have suffered detriment, which resulted in remediation where detriment was identified.

### **Private Banking and Overseas Services**

#### **Product design and fair value**

In 2019, we rolled out training on Product Lifecycle and Annual Product Review standards to the product managers, which is repeated on at least an annual basis. This has improved communications aimed at helping clients make informed decisions on the risks and benefits of the products we are offering.

#### **Sales quality and customer trades**

Our sales quality standards are designed to ensure we fully understand our clients' risk profiles, circumstances, investment needs and objectives. The Private Bank Training & Competency (T&C)/Supervision and Advice Quality Assessment processes ensures that our client advisers are qualified, trained and competent to perform their regulated roles and able to provide suitable and appropriate investment advice to our clients. Best Execution monitoring is carried out on trades and reported into the Best Execution Oversight Forum. We ensure that clients are put at the heart of everything we do; we recognise when customer detriment may have occurred and we undertake appropriate activity, including following complaints handling and redress procedures, to ensure our clients are put back in the position they should have been in.

### **Managing front-line employees**

The Private Bank T&C / Supervision scheme ensures regulated or relevant employees' skills, knowledge and performance are regularly assessed, their competence is maintained and their skills are regularly developed.

Conduct of in scope front-line employees against key testing and metrics is presented in the Conduct Dashboard, ensuring conduct issues are captured and discussed regularly.

Our Client Experience Forum drives specific journey reviews and detailed complaints root cause analysis.

Annual Mandatory Training on conduct behaviours for all front-line employees is delivered to ensure best practices are shared and rules and regulations are adhered to.

### **Corporate and Investment Bank Markets and Banking**

The Markets, Banking and BI Treasury Product Governance Forum oversees the Product Governance Framework. This provides an ongoing product review process, which promotes the delivery of products to compatible end investors on a direct and indirect basis. In addition, the Forum has oversight of supplementary point of sale and post-sale processes and controls defined by each business and tailored in line with their specific client base and products offered. The Forum provides review, challenge and guidance and facilitates the consistent application and information sharing between the Markets, Banking and BI Treasury Businesses. This ensures improving governance in line with the Firm's overall risk management framework.

The Retail Distribution Forum (RDF) is a regional forum that reviews new transactions, distribution strategies, product features and governance frameworks that apply to Retail Structured Products (RSPs), particularly focusing on the suitability element. There are further quarterly mandatory meetings to review all approvals in the previous quarter, provide an upcoming view of future meetings and a regulatory update.

Distributor Due Diligence and Tiering & Interview Frameworks help the business to review and monitor our clients who service end-retail investors, to help ensure that our clients have robust procedures focused on ensuring good end-customer outcomes.

Our Post Sales Monitoring process allows clients to log into BARX at their convenience and review ISINs which have been flagged based upon their performance according to the parameters defined in our framework.

#### **Product research and design in the Corporate Bank**

We bring customers into our proposition development processes through research, insight, data analytics and data science by ensuring their needs are at the core of our design principles. We leverage the new product approval process to ensure customer needs are embedded in the final product design.

Net Promoter Score (NPS<sup>®</sup>)<sup>1</sup>, an industry recognised customer-focused metric, is built into our collective reward to help facilitate a customer-centric culture.

<sup>1</sup> Net Promoter, Net Promoter System, Net Promoter Score, NPS<sup>®</sup> and the NPS<sup>®</sup> related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Responsible lending

We believe that transparency of information in our products and services is key to empowering consumers to make good financial decisions.

We carefully consider the requirements of all our stakeholders during the development of products and services. This includes a commitment to accessibility and inclusion, giving customers the ability to take control of their finances in a manner convenient to them and the promotion of financial capability.

Selected front line staff are trained to identify signs that customers are encountering financial difficulties, and where necessary we work with our customers to enable them to return to financial health. An example of this is the new training and tools that have been rolled out within our branch network to enable colleagues to better support customers presenting with financial difficulties. We also have information available for customers through our money management hub, providing tangible examples of how banks can support customers who are worried about their finances.

In our Unsecured Lending business, which is where customers can borrow money without offering up a security based on a major asset, we are ensuring that our customers use their lending facilities in a sustainable way. To this purpose, we have been communicating with customers deemed to be in persistent debt to support them to repay their debt faster and so reduce their overall interest charges. Strategic changes are being designed and implemented to prevent more customers entering this situation and to help those in that situation to pay down their outstanding balance.

Within our Retail business the card controls within our mobile app enable customers to block payments to certain categories of retailer, such as gambling services and premium rate phone lines, as well as daily cash machine withdrawal limits and control on online and phone purchases.

Where customers fall behind on their payments, our Barclays Financial Assistance area is able to support, with a strong focus on ensuring good customer outcomes.

In the Business Bank we have a series of policies in place to ensure we comply with relevant regulation, mitigate the risk of defaulting for customers undergoing challenging circumstances and provide a framework for impairment, provisioning and forbearance.

In order to make a credit decision we generally look at a number of factors including the complexity of the customer, account behaviour, business and financial risk and Barclays' risk appetite given sector and client risk profile. We have regular monitoring in place to oversee performance. Where customers fall behind on their payments, our Barclays Financial Assistance area is able to support, with a strong focus on ensuring good customer outcomes.

## Building financial well-being

As part of our aim to deliver a world class money management experience and help money work for our customers, we are delivering more tools and features that give back greater control and educate them around managing their money to improve their financial well-being:

- We are providing knowledge and expertise through our colleagues to upskill our customers, whether that be in using our digital platforms via Digital Eagles, or educating them on basic money management via our Money Mentors, LifeSkills programme and Barclays Money Management hub.
- We are improving our ability to interpret customer data and provide personalised, proactive money management information so customers get a better grasp on their spending behaviours and how they can feel more in control of their money.
- We are delivering colleague training to help support customers when they are in vulnerable situations and provide the suitable tools to help.

## Vulnerable customers

It is likely that all of our customers could become vulnerable at some point in their life, which is why Barclays UK puts a huge focus on protecting customers and supporting those who find themselves in difficult times. From disability and mental ill-health, through to domestic abuse and homelessness, our strategy takes into account the barriers vulnerable people may face in accessing finance, through to helping those who are trying to get back on their feet following a setback. We train our front line teams to identify a customer's circumstances, respond with empathy, and work with them to achieve a positive outcome. We may use data to try and identify where customers may be potentially vulnerable, reaching out to offer support, or provide expert training to specialist teams so that people with specific issues can get through to colleagues with the right expertise and skills. We also use technology to identify new ways to help vulnerable customers, such as our improved debit card setting which can let customers restrict spend with certain merchants or turn off ATM withdrawals.

## Complaints

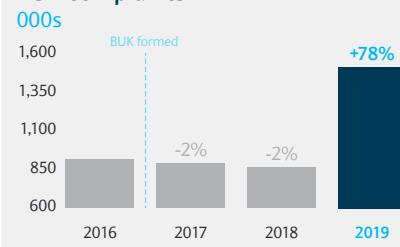
In Barclays UK, we continue to focus on improving our customer experience by supporting the removal of the root causes of customer complaints. Our underlying complaint volumes (excl. Payment Protection Insurance related complaints) in 2019 reduced by 6% year-on-year, supported by improvements made in our general day-to-day Banking complaints. However PPI related complaints increased 182% year-on-year as we approached the FCA deadline on PPI complaints. This resulted in the overall Barclays UK total complaint volumes increased by 78% in 2019 compared with 2018.



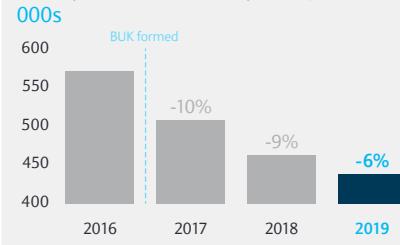
For more information see:  
[home.barclays/citizenship/our-reporting-and-policy-positions/uk-complaints-data](http://home.barclays/citizenship/our-reporting-and-policy-positions/uk-complaints-data)

Barclays International complaint volumes have shown a 6% reduction year on year, driven by a 7% reduction within our Cards and Payments business (who make up 96% of total BI complaints). We continue to focus on improving our customer experience by supporting the removal of the root causes of customer complaints, with further reductions in volume remaining a significant priority.

### BUK complaints



### BUK (excl. PPI related) complaints



\* Please note that we will be resubmitting the H2 2019 data to include all PPI complaints (received in H2 19) that are yet to be logged. We will publish the revised data on our website when we resubmit to the FCA (current plan is to resubmit by end of Q1 2020).

# Financial crime

Barclays recognises that economic crimes have an adverse effect on individuals and communities wherever they occur. Endemic economic crime (particularly when associated with organised crime and terrorist financing) can threaten laws, democratic processes and basic human freedoms, impoverishing states and distorting free trade and competition.

Barclays is committed to conducting its global activities with integrity and respecting its regulatory, ethical and social responsibilities to:

- Protect customers, employees, and others with whom we do business; and
- Support governments, regulators, and law enforcement in wider economic crime prevention.

We do not tolerate any deliberate breach of financial crime laws and regulations (e.g. bribery, corruption, and money laundering, sanctions, or tax evasion facilitation) that apply to our business and the transactions we undertake.

Eleven Group-wide Financial Crime Standards and associated risk-based systems and controls support the Financial Crime Policy, which is:

- Designed to ensure that all Barclays employees, businesses and legal entities comply with all UK, extra-territorial and locally applicable legal and regulatory obligations;
- Supported by the Barclays Board of Directors and applicable to all Barclays' legal entities and business dealings globally;
- Approved by the Global Head of Compliance (member of the Executive Committee);
- Regularly reviewed for content and effectiveness, which provides senior executive management oversight committees and the Board Audit Committee with the necessary assurance regarding the operating effectiveness of the Barclays Financial Crime control framework.

**We do not tolerate any deliberate breach of financial crime laws and regulations that apply to our business and the transactions we undertake.**

Barclays conducts comprehensive financial crime risk assessments on a regular basis (minimum annually), incorporating bribery and corruption, money laundering, sanctions and tax evasion facilitation.

This covers all operations globally, divided into 89 assessment units along business, functional and geographical lines. The risk assessment is overseen by the Financial Crime Team which monitors the completion of action plans to mitigate key risks identified.

We have a comprehensive global financial crime training programme which includes mandatory general awareness training delivered via the Barclays learning management system. This training is further supplemented by role-specific enhanced financial crime training (online, paper-based or face to face) for areas of our business where we have identified increased financial crime risks.

## Anti-bribery and corruption

We do not tolerate any deliberate breach of anti-bribery and corruption (ABC) laws and regulations. Our Financial Crime Policy, ABC-related standards, procedures and training are designed to ensure compliance with all applicable anti-bribery laws in countries in which we operate. The ABC-related standards focus on five key risk areas, namely: employment and work opportunity; expenditure; introducers; third parties and strategic transactions.

## Anti-money laundering

Money laundering and terrorist financing have been identified as major threats to Barclays and the international financial services community. Barclays Financial Crime Policy and the four associated Anti-money laundering (AML) Standards are designed to ensure that all Barclays businesses and legal entities comply with the requirements and obligations set out in UK, EU and local legislation, regulations, rules and industry guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk of the firm being used to facilitate financial crime. Barclays AML Standards focus on four key risk areas: customer life cycle; correspondent relationships; politically exposed persons; and wire transfers.

## Anti-tax evasion

We take a zero-tolerance approach to deliberate facilitation of tax evasion in any country and have procedures in place to prevent it. We also expect the same from our agents and third parties providing services for or on our behalf. We comply with the UK Criminal Finances Act 2017 and all applicable tax evasion/tax evasion facilitation laws wherever we do business. We have an Anti-Tax Evasion Facilitation Standard which addresses the risks associated with customers, employees and third parties acting for or on behalf of Barclays.

## Sanctions

Sanctions are restrictions on activity with targeted countries, governments, entities, individuals and industries that are imposed by bodies such as the United Nations (UN), the European Union (EU), individual countries or groups of countries. The Barclays Financial Crime Policy and the associated Sanctions Standard are designed to ensure that:

- Barclays and its employees know how to identify and manage the risks associated with sanctions, including the risk of Barclays' products being used to contravene sanctions
- All Barclays businesses and legal entities comply with applicable sanctions laws in every jurisdiction in which we operate.



The Barclays policy positions on financial crime can be found at:  
[home.barclays/citizenship](http://home.barclays/citizenship)  
[home.barclays/content/dam/home-barclays/documents/citizenship/our-reporting-and-policy-positions/policy-positions/barclays-financial-crime-statement-2019.pdf](http://home.barclays/content/dam/home-barclays/documents/citizenship/our-reporting-and-policy-positions/policy-positions/barclays-financial-crime-statement-2019.pdf)

# Whistleblowing

It is important that Barclays maintains a culture where anyone feels they can speak up if they see our high standards are not being met. Barclays is pleased that a significant majority of our employees feel it is safe to do so. Most employees feel comfortable raising concerns through the usual escalation channels; their line management, as well as Compliance, Legal and HR contacts.

Sometimes employees will not know where to go to speak up in confidence. To help them, Barclays has a dedicated team, called Raising Concerns that employees can contact to report their concerns in complete confidence and safe in the knowledge that the reports will be taken seriously and appropriate action taken. Whistleblowing is a core element of raising concerns at Barclays. Whistleblowing relates to concerns which fall within the wider public interest, such as a breach of our policies and procedures, breaches of law and regulation and behaviour that is likely to harm the reputation or financial well-being of the Bank. We take all whistleblowing reports extremely seriously and we have zero tolerance of any retaliation against someone who is a whistleblower.

The Raising Concerns team directs concerns raised to the most appropriate team to investigate; this may include, for example, Human Resources (who might deal with accusations of bullying or harassment) or Compliance (for routine matters).

Whistleblowing reports will be directed to a dedicated, confidential and independent whistleblowing team to investigate.

In 2019, the whistleblowing team opened a total of 254 whistleblowing investigations (364 were opened in 2018), with the majority of the investigations focused on allegations of breaches of controls or processes. Of the 217 whistleblowing investigations closed in 2019, 28% were found to have some level of substantiation.

The whistleblowing team is a Group function. The Chair of the Board Audit Committee has been appointed by the Board to have oversight of the independence, autonomy and effectiveness of Barclays' whistleblowing programme across the Group as a whole.

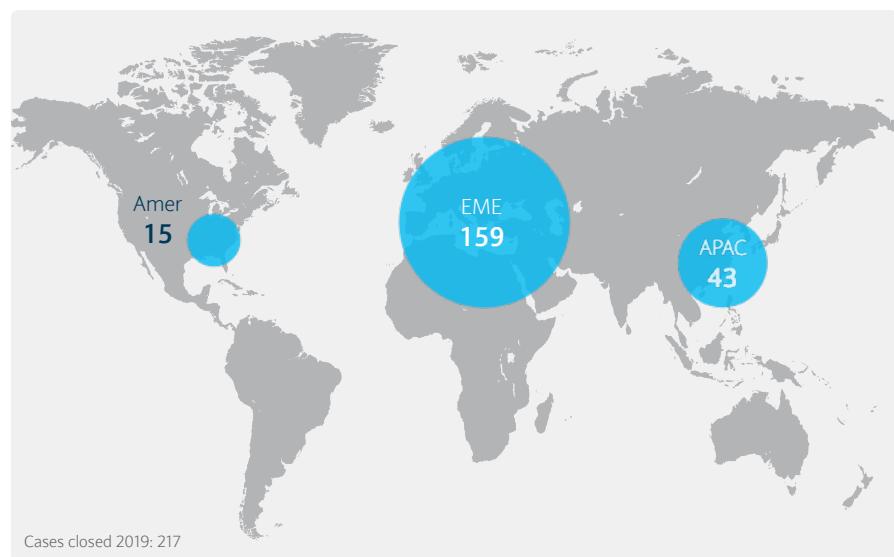
In addition, there is a regulatory requirement to appoint a non-executive director of each of the two main UK banking subsidiaries to oversee the whistleblowing arrangements in their respective entities.

## Whistleblowing cases opened by category



Cases opened 2019: 254

## Whistleblowing cases closed by region



**It is important that Barclays maintains a culture where anyone feels they can speak up if they see our high standards are not being met.**

# Managing data privacy, security and resilience

## Data privacy

We know how important our customers' and clients' data is to them, and we have robust policies that govern how we manage it. We also ensure employees only have 'need to know' access to personal data, and ensure strict controls on third-party suppliers' access to our data.

A Group Data Protection Officer (DPO) oversees our compliance with the GDPR, and reports annually to the highest level of Barclays management on privacy issues and wider data protection risks. Customers and the public may raise complaints and raise concerns with the Group DPO via a centralised DPO mailbox.

All Barclays businesses and functions are required to comply with our Group-wide Privacy Policy and Global Privacy Standard. These reflect data protection and privacy laws globally, and are reviewed annually and updated as necessary. During 2019, a new mandatory privacy training module focusing on principles and behaviours, was developed and completed by all employees globally. Additional tailored training is provided to meet specific needs if required.

## Data security

In 2019, we introduced new policies, technology and training to ensure that all data created or managed by Barclays carries a clear security classification. This has enabled us to deploy additional controls to keep our data safe, including to stop it leaving the organisation without authorisation.

All newly created sensitive data is encrypted at source to ensure the right protection is applied through its entire life cycle, whether moving between colleagues, technologies or outside the bank. By year end we will have the technology to generate continuous monitoring of the Banks' sensitive data enhancing this visibility in 2020.

When data does leave Barclays, we work closely with counterparties and vendors to ensure that they have in place effective data management so that data which we have chosen to share is afforded the appropriate protections.

Next year we will go further and extend the protections we have developed to more of our information, and deploy state-of-the-art technology to constantly scan and interrogate our information stores and data flows to identify security risks and trigger additional safeguards.

## Data resilience

The Barclays Chief Security Office (CSO) have a set of preventative Key Controls that mitigate cyber-related risks. These focus on understanding internal and external threats and delivering our capability to counteract them. One cyber risk on which the firm is focused is Large Scale Data Corruption. Major risk events have been experienced in the industry and Barclays has responded to protect against those threats. As threats evolve we adjust our stance. Our teams use intelligence to create plausible Cyber Security Compromise Scenarios, that they deliver through real-life simulation exercises to help us focus on continuous improvement.

## IT resilience

As our organisation becomes more digital, technology plays an increasingly important role in how we deliver for our customers and clients.

The stability and resilience of our systems has a direct impact on the quality of our service. We make significant investments in our infrastructure to guard against risk ranging from large scale data corruption, to hacking and third-party failure.

Our multi-channel approach to delivering for our customers provides a level of resilience, and we maintain and regularly test comprehensive recovery plans to be used in the event of a failure.

We regret any instances of service disruption to customers and remain focused on reducing the volume of operational incidents. Operational incidents caused by technology are becoming less frequent across Barclays year-on-year, with a 43 per cent reduction versus last year.

Resilience and security is set as a priority from the Barclays Board and seen as a responsibility of everyone within Barclays. In 2019 we ran a series of campaigns using training, videos, emails and roadshows to continue to embed a security mindset.

Barclays recognises the importance of third parties in ensuring the uninterrupted provision of services to Barclays customers. We operate a class-leading third-party resilience programme which determines how critical a service is, the impact of its loss, and the methods for recovery. Frequent testing helps us to refine these response and recovery mechanisms. We conduct regular assurance activities on third-parties to assess the quality of the resilience programme.

Resilience and security is set as a priority from the Barclays Board and seen as a responsibility of everyone within Barclays.

# Contributions, associations and memberships

## Political contributions

Barclays is politically neutral and does not engage in party political campaigning or make party political donations. We do engage with Government on issues relevant to our business and ensure that any communication undertaken is honest, comprehensive and accurate. Barclays does not give any money for political purposes in the UK, the rest of the EU or outside of the EU, nor does it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure.

In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the USA funded by the voluntary political contributions of eligible Barclays' employees. The PAC is not controlled by Barclays and all decisions regarding the amounts and recipients of contributions are directed by a steering committee comprising employees eligible to contribute to the PAC. Barclays complies with applicable laws and requirements in relation to the disclosure and publication of lobbying expenditure. We also comply with lobbying disclosure requirements in all of the jurisdictions in which they are applicable.



Barclays' lobbying expenditure in the EU and US can be accessed on the EU Transparency Register at: [ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do](http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do), and the US Lobbying Disclosure Act Database at: [soprweb.senate.gov/index.cfm](http://soprweb.senate.gov/index.cfm)

## Trade associations

Barclays is a member of several trade associations globally. These associations work to represent their members and shape industry's collective response to public policy issues.



A summary of the key associations in which we participate is also available at: [home.barclays/citizenship/our-reporting-and-policy-positions/public-policy-engagement](http://home.barclays/citizenship/our-reporting-and-policy-positions/public-policy-engagement)

## Memberships and signatories

Barclays is a member of a number of associations (such as industry associations) and national or international advocacy organisations in which the organisation:

- holds a position on the governance body;
- participates in projects or committees;
- provides substantive funding beyond routine membership dues;
- views membership as strategic.

At the end of 2019 these were as follows:

- Banking Environment Initiative
- Equator Principles
- United Nations Environment Programme Finance Initiative (UNEP FI)
- United Nations Principles of Responsible Banking
- Thun Group
- Task Force on Climate-related Financial Disclosures (TCFD)
- Barclays Asset Management Ltd and Barclays UK Retirement Fund are signatories of the UN Principles of Responsible Investment (UN PRI).

# Tax

## Tax contribution and approach to tax

We continue to make substantial tax payments across the jurisdictions in which we operate, both in terms of taxes paid and taxes collected.

In 2019, PwC conducted their most recent Total Tax Contribution survey of The One Hundred Group (100 Group) which represents members of the FTSE 100 along with several large UK private companies. This survey ranked Barclays as the fourth largest UK taxpayer, in terms of taxes paid. We have been ranked as one of the top four largest UK taxpayers in each of the last six years.

Our approach to tax is rooted in our overall Purpose and Values and has three core objectives:

### 1) Responsible approach to tax

We manage our tax affairs in accordance with our tax principles and tax code of conduct. We aim to ensure that our tax returns are filed on time and the correct amount of tax is paid.

### 2) Effective interaction with tax authorities

We aim to have constructive and professional relationships with tax authorities. We actively support and work with tax authorities to combat tax evasion.

### 3) Transparency in relation to our tax affairs

We are committed to being a leader in tax transparency by choosing to expand external publications such as the Country Snapshot and making clear disclosures to tax authorities.

We believe that it is important for our investors, customers and clients, regulators, tax authorities and other stakeholders to understand our tax contribution in the countries in which we operate and our approach to tax.

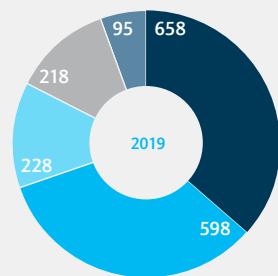
 More information can be found in our **2019 Country Snapshot Report**, which contains an overview of our tax contribution country by country as well as our broader approach to tax including our UK tax strategy.

We have been ranked as one of the top four largest UK taxpayers in each of the last six years.

## Value generated: revenues (total income) £m

2019	21,632
2018	21,136
2017	21,076

## Taxes paid globally (£1,797m) £m



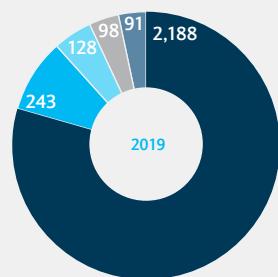
■ Irrecoverable VAT  
 ■ UK bank levy  
 ■ Employer payroll taxes  
 ■ Corporation tax\* and withholding taxes

\*In 2019, we received a large refund of overpaid corporation tax in the US which exceeded the total corporation tax paid in other jurisdictions.

## Government: taxes paid globally £m

2019	1,797
2018	2,175
2017	2,516

## Taxes collected globally (£2,748m) £m



■ Employee taxes  
 ■ Tax deducted at source on interest  
 ■ Net VAT collected  
 ■ Other taxes

## Employees: Group compensation costs £m

2019	7,343
2018	7,346
2017	7,123



# Our people and culture



# Our people

We believe that the culture of Barclays is built and shaped by the thousands of professionals around the world who serve our customers and clients with a shared Purpose and Values.

Our people make a critical difference to our success, and our investment in them protects and strengthens our culture.

We increasingly draw on the latest thinking from behavioural science and data science to identify what's most likely to be effective in hiring, developing and engaging our people, and then track effectiveness over time. We're also starting to use the same data-driven approach to give us a much more accurate picture of how people progress through our organisation.

## Hiring the best people

We continue to focus on hiring people with the skills that will help us accelerate the digital transformation of our organisation, as well as adapt more quickly to the changing needs of our customers and clients.

We have increased hiring across our core strategic locations globally. Building a modern, scale presence in a smaller number of sites enables us to make significant investments in the workplace that would not otherwise be possible. The transition to having more of our people work from these strategic sites means change for our existing colleagues. We recognise the disruption that this can create and we are managing the impacts thoughtfully.

Within BX, we continue to rebalance the mix of contractors and permanent colleagues, so that more people work directly for us. We believe this is a competitive advantage and further strengthens our culture.

We want to hire from within and are increasingly using data and analytics to identify and support high performers and potential future leaders – particularly from those groups that are currently under-represented amongst our senior colleagues. 34% of our vacancies were filled by internal candidates during 2019.

Just under 900 graduates joined us in 2019, enabling us to develop our pipeline of future leaders in-house. The percentage of graduate female hires was 34%. We also provided over 300 people with the opportunity to complete a structured apprenticeship.

We have continued to put additional effort into supporting people who have been in the armed forces to find a career at Barclays, through the 'After' programme. We have also supported those returning to the workforce after a career break, through our 'Encore' programme.

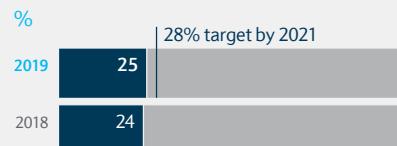
People with different perspectives and life experiences make our organisation stronger. We are committed to attracting, developing and retaining a diverse and inclusive workforce, and providing equal opportunities.

We aim to make sure our hiring is as diverse as possible. Our policies require us to give full and fair consideration to all populations based on their aptitudes and abilities. We're using data and analytics to better understand how we can improve our hiring process.

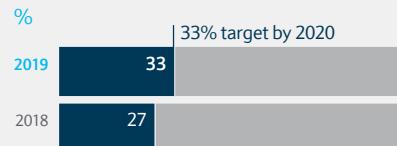
We recognise the importance of measuring progress around our gender diversity agenda and believe that setting targets is an effective way to do this. We've set ourselves a target of 28% female Managing Directors and Directors by the end of 2021, and have signed up to the Hampton Alexander targets of 33% female representation on each of our Boards and across our Group Executive Committee (ExCo) and their direct reports by the end of 2020. We continue to report on our results as part of the Hampton Alexander Review and HM Treasury Women in Finance Charter.

**People with different perspectives and life experiences make our organisation stronger.**

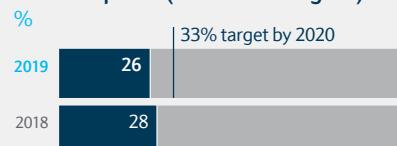
## Females at Managing Director and Director level



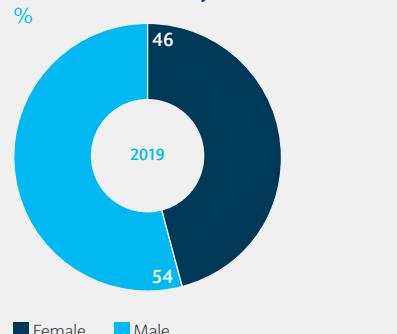
## Females on Board of Directors



## Females on Group ExCo and ExCo direct reports (Senior Managers)



## Females in Barclays



Under the Companies Act 2006, Barclays is required to report on the gender breakdown of our employees and 'senior managers'. Our global workforce was 87,369 (47,392 male, 39,970 female, 7 unavailable), with 107 senior managers (79 male, 28 female). This is on a headcount basis, including colleagues on long-term leave. Unavailable refers to colleagues who do not record gender in our systems. 'Senior Managers' represents the Group Executive Committee and their direct reports.

## Developing talent for the future

We operate in a highly-regulated environment, so it's critical to our success that our people understand the rules that govern how we operate. We invested £36m in training last year to ensure we get this right.

A wide range of development opportunities are available to help all our people build their career, delivered both in-person and through our new digital learning platform, Learning Lab, which is making development more available than ever.

We also launched two new flagship leadership development programmes during 2019. This is a significant investment in our future leaders, driven by our core belief that quality leadership makes a difference to our success. We track the progression of people that have participated in these programmes to see how effective they are.

We remain committed to closing pay gaps at Barclays; the difference in seniority between male and female colleagues, and between BAME and non-BAME colleagues.



For more information see our Pay Gaps Report at: [barclays.com](http://barclays.com)

## Colleague engagement

We have an established approach to engaging colleagues which includes the majority of the UK's Financial Reporting Council (FRC) recommendations, and is in line with new governance requirements in 2019. This ensures that we understand their perspective, take it into account in our decision making at the most senior level, and share with them our strategy and progress.

That extends to those who work for us indirectly as well, such as contractors, although in a more limited way. In 2020, our supplier code of conduct will require organisations with more than 250 employees to demonstrate that they have an effective workforce engagement approach of their own.

It's important to us that our Board members are engaged with our people – directly, and indirectly through our management team.

We regularly report on our colleague engagement activity to our Boards.

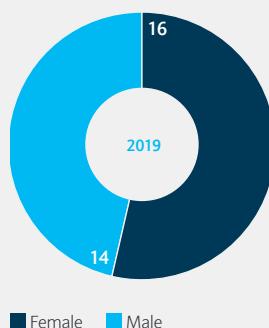
Together with direct engagement, this comprehensive reporting approach and dedicated time at board meetings helps our Board take the issues of interest to our colleagues into account in their decision making.

This has enabled them to confirm that our workforce engagement approach is effective.

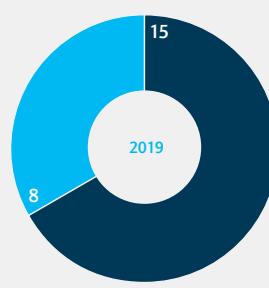
## Training

### Average hours of training per year per employee

#### Split by gender



#### Split by employee category



#### Split by grade

BA1	20
BA2	19
BA3	18
BA4	14
Assistant VP	12
Vice President	13
Director	14
Managing Director	12

Payroll: refers to colleagues employed directly by Barclays, on Barclays payroll and on a Barclays contract  
Non-Payroll: refers to agency and staff employed via a 3rd party contracted by Barclays to perform a service

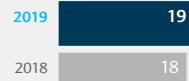
## BAME

### Black, Asian and Minority Ethnic (BAME) colleagues<sup>1</sup>

#### Global %



#### United Kingdom %



#### USA %



#### Note

<sup>1</sup> BAME populations include Asian, Mixed, Black, Hispanic/Latino, Native Hawaiian or Other Pacific Islander and Native American colleagues.  
Employees with an undeclared ethnicity (21% of our global population) have been excluded from all calculations, both for 2019 and 2018.

# Our people

## Listening to our people

Our regular colleague survey formally captures the views of all our people and is a key part of how we track colleague engagement. Our overall engagement score reduced slightly to 77% in 2019, but 80% of our colleagues would still recommend Barclays as a good place to work. Our colleagues also shared that 79% of them feel it's safe to speak up to share their views.

89% of colleagues told us they believe Barclays is focused on achieving good customer and client outcomes and 86% said they are proud of the contribution Barclays makes to the community and society.

Only 61% of our people said the stress levels at work are manageable, and 53% believe that we have been successful in eliminating obstacles to efficiency. Improving these scores is a key priority and we are working on the underlying problems.

The results from the survey are an important part of the conversations our leaders have about how we run the business, and it's a specific focus for our Executive Committee and our Board. The Executive Committee holds a dedicated town hall for colleagues each year, specifically to talk about their feedback and the actions we're taking in response, and there are many follow up communications and action plans built across the Group.

We monitor our culture across the organisation, and in individual business areas, through culture dashboards. These combine colleague survey data with other metrics about our business, so that we can see the effect our people's engagement has on our performance, and on the continued strength of our culture. 82% of our people have heard or read senior leaders talking about the character and culture of Barclays.

## Keeping our people informed

In addition to these data sources, our leaders, including our Board, engage face-to-face with colleagues locally to hear what they think. That might be through site visits, large-scale town halls, training and development activity, mentoring, informal breakfast sessions, committee membership, diversity and well-being programmes, or focus and consultative groups.

We make sure we're regularly keeping everyone up to date on the strategy, performance and progress of the organisation through a strategically-coordinated, multi-channel approach across a combination of leader-led engagement, and digital and print communication, including blogs, vlogs and podcasts.

We also engage with our people collectively through a strong and effective partnership with Unite, as well as the Barclays Group European Forum, which represents all colleagues within the European Union.

These conversations help us to deliver things like a collective pay deal for our Unite covered colleagues, who represent 84% of our UK-based colleagues, as well as more complex business change and our long-term focus on colleague well-being.

We regularly brief our union partners on the strategy and progress of the business and seek their input on ways in which we can improve the colleague experience of working for Barclays. The collective bargaining coverage of Unite in the UK represents c.52% of our global workforce.

When we make significant changes to our business, they can affect our people and can mean that redundancies are necessary. We consult in detail with colleague representatives on major change programmes affecting our people. We do this to help us minimise compulsory job losses wherever possible, including through voluntary redundancy and redeployment.

## Our people policies

Another way we shape the culture of our organisation is through our people policies, which are reviewed regularly, including by our Board.

Our policies are designed to provide equal opportunities and create an inclusive culture, in line with our values and in support of our long-term success. They also reflect relevant employment law, including the provisions of the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

We expect our people to treat each other with dignity and respect, and do not tolerate discrimination, bullying, harassment or victimisation.

We are committed to paying our people fairly and equitably relative to their role, skills, experience and performance – in a way that balances the needs of all our stakeholders. That means our remuneration policies reward sustainable performance that's in line with our Purpose and Values, as well as our risk expectations.



You can find more information in our Fair Pay Report, available on [barclays.com](http://barclays.com)

We encourage our people to benefit from Barclays' performance by enrolling in our share plans, further strengthening their commitment to the organisation.

The Directors' Remuneration Report on pages 85 to 123 of the Barclays PLC Annual Report 2019 sets out updates on remuneration outcomes and developments during 2019. It also explains our plans for 2020, including our proposed new Directors' Remuneration Policy, which will be subject to a vote at the next AGM.

## Facts and figures

### Employee survey results

*"I would recommend Barclays as a good place to work."*



### Colleague engagement



This is a measure derived from the nine engagement questions in our Your View employee survey.

# 893

Graduate hires

# 311

Apprenticeships

# 10%

Voluntary employee turnover

# 15%

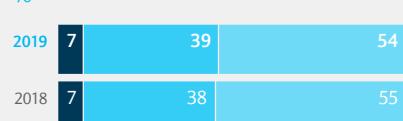
Employee turnover

# 15

Average training hours per annum per employee (payroll)

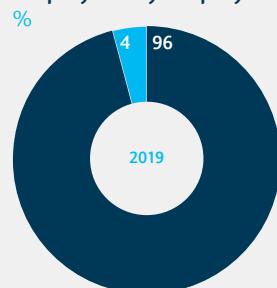
## Employees

### Split by level %



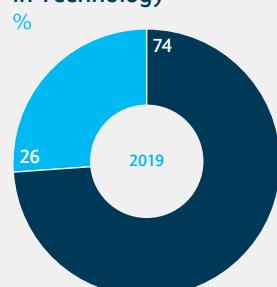
■ Senior (Managing Director and Director)  
■ Middle (Assistant Vice President and Vice President)  
■ Junior (Business Analyst grades)

### Employees by employment type %



■ Payroll ■ Agency

### Split by payroll/non-payroll in Technology %



■ Payroll ■ Non-payroll

Payroll: refers to colleagues employed directly by Barclays, on Barclays payroll and on a Barclays contract

Agency: refers to temporary staff paid through a third party for a defined term

Non-Payroll: refers to agency and staff employed via a third party contracted by Barclays to perform a service

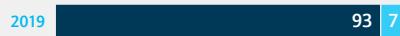
The majority of Agency workers in Barclays are based within the UK and India and are part of our PPI operation to manage and close legacy complaints.

### Part-time colleagues %



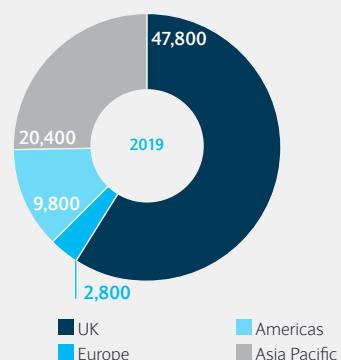
■ Full-time ■ Part-time

### Part-time colleagues gender split %

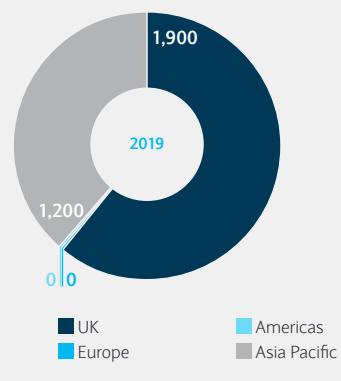


■ Female ■ Male

### Employment type split by region Payroll



### Agency



### Age of employees %



■ <20  
■ >=20 & <30  
■ >=30 & <40  
■ >=40 & <50  
■ >=50 & <60  
■ >60 years  
■ Unavailable

# Our people

## Building a supportive culture

Diversity of thought and experience works best when everyone feels included. People who feel they can be themselves at work are happier and more productive, so we believe that creating an inclusive and diverse culture isn't just the right thing to do, but is also best for our business.

We focus on five areas: disability, gender, LGBT+, multicultural, and multigenerational. Each of these is represented and championed by a senior leader, and embedded deeply into the organisation through colleague networks organised by our people and funded by Barclays.

Our networks provide colleagues with valuable support and advice, create development opportunities, and raise awareness of issues and challenges. Our networks also influence our people policies, teaching us how we need to adapt to give our people the support they need to succeed. 85% of our colleagues say that they feel included within their teams.

Our policies require managers to give full and fair consideration to those with a disability on the basis of their aptitudes and abilities; both when hiring and through ongoing people management, as well as ensuring opportunities for training, career development and promotion are available to all. As part of the UK government Disability Confident scheme, we encourage applications from people with a disability, or a physical or mental health condition.

We encourage everyone working at Barclays, or thinking about joining us, to tell us what support and adjustments they need to be their best at work. We're working hard to make the processes that support this more effective, recognising that at times getting the support colleagues need can be slow.

We track the ever-changing composition of our people through online dashboards, to make sure that our senior leaders understand the diverse makeup and needs of the organisation they lead. We're also an inaugural signatory of the UK's Race at Work Charter.

Through our BeWell programme, we provide expert advice and guidance on the practical steps colleagues can take to look after their physical and mental health. In 2020, our Mental Health Awareness training will become mandatory for all colleagues. We were one of the first businesses to sign up to the Mental Health at Work Commitment. 74% of colleagues say that Barclays supports employee efforts to enhance their well-being.

## The tools to succeed

We provide tools, programmes and support that enable colleagues to balance their work-life with their personal commitments, supporting career development opportunities at each life stage.

We offer enhanced maternity, paternity, adoption and shared parental entitlements. We're continuing to shape a more agile, technology-led culture through dynamic working, so that we can meet our people's desire to work more flexibly. 88% of colleagues say they are able to work dynamically and this is one of the biggest drivers for overall engagement, with more favourable scores across all questions.

However, our people also told us that we need to invest more in the technology and services we use internally. Only 56% of people said they have the work tools and resources they need to achieve excellent performance and this is a reduction year over year. We've made significant progress particularly in our new strategic campus sites, but we need to get the balance right between required investment and cost discipline in order to effectively balance the needs of all of our stakeholder groups.

We're replacing the old devices that we know our people can find frustrating, and we're updating our software and connectivity so that getting work done is easier. We've also invested in the technology support we provide to our people, so that when things do go wrong, we can put them right more quickly.

Over the next few years, our focus will be on enabling much greater collaboration, right across the organisation, so that we can unlock the power of the connections between our people.



See our 2019 dynamic working report:  
[home.barclays/content/dam/home-barclays/documents/who-we-are/our-strategy/Dandl/2019-Digital-DW-Report-landscape.pdf](https://home.barclays/content/dam/home-barclays/documents/who-we-are/our-strategy/Dandl/2019-Digital-DW-Report-landscape.pdf)



More information is available at: [home.barclays/who-we-are/our-strategy/diversity-and-inclusion/multigenerational/dynamic-working](https://home.barclays/who-we-are/our-strategy/diversity-and-inclusion/multigenerational/dynamic-working)

## Training and development

At Barclays, we believe it's important to foster an environment which supports our people to continuously grow and develop. We are committed to investing in our people at all stages of their career to help them develop both in their existing role and future career, and our strategy is to provide colleagues with a balance of formal and informal learning and great on-the-job development experiences. Our goals are to develop the skills which will help us accelerate the digital transformation of our organisation and adapt to the changing needs of our customers and clients, whilst helping our people build their careers.

We have a wide variety of development programmes and training available. We have developed a new digital learning platform called Learning Lab which is the gateway for colleagues at all levels to access learning and development to support them in the jobs they do today and help them prepare for future opportunities. This learning, available in a variety of forms, aims to develop their technical job specific skills, personal skills, and leadership skills. This is in addition to locally led, line manager owned activities. We have a number of corporate memberships with industry experts, allowing our colleagues to remain up to date with the latest developments and trends. In line with our global study policy, Barclays also encourages colleagues to study for degree programmes and professional qualifications that benefit the business and support their development.

**74% of colleagues say that Barclays supports employee efforts to enhance their well-being.**

In partnership with leading community organisations we are committed to addressing critical skills development and employability opportunities.



To find out more about our partnerships and what we are doing to help businesses find the talent they need to grow and help people gain skills for work, see pages 89 to 93 and visit our website at: [home.barclays/citizenship/access-to-employment](http://home.barclays/citizenship/access-to-employment)

We promote a continuous feedback culture and encourage all of our people to have regular performance conversations with their line manager throughout the year with their career development goals, in addition to our formal annual performance reviews for all permanent employees – both on what they do, as well as how they do it. This ensures our colleagues are able to continually broaden their skills, emphasising their personal development and working in a way which mirrors our Values.

The Barclays Leadership Framework provides a definition and expectation of leaders at Barclays to help colleagues plan their own leadership development. The framework is used across all levels of leadership – from new line managers, all the way through to our Group Executive Committee, supported by a variety of manager and leadership development training opportunities. We have also invested in our future leaders through two new leadership development and people management programmes. We actively encourage greater female participation on these programmes. We remain focussed on identifying talent based on objective assessment and are continuing to increase our use of analysis and insight to identify potential future leaders. We develop our successors and ensure that we have a strong pipeline of internal talent with the potential to step into critical roles in the future.

We measure the success of our development offering through our employee engagement survey, tracking the progression of participants from our leadership development programmes, and tracking our levels of retention, and internal mobility. These measures feed into our training and development approach, enabling us to focus action on the right areas for our workforce.

## Benefits

Barclays provides a comprehensive rewards package to employees, comprising a competitive salary, and discretionary annual bonus, further complemented with benefits such as pension, private healthcare, life assurance, holiday entitlement, and many other options to support colleagues at work and in their home life. We also provide opportunity for our colleagues to benefit from Barclays share price performance by enrolling in our all-employee share plans.



For more detail on our employee benefits visit: [home.barclays/careers/working-at-barclays](http://home.barclays/careers/working-at-barclays)

## Parental leave

We are committed to ensuring that Barclays is an inclusive workplace, where everyone feels supported, valued and respected. As part of this commitment, we offer support for families, parents and carers to help enable our colleagues to balance their professional and personal lives. Our policies are considered in line with local practices and statutory requirements, and in many locations Barclays offers enhanced maternity, adoption, paternity and shared parental support which exceed statutory requirements. Our policies apply to all employees regardless of gender identity or sexual orientation.



We have published our offering by location to be transparent with prospective employees at: [home.barclays/careers/working-at-barclays/family-policy](http://home.barclays/careers/working-at-barclays/family-policy)

## Reporting and benchmarks

Barclays is signed up to report on D&I through:

- The Barclays Fair Pay Report and UK Pay Gaps Report on Gender and Ethnicity
- The Hampton Alexander review – reporting on the number of women in senior leadership positions at Board-level and ExCo-1
- The HM Treasury Women in Finance Charter – reporting on women in senior leadership
- The Race at Work Charter – reporting against the five recommendations on race and ethnicity leadership
- The Mental Health at Work Commitment – reporting progress around becoming a mental health confident business
- Business Disability Forum – hold Gold status for their Disability Standard
- The Valuable 500 Commitment – reporting on disability inclusion
- The UK Social Mobility Index
- The Hong Kong Inclusion Index
- The US and India Working Mother Media Index

## Recognition in 2019

- In 2019, an independent benchmark by PwC rated Barclays as ‘advanced’ for its work in D&I
- The Times Top 50 Employers for Women
- Winner of UK BITC Gender Game Changer Award – UK
- Working Mother Best Companies for Multicultural Women – US
- Working Mother Media and AVTAR Group 100 Best Companies for Women in India – in the top 10
- Working Mother Media 100 Best Companies – US
- Winner of the Working Families Best for Mothers Award – UK
- Stonewall Top Global Employer for LGBT colleagues – one of 12
- National Organization on Disability – Leading Disability Employer’s Seal – US
- Disability Confident Scheme – UK Government, retained Leader Status
- Social Mobility Employer Index in the UK – top 75



# Investing in our communities



# LifeSkills

We believe that a strong, inclusive economy is a better economy for everyone.

## Investing in skills and employability

A vibrant, skilled workforce ensures that businesses can thrive and that individuals, along with their families and wider communities, can achieve financial independence and security.

Partnering with employers, Barclays is helping to build skills and break down barriers, to enable people to succeed now and in the future - both for those already in work, and those looking for work.

We work together with experienced partners, employability experts and businesses that are hiring to develop meaningful and innovative programmes that deliver a significant positive impact over the long term.

### LifeSkills

LifeSkills gives people across our UK home market the skills, knowledge and confidence they need to get into, progress and succeed in work. The programme has already helped over 10 million people since 2013 and is committed to helping a further 6 million people by 2022. Independent evaluation shows evidence that young people are using what they have learnt through LifeSkills to secure employment and manage their finances more effectively.

Throughout 2019 LifeSkills continued to build on its support for young people:

- Created innovative new lessons to ensure young people have the tools needed as economic, societal and technological advances drive the pace of change in the workplace. Helping with their core transferable skills, such as adaptability and problem solving, to tools which help them to assess their skills.
- Whilst delivering at significant scale and impact, LifeSkills is also uncovering and helping to tackle the deeper issues and challenges that some groups in the UK face. Taking learnings from previous pilots, in 2019 LifeSkills supported young people in Bury and Kilmarnock with an intensive programme designed to their local needs.

Building on the extensive knowledge and experience gained in running LifeSkills the programme was extended to the whole of the UK workforce and across all ages in 2019. The programme aims to help all people in the UK workforce, whether that's a young person developing skills and preparing for their first job, to someone wanting to progress in their career, make changes to their working life, introduce more flexibility and well-being or even start their own business.



This will be achieved through:

- A dedicated website providing free interactive online tools and resources tailored to their stage in life.
- The provision of 30+ modules for organisations, such as charities and housing associations to use with adult learners, who are looking to improve their employability skills or financial management. These can be used directly with individuals or small groups to learning in areas such as banking basics, budgeting, debt management, finding and applying for jobs, CV writing, and interview skills.
- Working with dedicated charity partners focused on specific interventions aimed at tackling issues such as in-work poverty and an ageing workforce.

### Digital skills

Our Code Playground Live sessions continued into 2019, following the success of our pilot session in late 2018. These sessions are broadcast directly into schools and homes around the country via the Barclays UK YouTube channel. In 2019, over 40,000 children across the UK learned valuable coding skills at our Code Playground events.

See also information on our network of Digital Eagles on page 30.

### LifeSkills case study

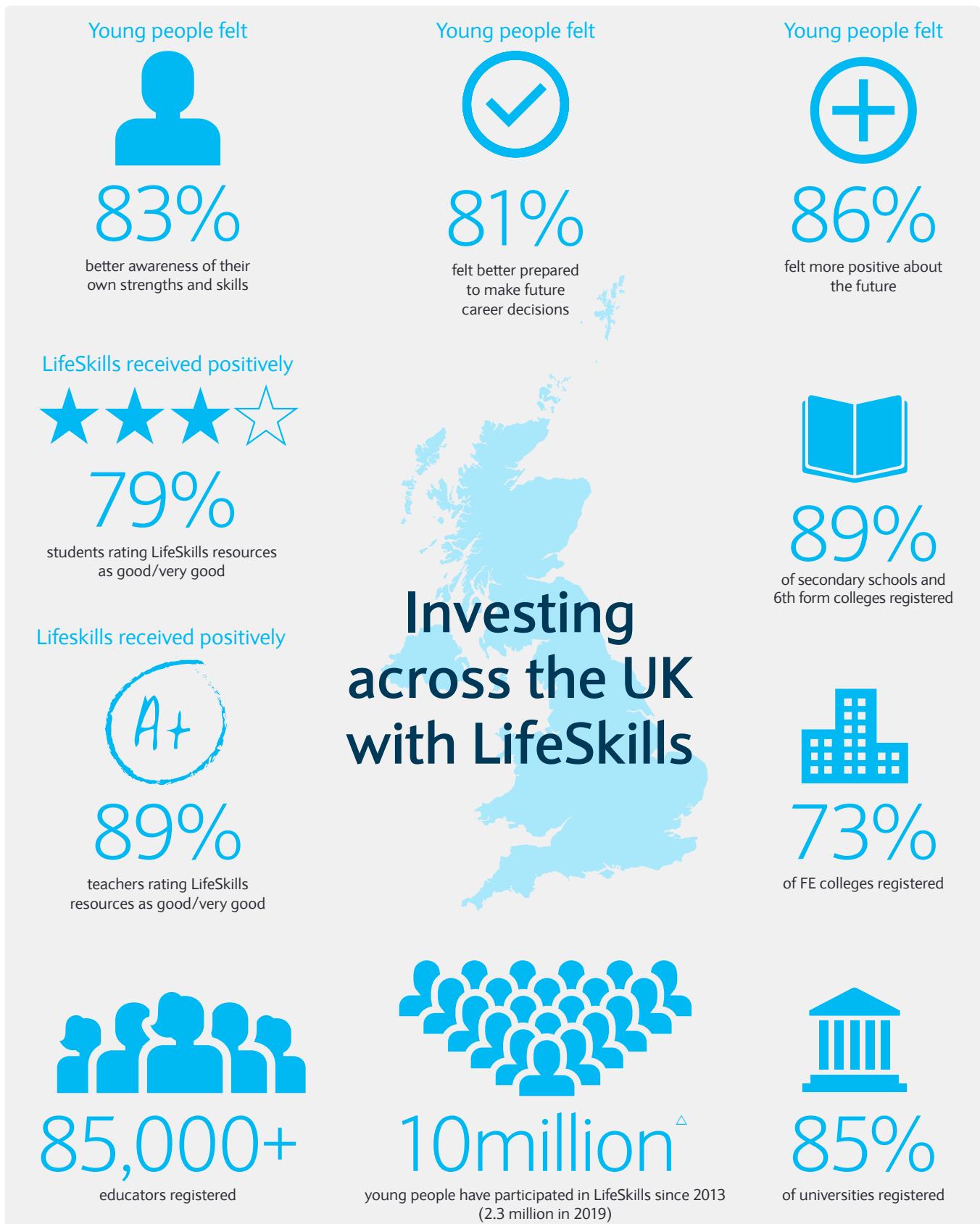
David\* was in danger of being excluded for disruptive behaviour when he was chosen for an intensive programme of LifeSkills workshops in Bury. A capable Year 9 student, David worked on challenging tasks with Barclays mentors and showed himself in a different light.

David's success at problem-solving and creative challenges helped raise his self-esteem, and his behaviour and attitude improved as he engaged in the activities. He gained transferable skills and confidence and now plans to go to college.

*He's grown up as a young man. He has turned it around in school. He's got a wider perspective of what he is possibly able to do, whereas I don't think he even thought about it before. [The programme has] opened the thought process of what his potential is after sixteen. – Deputy headteacher*

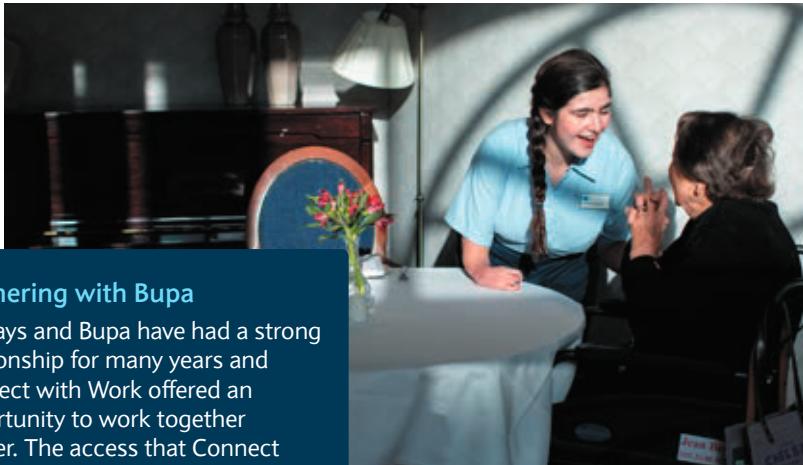
His teachers know that further work and support is needed, but believe that the programme has helped build their relationship with him and given him solid foundations for the future.

\*Name changed to protect the identity of the student



△ Subject to limited assurance by KPMG. Refer to page 111.

# Connect with Work



## Partnering with Bupa

Barclays and Bupa have had a strong relationship for many years and Connect with Work offered an opportunity to work together further. The access that Connect with Work could provide to a wider pool of potential candidates was an attractive prospect for Bupa.

In 2019, seven participants joined the initial Connect with Work programme with Bupa. The participants spent time working in Bupa's care homes while also undertaking classroom-based activities with Bupa, Barclays and The Prince's Trust. At the care home, they experienced everything from housekeeping, laundry and kitchen support, to working with residents.

Following the success of the pilot, Bupa is rolling out the programme across more of its care homes to support even more young people throughout 2020.

## Connect with Work

Connect with Work supports people who face barriers getting into work by providing tailored skills training and connecting them to businesses that are recruiting – including Barclays' clients and suppliers.

The programme works with people who want to get into work but, for a number of reasons, face challenges – such as a lack of experience or confidence, fewer educational qualifications, care requirements or disabilities – and helps them to develop the skills, connections and opportunities that provide a way in, or back into the workforce.

Working across a variety of industries, and in some of the fastest growing sectors of the economy, Connect with Work provides employers with access to a unique, but often overlooked, pool of talent that exists in the communities where we live and work. This enables employers to diversify their recruitment efforts and gain access to new hiring channels.

## Empowering local talent with skills for digital and tech jobs

In 2019, Barclays' Group CEO Jes Staley, along with New Jersey Governor Phil Murphy and others, celebrated the grand opening of the Newark, NJ, location of Per Scholas, a non-profit organisation Barclays has supported through its Connect with Work programme since 2012.

The new location, powered by Barclays, will provide technology training and professional development to 100 unemployed or underemployed individuals per year over the next three years. The Newark-based students will serve as a key talent pipeline for Barclays' new technology and operations campus in Whippany, NJ, which is less than 20 miles away from the new Per Scholas location.



Find out more at: [investmentbank.barclays.com/news-and-events/empowering-local-talent-with-per-scholas.html](https://investmentbank.barclays.com/news-and-events/empowering-local-talent-with-per-scholas.html)

## Connect with Work impact in the UK

Research from the Industrial Strategy Council states that in just over a decade 20% of the UK workforce will be negatively impacted by a skills deficit.

Barclays outlines how it is addressing this gap in its first Connect with Work UK impact report which highlights the programme's UK achievements to date and how the programme is supporting businesses, like Bupa, across the UK.



Download the report at: [wealthcomms.uk/connectwithwork](https://wealthcomms.uk/connectwithwork) to hear from more of the programme's graduates and participating employers

## Connect with Work

No. of people placed into work globally

**66,000<sup>△</sup>**

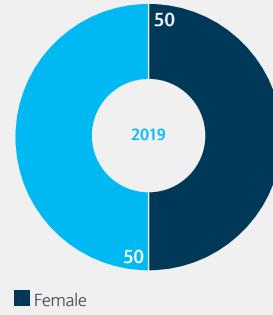
Number of people placed into work following training provided by Barclays' Connect with Work programme

Businesses engaged to help provide job placements for 66,000

**4,200**

People placed into work gender split

%

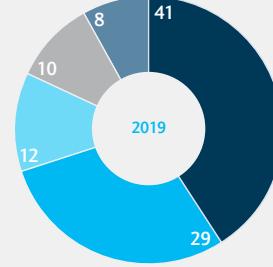


■ Female

■ Male

Job sector split

%



■ Technology  
■ Hospitality, leisure and retail  
■ Manufacturing and construction  
■ Financial services  
■ Other

<sup>△</sup> 2019 data subject to limited assurance by KPMG.  
Refer to page 111.



### Connect with Work graduate story

Yogita, India, shares how the programme helped her build confidence at work.

"I come from a family where education and securing work are encouraged; however, doing both was not easy. Despite my parents being illiterate, they ensured that we got a good education, and my elder brother also played an important role in my life. After his death, I wanted to help my family emotionally and financially. I got an opportunity to undertake an internship, but since this was my first professional experience, it came with a lot of challenges. I struggled with my English, low confidence, fear in approaching senior leaders because of nervousness, and so on. Then I took part in Barclays' Connect with Work programme and it helped me understand the workplace in a better way. It boosted my confidence and now I am able to communicate in English with my colleagues. I am getting better at my work too."

### Investment in the community

Barclays supports communities through investing money and skills in partnerships with respected non-governmental organisations, charities and social enterprises. Our investment amounted to £44.6m in 2019 (2018: £34.8m) including charitable giving, management costs and monetised work hours of Barclays colleagues.

### Charitable giving

Barclays supports colleagues who choose to fundraise for the causes they are passionate about through our Matched Fundraising programme. In 2019, we supported over 9,800 colleagues globally to fundraise for their chosen charities, with a total of £17.8m raised for charities around the world. We further supported 14,600 colleagues to donate via our Payroll Giving programme, which saw us match a total of £1.1m in 2019.

### Global investment in our communities

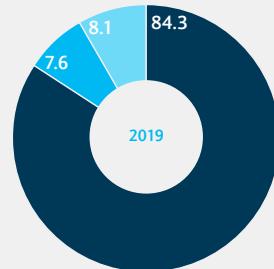
£m

**£44.6**

2019	44.6
2018	34.8
2017	42.1

### Global investment in our communities

%



- Cash
- Management costs
- Monetised working hours

There is no generally accepted standard definition for calculating community investment. Barclays' refers to the London Benchmarking Group methodology. Cash and management costs are based on entries from the general ledger for the direct cost of delivering and management of our Citizenship programmes and business-led donations. Monetised working hours are calculated based on colleague self-reporting using average staff costs calculated by HR and may not reflect the average pay amongst volunteering population. See our ESG Reporting Framework for a detailed definition (<http://home.barclays/esg2019>).



# Additional disclosures

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Sustainability Accounting Standards Board (SASB)	103
Assurance statement	111

## ADDITIONAL DISCLOSURES

# External ESG ratings and surveys

We continue to enhance our disclosures and actively engage with ESG analysts and rating agencies.

Barclays' strategy and performance on ESG factors is evaluated by a range of external agencies.

Clear and credible ESG information is critically important to enable effective investment decision-making, support company and investor engagement and underpin the growing range of products based on ESG factors.

Across a set of key ESG Ratings, our performance was broadly stable year-on-year with methodology changes the primary drivers of scoring instead of underlying changes in approach or performance.

We continue to enhance disclosures on ESG factors and provide detailed information on our positions and policy statements. As a significant driver of ESG ratings performance is underpinned by disclosure, we would expect this to support our scores over time.

We are further engaging with our stakeholders, including Ratings agencies, investors and expert bodies, to improve transparency and enhance understanding of different assessment frameworks and ESG scoring models used by the various agencies.

There is currently some inconsistency in terms of what best practice looks like and how it is measured across different ratings agencies. This is reflected in the variance in methodologies, and therefore in the variance in Barclays' ESG Rating across the different providers. There is limited consistency in the underlying data used both within and across sectors.

Whilst this remains an unregulated area, we believe that it is important that these agencies, working with companies, investors and other market participants, continue to enhance consistency and transparency to support increasingly robust ESG data and ratings in the future.

We recognise that markets and stakeholders need clear, relevant and consistent information and we will continue to focus on enhancing disclosures, particularly on climate change, and across wider ESG factors, including the TCFD framework.

## ESG ratings

### MSCI

Barclays was rated BBB by MSCI ESG Ratings (2018: 'BBB').

### Sustainalytics

We scored 66 points in Sustainalytics ESG Ratings (2018: 60 points) and 31.7 points in the Sustainalytics risk rating (2018: 31.2). The change in Sustainalytics ESG Risk Ratings was driven by the application of standard industry average scores for additional ESG factors, and does not currently reflect Barclays' actual performance on those issues.

### RobecoSAM

We saw an increase in our RobecoSAM percentile score to the 77th percentile, up from 72nd in 2018. We saw a decrease in our actual score to 70, from 75 in 2018, against a sector average of 46 points.

### FTSE4Good

Our FTSE4Good ESG Rating increased to 4.8/5 (2018: 4.3/5) with an 97th percentile ranking against the global banks sector.

## Disclosure ratings

### ISS

The Institutional Shareholder Services' (ISS) assigns environmental and social quality scores for corporate disclosures. On a 1-10 scale where 1 is highest, Barclays was rated as '1' for both social and environmental reporting.

### CDP

Barclays was rated as A- in the 2019 Carbon Disclosure Project (CDP) Climate Change questionnaire (2018: A-). Barclays has been recognised by CDP as a Supplier Engagement Leader in 2019, by being in the top 3% of companies engaging suppliers on climate change.

## External ESG benchmarks and surveys

### Sustainalytics risk rating

**31.7**

2018: 31.2 2017: N/A\*

Scale: 0-100, with 100 being the most severe

### MSCI

**BBB**

2018: BBB 2017: BBB

Scale: AAA to CCC

### RobecoSAM

**77th**

2018: 72 2017: 80

Scale: 0-100 percentile, with 100 being the best possible ranking

### FTSE4Good

**4.8/5**

2018: 4.3/5 2017: 4.3/5

Scale: 0-5, with 5 being the best possible score

### Vigeo Eiris

**48**

2018: 46 2017: 46

Scale: 0-100, with 100 being the best possible score

### CDP

**A-**

2018: A- 2017: B

Scale: A+ to F, with A+ being the best possible score

### ISS

#### Social

**1/10**

2018: 1/10 2017: 1/10

Scale: 1-10, with 1 being the best possible score

### Environmental

**1/10**

2018: 1/10 2017: 2/10

Scale: 1-10, with 1 being the best possible score

# Principles for Responsible Banking reporting

To report our progress against the Principles For Responsible Banking, we have adopted the PRB's reporting template set out below. As we were not due to report our progress until 2021, and further guidance on assurance is yet to be issued, our responses have not been within the scope of assurance for 2019. Individual performance metrics have however been subject to limited assurance.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
<b>Principle 1: Alignment</b> <b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b>		
1.1 <i>Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</i>	<p>Barclays operates as two divisions, Barclays UK and Barclays International, supported by our service company, Barclays Execution Services.</p> <p>Barclays UK is our UK ring-fenced bank, comprised of:</p> <ul style="list-style-type: none"><li>■ UK Personal &amp; Business Banking;</li><li>■ Barclaycard Consumer UK businesses.</li></ul> <p>Barclays International consists of:</p> <ul style="list-style-type: none"><li>■ Corporate and Investment Bank (CIB);</li><li>■ International Consumer, Cards &amp; Payments (CCP) businesses.</li></ul> <p>Barclays Execution Services (BX) is the Group-wide service company providing technology, operations and functional services to businesses across the Group.</p> <p>A breakdown of our income, profit, risk weighted assets, income by region and number of colleagues across these business is illustrated in our 2019 Strategic Report on page 3.</p> <p>Barclays serves a broad range of customers across its business, including but not limited to, retail, wealth, SME, and corporates. Additional details are found in our 2019 Strategic Report and on page 7 of this report.</p> <p>Barclays' Pillar 3 disclosures provide a breakdown of credit exposure across different classes (Pillar 3 page 49) and credit exposures by industry and counter party (Pillar 3 page 90).</p> <p>The <i>Climate-related financial disclosures</i> section of this report provides a breakdown of credit risk by elevated risk sectors, in relation to climate change. We have additionally provided exposure to carbon related assets. For full details refer to page 63.</p>	Barclays PLC 2019 Annual Report suite <a href="http://home.barclays/investor-relations/reports-and-events/annual-reports/">home.barclays/investor-relations/reports-and-events/annual-reports/</a> Including Barclays PLC Strategic Report 2019 Barclays PLC Pillar 3 Report 2019 Barclays PLC 2019 ESG Report
1.2 <i>Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</i>	<p>Barclays has set a number of sustainability targets and commitments and is continuously integrating working practices which are aligned to society's goals.</p> <p>Five areas of focus for Barclays are:</p> <ul style="list-style-type: none"><li>■ Making growth 'green', sustainable and inclusive;</li><li>■ Managing our social and environmental impact;</li><li>■ Running a responsible business;</li><li>■ Our people and culture;</li><li>■ Investing in our communities.</li></ul> <p>Barclays has committed to be net zero by 2050 and to facilitate £150bn in social and environmental financing by 2025, as well as £100bn of green finance by 2030. This financing underpins projects and activities contributing to achieving the SDGs.</p> <p>Further details on our net zero commitment are found on pages 10 to 13 and additional details of our social and environmental finance activities can be found on pages 22 to 28.</p>	Barclays PLC 2019 ESG Report ESG performance highlights Page 14-15  Social and environmental finance Pages 22-28

## ADDITIONAL DISCLOSURES

# Principles for Responsible Banking reporting

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
<b>Principle 2: Impact and Target Setting</b> We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.		
<b>2.1 Impact Analysis:</b>  Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:  a) <b>Scope:</b> The bank's core business areas, products/services across the main geographies that the bank operates in as described under 1.1. have been considered in the scope of the analysis.  b) <b>Scale of Exposure:</b> In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.  c) <b>Context &amp; Relevance:</b> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.  d) <b>Scale and intensity/salience of impact:</b> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.  (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))  Show that building on this analysis, the bank has:  ▪ Identified and disclosed its areas of most significant (potential) positive and negative impact ▪ Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts	We continue to analyse significant potential positive and negative impacts of our business. The starting point for this analysis is an understanding of the material ESG issues for our stakeholders, including our customers and clients, our colleagues, society and investors. These have been set out on page 8 of this report.  This analysis takes into consideration the bank's business model, the scope and scale of the bank's services (section 1.1. and page 7), the income by geography, which highlights 95% of Group income being originated in the UK, EU and Americas (page 7), the sector credit exposure as illustrated in our Pillar 3 Report (page 90), and our underwriting activities as set out in the <i>Climate-related financial disclosures</i> of this report (pages 41 to 65).  <b>Understanding and responding to potential negative impacts</b>  Based on the nature of our business, we are focusing our analysis on the following focus areas: <ul style="list-style-type: none"><li>▪ social and environmental impacts of financing including climate change; and</li><li>▪ the accessibility and transparency of our financial products.</li></ul> Barclays has undertaken a pilot study using the 2 Degree Investing Initiative PACTA methodology (page 49). While the primary focus of the tool is not quantifying climate impact in absolute terms, it offers a means of assessing our lending portfolios alignment with a 2 degree scenario, and therefore, a means to reviewing potential negative impact on our climate.  Our TCFD disclosure contains a breakdown of high carbon sector exposure of the bank (pages 62-63) in addition to our analysis of our underwriting activity by sector (page 64). This analysis provides a basis for the continued improvement of our environmental and social risk management activities as set out on pages 34-37 and 53-55.  In 2019, we reviewed and published a report on our exposure to clients involved in "soft commodities" including timber, palm oil and soy to identify relationships giving rise to potential negative impacts resulting from deforestation. Across these commodities, universally recognised certification schemes including RSPO, FSC & PEFC, and RTRS, provide a means of promoting environmental best practice and minimising potential negative impacts. The report covers all clients operating in high deforestation risk markets and provides a breakdown of those clients covered by applicable certifications and those that are not covered, thereby identifying relationships which expose Barclays to elevated risks of negative impacts linked to deforestation. For full details refer to our Barclays soft commodities impact progress report.  Barclays also recognises that we have a responsibility to monitor and uphold human rights where they have the potential to be impacted by our direct operations, as well as our financing and purchasing practices. To better understand and address this, we are currently working with an expert human rights advisory organisation to assist us in identifying our most salient human rights risks and impacts, and enhance our approach to managing these.  We are committed to ensuring our financial services are accessible, transparent and responsible. Details are set out on pages 29-30, including but not limited to, our approach to product design and financial well-being.	Barclays PLC 2019 ESG Report  ESG and our business Page 8  Income by geography Page 7  Barclays PLC 2019 GRI Index: home. barclays/esg2019  Barclays PLC 2019 Annual Report suite home.barclays/investor-relations/reports-and-events/annual-reports including  Barclays PLC Pillar 3 Report 2019 Industry credit exposures Pages 62-63  Barclays PLC 2019 Strategic Report Non financial information statement Pages 43-44  Soft commodities compact progress report: home. barclays/esg2019

<i>Reporting and Self-Assessment Requirements</i>	<i>High-level summary of bank's response (limited assurance required for responses to highlighted items)</i>	<i>Reference(s)/Link(s) to bank's full response/relevant information</i>
<b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</b>		
<b>We continue to make progress in assessing our significant positive and negative impacts and we are focused on ensuring this assessment covers all our core business activities as a financial institution. We will continue to work with UNEPFI, our peers and other organisations to enhance the tools and methodologies available to better understand our impacts on society and our environment.</b>		
<b>2.2 Target Setting</b>		
<i>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</i>	To align with the Paris Agreement, Barclays has set an ambitious target of being net zero by 2050, including our Scope 1 and Scope 2 operational emissions, as well as all Scope 3 emissions including financed emissions. Full details are set out on pages 10-13 of this report.  In 2018, Barclays published its £150bn social and environmental financing commitment by 2025. This year, we have also set a further target of providing £100bn green financing by 2030.  Our financing volume is tracked and screened using Barclays' Impact Eligibility framework, which provides clear environmental and social inclusion criteria to track and categorise financing volumes and a 2019 progress update is provided in this report (pages 22-28). The performance reported is also subject to independent third party assurance (page 111).	Barclays PLC 2019 ESG Report  Social and environmental financing  Pages 22-28  ESG Materiality  Page 8
<i>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</i>		
<i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximise the net positive impact of the set targets.</i>		
<b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</b>		
<b>Barclays has set more than the minimum of targets relevant to our business and our impact areas. For our social and environmental financing target this includes details of our methodology and progress to date. We will disclose further details for our net zero target as we progress this work. As our impact areas and our understanding of them continues to evolve, we will continue to review our targets.</b>		
<b>2.3 Plans for Target Implementation and Monitoring</b>		
<i>Show that your bank has defined actions and milestones to meet the set targets.</i>	Performance against the targets is monitored throughout the year with regular reporting to Barclays ESG governance forums including the Board and the Environmental and Social Impact (ESI) committee (page 20). Annual progress reporting is integrated in the Barclays Strategic and ESG reports.  Performance is reported in line with Barclays' ESG Reporting Framework.	Barclays PLC 2019 ESG Report  Governance  Pages 18-20  Barclays PLC 2019 Strategic Report  Pages 18-19  ESG Reporting Framework: <a href="http://home.barclays/esg2019">home.barclays/esg2019</a>
<i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i>		

## ADDITIONAL DISCLOSURES

# Principles for Responsible Banking reporting

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p> <p>A number of clear milestones have been set for the published targets. Clear methodologies and definitions have been set out for our social and environmental financing target. We will disclose further information as we continue to develop our approach to our net zero target.</p>		
<p><b>2.4 Progress on Implementing Targets</b></p> <p><b>For each target separately:</b></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>We provide a performance update on page 32 of the Barclays Strategic Report, including details of activities in 2019, which underpin the growth of Barclays' social and environmental financing. These include, but are not limited to, the formation of the new Sustainable Impact Banking (SIB) group, expansion of the green product suite and continued development of our sustainable innovation mechanisms.</p> <p>As a first step, we have conducted an analysis of our carbon related assets as set out on pages 62-63. Key governance and policy positions have been implemented as part of our net zero target. This will provide the basis for our strategy and action plan, which we will implement in 2020 to progress towards our 2050 target.</p> <p>Details of our progress against our social and environmental financing target can be found on page 22.</p>	Barclays PLC 2019 Strategic Report Page 32
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.</p> <p>Barclays has implemented key actions to demonstrate progress and commitments against the set targets including setting up relevant governance forum and monitoring progress in the case of Barclays' social and environmental financing target. We will continue to report our progress against the targets outlined.</p>		
<p><b>Principle 3: Clients and Customers</b></p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p><b>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</b></p>	<p>The <i>Running a responsible business</i> section of this report (pages 67-79) provides an update on key topics which underpin our efforts to promote responsible relationships with our customers. These topics include culture and conduct, complaints, financial crime, whistleblowing, data privacy and resilience.</p> <p>An update of how we seek to ensure the accessibility and responsibility of retail products is set out on pages 29-30 of this report. It includes details of financial products and services available to individuals not eligible for standard banking offering, efforts to improve digital accessibility and safeguard customers against fraud.</p>	Barclays PLC 2019 ESG Report Responsible business Pages 67-79
<p><b>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</b></p>	<p>The <i>Making growth 'green'</i> <i>sustainable and inclusive</i> section in this report (pages 21-32) sets out the suite of green and sustainable products offered by Barclays, including updates and developments in 2019. The products span financing activities in the investment, corporate and retail bank and include, but are not limited to, debt and equity capital markets, green loans and green mortgages. Products include those focused on social and environmental use of proceeds as set out in Barclays Impact Eligibility Framework.</p>	Barclays PLC 2019 ESG Report Supporting sustainable growth Page 21-32  Barclays Impact Eligibility Framework: <a href="#">home.barclays/esg2019</a>

<i>Reporting and Self-Assessment Requirements</i>	<i>High-level summary of bank's response (limited assurance required for responses to highlighted items)</i>	<i>Reference(s)/Link(s) to bank's full response/relevant information</i>
<b>Principle 4: Stakeholders</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
4.1 <i>Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</i>	<p>Details of how Barclays engages with its stakeholders are set out on page 14-15 of the Strategic Report.</p> <p>Additionally, feedback from stakeholders including customers, clients, investors and NGOs is received through engagements, including face to face meetings and calls throughout the year. These inform the ESG materiality assessment, the topics most pertinent to the Principles, and Barclays' response as set out in this document.</p>	Barclays PLC 2019 Strategic Report Stakeholder engagement Pages 14-15
<b>Principle 5: Governance &amp; Culture</b> We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
5.1 <i>Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</i>	<p>The full Board provides oversight of environmental and social matters with the Board Risk Committee providing oversight of climate change financial and operational risk in line with our new policy.</p> <p>The Environmental and Social Impact (ESI) senior management committee, chaired by our CEO, manage the overall delivery of our environmental and social strategy and underlying initiatives.</p> <p>Issues covered through these governance committees are directly related to those relevant to the PRB.</p>	Barclays PLC 2019 ESG Report Governance Pages 17-20
5.2 <i>Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</i>	<p>Details of our approach to fostering a culture of responsible banking are found on pages 69-74 and 84. Additional details are also set out in our Strategic Report.</p> <p>Non-financial performance metrics are incorporated within management remuneration structures as set out in the remuneration section of the Annual Report (page 97).</p>	Barclays PLC 2019 Strategic Report Pages 69-74 and 84
5.3 <i>Governance Structure for Implementation of the Principles</i>  <i>Show that your bank has a governance structure in place for the implementation of the PRB, including:</i>  <i>a) target-setting and actions to achieve targets set</i>  <i>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</i>	<p>The governance structure set out above governs ESG matters directly impacted by the PRB including its targets.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p> <p>Our governance disclosures highlight the extent of new measures taken to provide enhanced governance and oversight of the activities underpinning our activities relevant to the Principles for Responsible Banking.</p>		

## ADDITIONAL DISCLOSURES

# Principles for Responsible Banking reporting

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/relevant information
<b>Principle 6: Transparency &amp; Accountability</b> We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
<b>6.1 Progress on Implementing the Principles for Responsible Banking</b>  <i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i>  <i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</i>  <i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i>	<p>The Barclays Annual reporting suite, ESG Report, GRI disclosure and PRB reporting template provide an update on 2019 activities as pertaining to ESG governance, positive and negative impact assessment, target setting and progress on individual ESG topics, including but not limited to, climate change, environmental and social financing, accessible and responsible retail products and running a responsible business.</p> <p>Our ESG disclosures are made in accordance with the GRI Standards, with reference to SASB and include our response to the voluntary disclosure requirements of TCFD to align with good practice. In this year's disclosure, we have significantly augmented details provided including summary of carbon related assets as well as details of Barclays' underwriting business linked to the carbon assets.</p> <p>Throughout our disclosures, we have set out further work we are undertaking including in relation to impact assessment and the development of tools and methodologies, and new products and services to further implement the PRB.</p>	<p>Barclays PLC 2019 ESG Report</p> <p>Barclays PLC 2019 Annual Report suite <a href="http://home.barclays/investor-relations/reports-and-events/annual-reports/">home.barclays/investor-relations/reports-and-events/annual-reports/</a></p>
<b>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</b>		
<b>We have provided a comprehensive summary against the Principles for Responsible Banking demonstrating progress against all principles. We continue to collaborate with UNEPFI, peers and other organisations to explore and implement best practices which support the implementation of the principles.</b>		
<b>Annex: Definitions</b>		
a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short term or long term.		
b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/include similar to the concept of 'materiality'.		

# Sustainability Accounting Standards Board (SASB)

Barclays is reporting against the SASB disclosure framework for the first time in 2019, noting its growing importance amongst our investor base. In addition, we believe the financial-materiality focus of the indicators is of importance to all our stakeholders.

The table below details our disclosures against the SASB standards and indicators. The relevant standards have been selected on a materiality-driven basis, and the individual indicators are outlined where in the report the relevant information can be found, and any supplementary information.

Going forward, we anticipate to enhance the breadth and depth of our reporting against the SASB framework, to include reporting against additional indicators. This report represents a best efforts basis including the information and data available for 2019, with more planned in subsequent editions.

Noting that SASB is a global framework with, at present, a US-focused approach to defining criteria, we have noted where we translate the spirit and meaning of the indicator to meet our UK reporting methods. We intend to work with SASB going forward to understand the best way to standardise disclosure for different reporting regions.

## Group

The following disclosures are taken from individual Standards and disclosed at a Group level to reflect the business-wide approach.

Topic	Accounting Metric	Code
Transparent Information & Fair Advice for Customers	Description of approach to informing customers about products and services	<p>FN-AC- See page 74 of this report for details of our approach to responsible lending and communicating 270a.3 with customers.</p> <p>See pages 68-73 for details of our approach to conduct, including our Code of Conduct - The Barclays Way.</p> <p>See pages 29-30 for accessible retail products and services.</p> <p><b>Supplementary information</b></p> <p><b>Barclays UK – Retail</b></p> <p>Barclays' strategy reflects our commitment to treating our customers fairly. We have a pivotal role to play in society, building relationships where we understand our customers and clients' aspirations and developing the products and services that meet their needs, thereby making a difference to their finances and lives.</p> <p>We carefully consider the requirements of all our stakeholders during the development of products and services. This includes a commitment to accessibility and inclusion, giving customers the ability to take control of their finances in a manner convenient to them and the promotion of financial capability. Furthermore, within Barclays UK, we have a Performance Management Framework in place, created and owned by customer facing teams, that provides guidance on how to measure, manage, reward and recognise our colleagues. This in turn equips them with the tools to provide the right customer experiences and outcomes as they are better able to:</p> <ul style="list-style-type: none"><li>■ Support the right customer outcomes through their channel of choice;</li><li>■ Be informed by the BUK purpose and strategy;</li><li>■ Support a performance culture promoting sustainable growth;</li><li>■ Encourage collaboration across BUK; and</li><li>■ Be empowered to take accountability for the decisions they make in delivering the right outcomes.</li></ul> <p><b>Accessibility and inclusion</b></p> <p>Barclays aims to be the most accessible and inclusive FTSE100 firm. We work on the basis that there should be equality of service for all and customers should not face a barrier regardless of channel, for instance all our websites and apps should be fully accessible. We aim for our customers to have a consistent and accessible experience regardless of the products they have or the channels they use.</p> <p>In the retail bank, we continually monitor and evolve through monitoring customer experience, including complaints, and a dedicated team targets solutions for any issues that we identify. We further partner on research with specialist organisations, for example we regularly conduct customer and consumer research to better understand the experience of our customers and areas for development.</p> <p>We follow emerging Financial Conduct Authority (FCA) guidance on customer vulnerability and we are working closely with the FCA to meet best practice guidance. During 2019 we responded to a recent open consultation on their updated guidance in this space. See the GRI Index Table, indicator FS14 for further details on our strategy.</p> <p><b>Note on methodology</b></p> <p>Note, this indicator was taken from the SASB Standard for Asset Management &amp; Custody Activities as we understand this to be a point of relevance for customers across the business. We do not specifically disclose against the Asset Management &amp; Custody Activities as it is not deemed material to the business.</p>

## ADDITIONAL DISCLOSURES

# Sustainability Accounting Standards Board (SASB)

### Group

The following disclosures are taken from individual Standards and disclosed at a Group level to reflect the business-wide approach.

Topic	Accounting Metric	Code
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC- <b>Gender</b> 330a.1 For gender representation at Barclays, see the Barclays PLC 2019 Pay Gaps Report, page 4. <b>Black, Asian and Minority Ethnic (BAME) colleagues</b> See page 14 of the Barclays PLC 2019 Pay Gaps Report. For diversity representation, see the <i>People and culture</i> section in the Barclays PLC 2019 Strategic Report, and the Barclays PLC 2019 ESG Report, page 83. <b>Other</b> We disclose on other aspects of our workforce in the the People and Culture section in the Barclays 2019 PLC Strategic Report, and the People and Culture section in the ESG Report, page 83. See also the Barclays PLC 2019 Fair Pay Report for further details. <b>Note on methodology</b> This indicator was taken from the SASB Standard for Investment Banking & Brokerage. We have responded at a Group level as Diversity and Inclusion (D&I) is important across the whole of our business and we monitor and report on D&I matters at a Group level.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC- For information in relation to legal and competition and regulatory matters, please refer to Note 26 Legal, competition and regulatory matters and Note 24 Provisions of the Annual Report. <b>Note on methodology</b> Note, this indicator was taken from the SASB Standard for Commercial Banks. We report on these matters at a Group level.
	Description of whistleblower policies and procedures	FN-AC- See page 76 of this report for more information on Whistleblowing. 510a.2 <b>Note on methodology</b> Note, this indicator was taken from the SASB Standard for Commercial Banks and Investment Banking & Brokerage. We report on matters at a Group level.

Topic	Accounting Metric	Code
	Description of approach to identifying and addressing data security risks	<p>FN-CB- <a href="#">Data security and resilience</a>        230a.2 For details on how we manage data security, and data and IT resilience, see page 27.</p> <p><a href="#">Data privacy</a>        For details on how we manage data privacy, see page 27.</p> <p><b>Supplementary information</b></p> <p><b>Managing Privacy</b>        Several European Data Protection Authorities have imposed significant penalties for data protection breaches during 2019 under the European Union's General Data Protection Regulation (GDPR), further heightening interest in data protection compliance. This, together with the fact most non-EU countries in which Barclays operates also have had comprehensive privacy laws in place for some time, with more in the pipeline (for example the California Consumer Privacy Act), has given a renewed focus to privacy and data protection compliance throughout Barclays.</p> <p><b>Third parties</b>        Privacy is just as important to our relationships with third parties, including suppliers and business partners. We recognise the importance of working with trusted partners and have a series of public external supplier control obligations that include data privacy and security matters. Details of these obligations are available here: <a href="http://home.barclays/who-we-are/our-suppliers/our-requirements-of-external-suppliers">home.barclays/who-we-are/our-suppliers/our-requirements-of-external-suppliers</a>. We have a robust supplier assurance framework, to establish whether suppliers meet these obligations.</p> <p><b>Note on methodology</b>        This indicator was taken from the SASB Standard for Commercial Banks and Consumer Finance. Data privacy and security is important across the whole of our business, and we report on this at a Group level.</p>
<b>Systemic Risk Management</b>	Global Systemically Important Bank (G-SIB) score, by category	<p>FN-CB- Global systemically important banks (G-SIBs), such as the Barclays Group, are subject to a number of additional prudential requirements, including the requirement to hold additional loss-absorbing capacity and additional capital buffers above the level required by Basel III standards. The level of the G-SIB buffer is set by the Financial Stability Board (FSB) according to a bank's systemic importance and can range from 1% to 3.5% of risk-weighted assets (RWAs). The G-SIB buffer must be met with CET1. In November 2019, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Barclays Group.</p> <p>See pages 205-206 of the Barclays PLC 2019 Annual Report for more information on the prudential requirements of Barclays G-SIB score.</p>
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	<p>FN-CB- See the <i>Climate-related financial disclosures</i> section on pages 41-65.        550a.2 See the Barclays PLC 2019 Pillar 3 Report.</p> <p><b>Note on methodology</b>        This indicator was taken from the SASB Standard for Commercial Banks and Investment Banking &amp; Brokerage. This applies at a Group level.</p>

## ADDITIONAL DISCLOSURES

# Sustainability Accounting Standards Board (SASB)

### Commercial Banks

Topic	Accounting Metric	Code
Financial Inclusion & Capacity Building	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB- See details of Barclays Basic Bank Account on page 29. 240a.3
	(1) Number and (2) amount of loans outstanding qualified to programmes designed to promote small business and community development	FN-CB- <b>Small and Medium Enterprise (SME) loans</b> 240a.1 The SASB definition of an SME follows a US reporting approach. We are reporting using the UK standard definition to align with our wider reporting methodology. At Barclays we follow the UK definition of an SME as a small to medium sized business, with a turnover of less than £25m. The following is the amount and number of Barclays loans to SMEs in 2019: <ul style="list-style-type: none"> <li>■ Amount of loans: £3.8bn</li> <li>■ Number of loans: 23,210</li> </ul> <b>SME customers</b> Barclays supports support small and medium-sized businesses, providing the financing, saving and transactional products and services they need to grow. Other initiatives to support and promote small business development include: <b>Eagle Labs</b> See page 32 of this report and further detail in the GRI Index. <b>Rise, created by Barclays</b> See page 31 of this report. <b>Accelerator programme</b> See page 31 of this report.
	(1) Number and (2) amount of past due and non-accrual loans qualified to programmes designed to promote small business and community development	FN-CB- See details regarding forbearance on pages 172-174 of the Barclays PLC 2019 Annual Report. 240a.2
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB- See pages 89-93 of this report for details of our financial literacy programmes. 240a.4

<i>Topic</i>	<i>Accounting Metric</i>	<i>Code</i>
<b>Incorporation of Environmental, Social, and Governance Factors in Credit Analysis</b>	Commercial and industrial credit exposure, by industry	FN-CB- See the <i>Climate-related financial disclosures</i> section on pages 41-65. 410a.1 See the Barclays 2019 Pillar 3 Report.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB- See the <i>Climate-related financial disclosures</i> section on pages 41-65. 410a.2 See the Risk review on pages 125-204 of the 2019 Annual Report.
<b>Systemic Risk Management</b>		
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB- See the <i>Climate-related financial disclosures</i> section on pages 41-65. 550a.2
<b>Activity Metrics</b>		
	<i>Activity Metric</i>	<i>Code</i>
	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB- See the <i>Financial review</i> on pages 212-226 of the Barclays PLC 2019 Annual Report. 000.A
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB- See the <i>Financial review</i> on pages 212-226 of the Barclays PLC 2019 Annual Report. 000.B

## ADDITIONAL DISCLOSURES

# Sustainability Accounting Standards Board (SASB)

### Consumer Finance

Topic	Accounting Metric	Code	
Data Security	Card-related fraud losses from (1) card-notpresent fraud and (2) card-present and other fraud	FN-CF-230a.2	See page 201 on risk events in the Barclays PLC 2019 Annual Report.
Selling Practices	1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	FN-CF-270a.4	See page 74 of this report for details on complaints.

<sup>a</sup> Net Promoter, Net Promoter System, Net Promoter Score, NPS® and the NPS® related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

## Mortgage Finance

<i>Topic</i>	<i>Accounting Metric</i>	<i>Code</i>	
<b>Environmental Risk to Mortgaged Properties</b>	(1) Number and (2) value of mortgage loans in 100-year flood zones	FN-MF-450a.1	See the <i>Climate-related financial disclosures</i> section on pages 41-65 of this report.
	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	FN-MF-450a.3	See the <i>Climate-related financial disclosures</i> section on pages 41-65 of this report.

## Activity Metrics

<i>Activity Metric</i>	<i>Code</i>	
(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	FN-MF-000.A	See the <i>Financial review</i> on pages 212-226 of the Barclays PLC 2019 Annual Report.
(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	FN-MF-000.B	See the <i>Financial review</i> on pages 212-226 of the Barclays PLC 2019 Annual Report.

## ADDITIONAL DISCLOSURES

# Sustainability Accounting Standards Board (SASB)

### Investment Banking & Brokerage

Topic	Accounting Metric	Code	
Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	FN-IB-410a.2	See section on Environmental and social financing on pages 22-28.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	FN-IB-410a.3	See <i>Environmental and social impact management</i> section for our overall approach to risk management on pages 34-40. See <i>Climate-related financial disclosures</i> section for climate risk management approach on pages 42-65.

# Independent Limited Assurance Report to Barclays PLC

KPMG LLP ('KPMG' or 'we') were engaged by Barclays Plc ('Barclays') to provide limited assurance over the Selected Information described below for the year ended 31 December 2019.

## Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

## Selected Information

The scope of our work includes only the information included within the Barclays PLC Environmental Social Governance Report 2019 ('the Report') for the year ended 31 December 2019 marked with the symbol  $\Delta$  ('the Selected Information').

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed on Barclays' website for the current year or for previous periods unless otherwise indicated.

## Reporting Criteria

The Reporting Criteria we used to form our judgements are the 'Environmental Social and Governance (ESG) – 2019 Reporting Framework' as set out at <http://home.barclays/esc2019> ('the Reporting Criteria'). The Selected Information needs to be read together with the Reporting Criteria.

## Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

## Directors' responsibilities

The Directors of Barclays are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria;
- the contents and statements contained within the Report and the Reporting Criteria; and
- the maintenance and integrity of the Report as it appears on Barclays' website.

## Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria and to report to Barclays in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

## Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE 3000') and in accordance with International Standard on Assurance Engagements 3410 – 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK) 1, 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

## Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with Barclays' management to understand the key processes, systems and controls in place

over the preparation of the Selected Information;

- agreeing a selection of the Selected Information to the corresponding source documentation;
- assessing a selection of formulae used (including the appropriateness of unit and carbon conversion factors by reference to widely recognised and established conversion factors) and manual calculations performed over the Selected Information;
- reperforming a selection of the carbon conversion factor calculations and other unit conversion factor calculations;
- performing analytical review procedures over the aggregated Selected Information, including a comparison to the prior period's amounts having due regard to changes in business volume and the business portfolio; and
- reading the Report and narrative accompanying the Selected Information in the Report with regard to the Reporting Criteria, and for checking consistency with our findings.

## This report's intended use

This assurance report is made solely to Barclays in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of Barclays showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than Barclays for our work, for this assurance report or for the conclusions we have reached.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
London  
30 March 2020

The maintenance and integrity of Barclays' website is the responsibility of the Directors of Barclays; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria or Report presented on Barclays' website since the date of our report.

# Forward-looking statements

## Notes

The terms Barclays or Group refer to Barclays PLC together with its subsidiaries. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations '\$m' and '\$bn' represent millions and thousands of millions of US Dollars respectively; and the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively. Reported numbers reflect best estimates and judgements at the given point in time. Consistent with its usual practice, Barclays expects that from time to time over the coming quarter it will meet with investors globally to discuss these results and other matters relating to the Group.

## Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking

statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made and such statements may be affected by changes in legislation, the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; instability as a result of the exit by the UK from the European Union and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual financial position, future results, dividend payments, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2019), which are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK and the US), in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



# Barclays is a company of opportunity makers, working together to help people rise – customers, clients, colleagues and society.

For further information and a fuller understanding of the results and the state of affairs of the Group, please refer to the full Barclays PLC Annual Report 2019 suite of documents available at

[home.barclays.com/annualreport](http://home.barclays.com/annualreport)

## Barclays PLC Strategic Report 2019

An overview of our 2019 performance, a focus on our strategic direction, and a review of the businesses underpinning our strategy.

## Barclays PLC Annual Report 2019

A detailed review of Barclays' 2019 performance with disclosures that provide useful insight and go beyond reporting requirements.

## Barclays PLC Country Snapshot 2019

An overview of our tax contribution country by country as well as our broader approach to tax, including our UK tax strategy.

## Barclays PLC Environmental Social Governance Report 2019

An overview of our ESG strategic priorities and performance, reported against a range of quantitative and qualitative indicators.

## Barclays PLC Pillar 3 Report 2019

A summary of our risk profile, its interaction with the Group's risk appetite, and risk management.