

# Barclays – Environmental, Social and Governance (ESG) 2019 Reporting Framework

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## Approach

This document sets out Barclays' Environmental Social Governance (ESG) reporting framework including the definitions and measurement methodology for our key performance metrics.

To ensure the integrity of our key performance data we continue to operate internal controls and maintain a clear audit trail supported by internal and independent external assurance processes. Reporting on non-financial metrics does not yet have the same rigour and standardised definitions that apply to financial reporting. We are keen to enhance our approach to measuring performance and adopt more innovative ways to measure the wider outcomes and impacts of our activity. However, we also need to strike a balance between innovative metrics and the ability to credibly gather and verify data. We need reliable tracking mechanisms with robust controls.

We publish this reporting framework, which sets out definitions and assumptions for our key metrics, and outlines data collection and verification processes. We are committed to improving our reporting processes and will publish an updated version of this reporting framework on an annual basis.

## Global Reporting Initiative (GRI)

Our 2019 Environmental Social Governance (ESG) Report has been prepared in accordance with the GRI Standards (core option). Further details on the requirements can be found in our 2019 GRI Content Index (<http://home.barclays/esg2019>).

## Sustainability Accounting Standards Board (SASB)

Our 2019 ESG Report has been prepared with reference to the Sustainability Accounting Standards Board (SASB) financial sector standards. Further details can be found on pages 103-110 of our 2019 ESG Report (<http://home.barclays/esg2019>).

## Assurance

KPMG LLP undertook a limited external assurance engagement over selected performance information in our 2019 ESG Report. Refer to their assurance statement within the ESG Report on page 111 (<http://home.barclays/esg2019>).

## Citizenship and Sustainability Commitments: Enhancing our focus on impact

We will continue to report against our goals in our Annual Report and ESG Report – this will be done using a range of quantitative and qualitative indicators, tracking both the outputs and, where possible, the impact and outcomes of our activity.

## Metrics and definitions

The following glossaries define the reporting boundaries and definitions for the Barclays Citizenship and Sustainability KPIs. The performance reported covers the entirety of Barclays PLC together with its subsidiaries, unless otherwise stated. 'Barclays' and 'Group' are terms which are used to refer to Barclays PLC when the subject matter is identical.

The reporting period of the metrics is the 2019 calendar year unless otherwise indicated.

| Theme                | Metric   | Definition   | Reporting and controls process   |
|----------------------|--|--|--|
| CAPITAL AND PRODUCTS | Financing facilitated in environmental and social segments (GBP) | <p>We measure the volume (in GBP) of new financing in select environmental and social (E&amp;S) segments in the reporting period.</p> <p>Barclay's E&amp;S financing volume comprises two components:</p> <ol style="list-style-type: none"> <li>1. E&amp;S financing based on use of proceeds;</li> <li>2. E&amp;S financing through the use of sustainability-linked facilities.</li> </ol> <p><b>1. Use of proceeds</b></p> <p>We believe the debt and capital markets play a strong role in funding critical environmental and social infrastructure. We aim to work across our business lines to deliver innovative client-focused solutions across a range of critical social and environmental themes:</p> <ul style="list-style-type: none"> <li>• <b>Environmental financing</b> – capital markets and lending for clean energy, water, low carbon technologies and other categories;</li> <li>• <b>Social infrastructure</b> – social housing, education and other public services;</li> <li>• <b>Development institutions</b> – government related development banks, supnationals and sovereign issued green bonds;</li> </ul> | <p><b>1. Use of proceeds</b></p> <p>Financing volume is tracked across selected segments and business lines according to specific social and environmental inclusion criteria developed by Sustainalytics.</p> <p><u>Financing and lending volume methodology</u></p> <p>All financing volume is reported on a Barclays pro-rata share basis:</p> <ul style="list-style-type: none"> <li>• For capital markets transactions, Barclays' share of the transaction or league table credit;</li> <li>• Syndicated lending reflects Barclays' share or hold of the overall transaction value;</li> <li>• Lending is calculated as total value of new commitments during the period.</li> </ul> <p><u>Reporting process</u></p> <p>Data is collected from Barclays systems (lending data) or through external data sources (public capital markets transactions).</p> <p>Transaction data is collected from the Dealogic platform, Bloomberg and Thomson Reuters over the reporting period. Where data has been sourced from Dealogic, the 2019 performance reported is consistent with the data extract as at 30 January 2020. Additional transactions that are not</p> |

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|       |        | <ul style="list-style-type: none"> <li>• <b>Green loans, mortgages and asset finance</b></li> </ul> <p><u>Qualifying social and environmental themes</u><br/>Barclays commissioned Sustainalytics, a global provider of ESG and corporate governance research, ratings and analytics, to help develop an Impact Eligibility Framework for assessing financing in environmental and social segments. Financing under this framework is focused on use of proceeds meaning that the underlying activities financed must qualify under the E&amp;S criteria set out. Current application and exclusions are captured within the framework. The framework is reviewed annually and is available on our website at: <a href="http://home.barclays/esg2019">http://home.barclays/esg2019</a></p> <p><b>2. Sustainability-linked financing</b><br/>Sustainability-linked financing facilities are loan instruments or contingent facilities which incentivise the borrower to achieve a pre-determined sustainability target or targets by linking them to the pricing mechanism of the facility.</p> <p>They differ from <i>use of proceed</i> facilities in that the funds can be general purpose in nature and are not ring-fenced for activities as per the environmental and social criteria of the Barclays Impact Eligibility Framework. Sustainability targets which are included in the pricing ratchet can be for individual performance metrics, e.g. reduction of GHG emissions, energy efficiency improvements, or linked to third party ESG scores e.g. MSCI ESG score or Sustainalytics' ESG risk rating. These facilities enable the integration of sustainability factors into a broader set of products and offer an additional means of engaging clients on sustainability considerations.</p> | <p>picked up through the Dealogic download, are sourced from Barclays' internal lending systems, assessed on a case-by-case basis and added manually.</p> <p>Relevant transactions and loan volume are screened against the qualifying social and environmental themes. All data is reviewed by the business teams and subject to central checks by the Finance and ESG teams before finalisation.</p> <p><b>2. Sustainability-linked financing</b><br/>Data is collected by regional deal teams in Europe, the U.S. and Asia Pacific based on Barclays systems.</p> <p>The sustainability-link for each deal is reviewed against the LMA Sustainability Linked Loan Principles for inclusion in the data set.</p> |

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|                        | Treasury green bond portfolio                                | We track investments in labelled Green Bonds and the number of issuers.  | The green bond investment balance is provided by Barclays Treasury based on a download of their booking system.  |
| ECONOMIC GROWTH        | Dedicated regional and industry focused growth funds         | Barclays supports business growth across the UK through a range of dedicated regional and industry focused growth funds including the UK Farming Loan Fund, the Northern Powerhouse Growth Fund and the Midlands Engine Growth Fund.   | Gross lending data is collected from the Business Bank and the Mid-Corporate Segment of the Corporate Bank using the definition of SME of <250 employees and <£25m turnover.   |
|                        | Work with partners to build thriving local economies         | <p>Barclays is partnering with people and businesses in local communities around the UK to learn about different types of economy and commit to action on the ground – beyond our day-to-day products and services – to help those economies thrive.</p> <p>The Thriving Local Economies initiative focuses on four pilot areas in geographically different parts of the country and representing different types of place: a metropolitan area, a smaller town, a rural area and a coastal community.</p> <p>We are looking to undertake this initiative in areas which are broadly typical of their type of community. We are targeting areas which are statistically representative of their kind of community based on factors such as average income; employment; educational attainment and business start-up levels. As such our pilots will each contain areas of affluence, deprivation and everything in between: just like the UK as a whole.</p> | <p>Qualitative outcomes are collected from the pilot projects in the four geographical areas:</p> <ul style="list-style-type: none"> <li>• Bury, Greater Manchester (metropolitan)</li> <li>• Kilmarnock, Scotland (smaller town)</li> <li>• Taunton Deane, Somerset (rural)</li> <li>• Great Yarmouth, Norfolk (coastal)</li> </ul> |
| SKILLS & EMPLOYABILITY | Number of people up-skilled through our LifeSkills programme | <p><b>Youth LifeSkills</b></p> <p>We measure the number of young people who have participated in the LifeSkills programme through:</p> <ol style="list-style-type: none"> <li>1. Accessing online interactive content;</li> <li>2. Participating in lessons led by Barclays volunteers and charity partners funded by Barclays; and</li> </ol>   | <p>Data is reported quarterly from the following sources:</p> <ul style="list-style-type: none"> <li>• Online activity from LifeSkills user data and Adobe Analytics data</li> <li>• Charity partners delivering lessons</li> <li>• LifeSkills volunteering recorded by Barclays employees</li> </ul>                                |

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|                                  |  | <p>3. Participating in lessons led by educators.</p> <p><b>Adult LifeSkills</b><br/>We measure the number of people who have participated in the LifeSkills programme's content for adults through</p> <ol style="list-style-type: none"> <li>1. Accessing online content interactive content via our Changing WorkLife section</li> <li>2. Participating in sessions led by adult educators.</li> </ol>  | <p>Further details on the methodology applied to report the number of individuals supported with LifeSkills can be found at <a href="http://www.barclayslifeskills.com/reporting">http://www.barclayslifeskills.com/reporting</a></p>  |
|                                  | Number of people placed into work through our Connect with Work partnerships | <p>We measure the number of persons employed for pay or profit. This includes any paid work (i.e. full time, part time, temporary, seasonal, informal work, paid apprentices, paid internships), but excludes any unpaid work experience, unpaid internships, volunteer work. Pay and profits are defined as monetary value.</p>  | <p>Data is reported via the Partner Management Reporting Tool. In the reporting platform, the data is reviewed and signed off at two different levels – country and region, before it is reviewed again centrally and aggregated into an overall figure.</p> <p><u>Reporting period</u><br/>The performance reported for the programmes run by our charity partners cover a 12-month period. Due to the nature and timing of individual programmes, the reporting periods of may not coincide with the 2019 calendar year.</p>                                   |
| <b>ENVIRONMENTAL STEWARDSHIP</b> | Global carbon emissions (tonnes CO <sub>2e</sub> )                           | <p>The methodology used to calculate our CO<sub>2e</sub> emissions is the Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard (revised edition), defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD).</p> <p>We have adopted the operational control approach on reporting boundaries to define our reporting boundary. Where properties are covered by Barclays' consolidated financial statements but are leased to tenants, these emissions are not included in the Group GHG calculations.</p> | <p>Data collection and reporting is managed by the Corporate Real Estate Solutions (CRES) Environmental Team. Carbon performance is gathered using the internal management reporting process run by the CRES Environmental Team.</p> <p><u>Reporting period</u><br/>The 2019 reporting period for Barclays operational environmental footprint is from 1 October 2018- 30 September 2019.</p> <p><u>Data collection</u><br/>Carbon data is collected on a monthly basis for three functions:</p> <ul style="list-style-type: none"> <li>• Real Estate</li> </ul> |

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|                        |                     | <p>Where Barclays are responsible for the utility costs, these emissions are included. Our reporting boundary is as follows:</p> <ul style="list-style-type: none"> <li>• <b>Scope 1:</b> direct combustion of fuels (globally, and company-owned vehicles UK).</li> <li>• <b>Scope 2</b> (location-based and market based): purchased electricity and steam for own use (globally)</li> <li>• <b>Scope 3:</b> Indirect emissions from business travel (global air travel, UK private cars, rail, taxis and UK, India and US car hire).</li> </ul>   | <ul style="list-style-type: none"> <li>• Data Centres</li> <li>• Business Travel</li> </ul> <p>Real Estate and Data Centres carbon data is collated centrally via a reporting tool. Travel data is collated centrally from different systems across Barclays and uploaded into the reporting tool.</p> <p><u>Data validation</u><br/>Data undergoes a validation process on a quarterly basis. This process looks at:</p> <ul style="list-style-type: none"> <li>• Comparison against previous period to check accuracy and identify unusual discrepancies</li> <li>• Where unusual trends are identified they are sent back to data providers for further clarification and commentary</li> <li>• When errors are found, corrections are uploaded into the reporting system with clear auditable trail of information.</li> </ul> |
| SUSTAINABLE INNOVATION | Unreasonable Impact | <p>Barclays and Unreasonable Group have partnered to launch Unreasonable Impact, an international network of accelerators focused on scaling up entrepreneurial solutions that will help employ thousands worldwide while solving some of our most pressing societal challenges.</p> <p>Unreasonable Impact is a series of programmes held in select geographies across the world that support the scale of growth-stage ventures by providing entrepreneurs with the resources, mentorship, and global network of support that they need to rapidly create jobs and address key global issues.</p> <p>Barclays is committed to supporting entrepreneurs and their ventures worldwide by providing a range of services that can support businesses at every key stage of their</p> | Data is collected by Unreasonable Group on the number of ventures supported through the Unreasonable Impact programmes.  |

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|                                    |                             | development – from start-up, to scale-up, to IPO. Barclays believes that as one of the world’s largest banks, it is uniquely positioned to support today’s fastest growing entrepreneurs, who are also rapidly creating the jobs of tomorrow.   |   |
| <b>INVESTMENT IN THE COMMUNITY</b> | investment in the community | <p>Barclays supports the communities in which we operate by investing money and skills with our wide range of community partners including charities, social enterprises, NGOs and other organisations that deliver a clear public benefit.</p> <p>Our investment in the community is reported in GBP using the London Benchmarking Group methodology and consists of three components</p> <ol style="list-style-type: none"> <li>1. Cash contributions include direct cost of delivering our Citizenship programmes and business led donations</li> <li>2. Management cost are overheads incurred as part of managing programme delivery and activating and communicating our programmes to colleagues and society</li> <li>3. Monetised working hours reflect colleague volunteering conducted during working hours.</li> </ol> | <p>Cash contributions and management costs are collated globally from Barclays core financial reporting systems. Effort is directed to ensure that these numbers are a fair reflection of Barclays’ contribution to the community and that this is not overstated. Some aspects require a level of professional judgement to be applied.</p> <p>Volunteering hours are self-reported by colleagues and captured in Barclays’ participation reporting platform. Only volunteering conducted during work hours are monetised using average staff costs calculated by the HR Department both. These figures have not been audited nor assured.</p> |