Creating opportunities to rise

BARCLAYS

Barclays PLC

Environmental Social Governance Report 2018

Our common Purpose is 'Creating opportunities to rise'. We are 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 2018 suite of documents available at **home.barclays.com/annualreport**

Barclays PLC Strategic Report 2018
An overview of our 2018 performance, a focus on our strategic direction, and a review of the businesses underpinning our strategy.

Barclays PLC Annual Report 2018
A detailed review of Barclays 2018 performance with disclosures that provide useful insight and go beyond reporting requirements.

Barclays PLC Country Snapshot 2018
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 (ESG) Report 2018
Our ESG strategic priorities and performance, reported against a range of quantitative and qualitative indicators.

Barclays PLC Pillar 3 Disclosures 2018
A summary of our risk profile, its interaction with the Group's risk appetite, and risk management.

Reporting
The Environmental Social Governance (ESG) Report provides additional information on key non-financial topics and forms part of the Barclays PLC Annual Report suite.
This report should be read in conjunction with the Annual Report at home.barclays/annualreport.

The report has been prepared in accordance with Global Reporting Initative (GRI) Standards (Core option). Further details on the requirements can be found in our 2018 GRI Content Index.

The Environmental Social Governance Framework sets out the basis on which key metrics were prepared. These are available at home.barclays/esg

Assurance
KPMG LLP undertook a limited assurance engagement over selected performance information in this report. Refer to their statement on page 68.

When you see this icon you will find more information on another page or Barclays report

When you see this icon you will find more information online

What's inside this report

The Environmental Social Governance (ESG) Report provides additional information on key non-financial topics and forms part of the Barclays PLC Annual Report suite. This report should be read in conjunction with the Annual Report.

Read more online at: home.barclays

Chair of the Board Reputation Committee

The Board provides oversight of environmental and social matters

Mary Francis
Chair of the Board Reputation Committee

I took over as chair of the Reputation Committee of the Barclays Board in April 2018. Our job is to oversee, on behalf of the board, the company's culture, conduct and reputation.

The 2018 UK Corporate Governance Code says it clearly: the role of a company board "is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society".

Barclays' first task is to deliver excellent services to its customers. But every member of our Board knows that the way we go about our business has wider implications: we can do good or harm in people's lives; we can contribute to economic success or failure.

I took over as chair of the Reputation Committee of the Barclays Board in April 2018. Our job is to oversee, on behalf of the board, the company's culture, conduct and reputation. We have a particular responsibility to look outwards and ensure that Barclays considers the interests of all its stakeholders – shareholders and customers of course, but also employees, suppliers, governments and communities. If our business is out of step with their concerns and expectations, it will stumble. If we are alert and responsive, we will help create a more heathy and prosperous society, in which our own business can also develop and grow.

In the last year the Reputation Committee had three strong areas of focus.

First, we encouraged management to ensure that Barclays' purpose, values and culture are fully aligned and embedded. We welcomed the definition of the new Purpose: 'Creating Opportunities to Rise'. We emphasised the importance of underpinning this with our enduring Values: respect, integrity, service, excellence and stewardship. Accordingly, we reviewed regularly dashboards of evidence that our people act in accordance with those values. We also discussed with the Banking Standards Board its own, external, survey of the culture of our organisation – and were pleased that the notable progress made in 2017 was maintained in 2018. We look for a culture that is both entrepreneurial and highly risk aware, and we see good evidence of this combination.

Second, we wanted to ensure that the final year of Barclays' previous Citizenship programme – known as the Shared Growth Ambition - was a success. Jes Staley provides more detail on the following pages. I'm particularly proud of the work our colleagues have done to employ their skills for societal benefit– whether helping people acquire basic digital and financial skills through our LifeSkills programme, or taking part in the Unreasonable Impact programme that brings together entrepreneurs and experts to find scalable solutions to problems, such as access to clean water. In October 2018, I joined three young people who were being helped by Barclays and our partner, Catch 22, to prepare for job interviews. They were bright but had lost the confidence or experience to apply for work. Getting a job would turn their lives around, and I was proud that Barclays could help.

Third, we focussed on issues which are of wide social concern and which also impact our business directly. Data privacy is one such issue – of increasing concern to many individuals and businesses, and something we must manage sensitively at every stage of developing and delivering our products and services. Another is climate change. The Committee approved policy statements on Coal, and World Heritage Sites and Ramsar Wetlands in April 2018. A comprehensive Energy and Climate Change Statement (which strengthened and replaced our Coal Statement) was published in January 2019. As the Statement sets out, Barclays is committed to develop its 'green finance' skills and assets; to conduct careful due diligence when considering lending for projects in sensitive energy sectors; and to reduce the environmental footprint of our own operations. We are also working to enhance our reporting on environmental matters, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The rest of this report provides information on the wide range of environmental, social and governance activity which Barclays undertook in 2018. I am very grateful to my predecessor, Gerry Grimstone, to my Committee members, and to Jes Staley and his team for all they have done to advance this work.

Mary Francis

Mary Francis
Chair, Board Reputation Committee

Chief Executive

Delivering on our strategic priorities

James E. Staley
Group Chief Executive

Barclays recognises our role in serving society, and our success as a business has always been inextricably linked to the progress of the people, communities and businesses that we serve. It is by focusing on our core products and services, and our relationships that we can make the greatest positive impact. We will continue to identify new opportunities to integrate these considerations into the work we do every day to help customers and clients, colleagues and society to rise.

We value the trust that our clients, customers, and wider society place in us to serve their best interests every day. We recognise the role that we play in driving sustainable economic growth and societal progress, and we take that responsibility seriously.

Our success has always been inextricably linked to the progress of the people, communities and businesses that we serve.

And, it is only in an inclusive society, which uses its resources in a sustainable manner, that our clients and customers and, in turn, our business, can thrive. So, strengthening our approach to Environmental, Social and Governance issues makes good business sense.

It is by focusing on our core products, services, and relationships, that we can make the greatest positive impact. We are responding to global challenges like climate change and global energy demand by evaluating our financing of carbon intensive energy sources, while proactively supporting the development of green financial products and services. We are contributing to inclusive prosperity by enhancing the skills and meaningful employment opportunities of people in our local communities. And we are investing in innovation from our best asset – our colleagues – to test and scale new business opportunities that tackle social and environmental challenges.

As I meet colleagues from across Barclays, I feel incredibly proud of the role that they are playing to strengthen our local and global communities. It's their energy and spirit that shows Barclays at its best.

Delivering on our Shared Growth Ambition

In 2016 we launched our Shared Growth Ambition which set out the focus areas where we could play to our strengths as a financial institution, while achieving the greatest positive impact on the economy and communities.

We had good momentum over the last three years with progress across our range of community investment programmes, which focussed on three key areas of access to employment, digital and financial empowerment, and social and environmental financing. We also met or exceeded our 2018 annual targets for The Barclays Way training and carbon emissions reduction. See page 4 for a summary of 2018 performance.

Shared Growth Ambition 2018 Summary

Access to financing

£27.3bn△ financing facilitated

We have continued to build our capability to deliver financing solutions across a range of social and environmental segments including renewable energy, education, healthcare and development finance institutions. Our financing volume is tracked and screened using Barclays Impact Eligibility Framework, developed in collaboration with Sustainalytics a global provider of ESG and corporate governance, research, ratings and analytics.

In 2018 Barclays facilitated £27.3bn in financing for specific social and environmental segments across our business (2017: £31.7bn). The reduction from prior year reflects market conditions, including the impact of changes in U.S. tax law which caused certain qualifying clients to accelerate new debt issuance from 2018 into 2017.

We expanded our green product portfolio, including the launch of the Barclays Green Home Mortgage, first green mortgage for retail customers by a mainstream UK bank, added Green Trade Finance to our Corporate Banking green product set and structured several innovative transactions such as the first Sustainability-linked Revolving Credit Facility for a US borrower.

Access to financial and digital empowerment

261,000 customers supported

We continue to focus on empowering customers and providing dedicated products, tools and training to help enhance access to financial services, manage digital security and improve financial health.

We helped support around 261,000 people in 2018 (2017: 205,000) through initiatives such as Barclaycard Initial for those with a limited credit history; our Digital Eagles network, comprised of specially trained Barclays employees working to provide free technology support to customers and non-customers; and the continued development of learning platforms.

We also provided support to financially vulnerable customers, disabled people and older customer groups and developed tools to enhance financial health and tackle fraud.

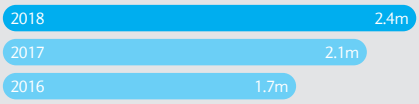
Access to employment

2.4million△ people supported

Barclays is committed to helping people gain access to skills, connecting job seekers and employers, and supporting entrepreneurs to drive job creation.

We helped improve the skills of over 2.4 million people in 2018 (2017:2.1 million), driven by a range of regional employability partnerships and our flagship LifeSkills programme in the UK.

We held Accelerators for the 3rd year of the 'Unreasonable Impact' programme in partnership with the Unreasonable Group, focused on scaling ventures that solve environmental and societal problems. 90 ventures have participated to date in programmes across the UK and Europe, US and Asia.

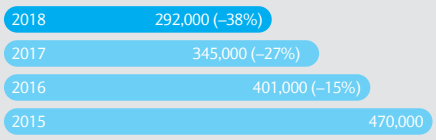


The way we do business

–38%△ reduction in carbon emissions

We track a range of metrics focused on training our colleagues on our Code of Conduct, paying our suppliers on time and reducing carbon emissions. 99.9% of our colleagues completed training on the Barclays Way Code of Conduct.

We continued to manage our operational environmental impacts, reducing global carbon emissions by 38% (2017: 26.1%) and exceeding our target of 30% reduction by 2018 against the 2015 baseline. We also achieved 82% (2017: 89%) on-time payment by value to our suppliers (target: 85%). Supplier payment on time was below target due to a change in systems, which impacted performance during the year.



△Subject to limited assurance by KPMG. Refer to page 68

Continuing to deliver for customers, clients, colleagues and society

Continuing to deliver for customers, clients, colleagues and society

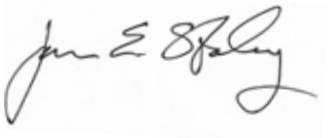
We recognise that the focus on the societal impact of businesses and performance on wider Environmental, Social and Governance (ESG) factors continues to evolve rapidly, with increasing interest from a wide range of stakeholders including clients, investors, policy makers and regulators. We will maintain and enhance our focus on integrating these issues with our core business strategy, ensuring we manage and deliver societal impact in a way that generates enduring long-term returns for investors and society.

We aim to continue to develop our social and environmental financing solutions and wider product platform across our core business lines and implement a broader sustainability approach. We will scale our award-winning employability and skills partnerships and continue to invest in supporting the next generation of positive-impact businesses. In addition, we recognise that markets and stakeholders need clear, relevant and consistent information and will continue to focus on enhancing disclosure, transparency and engagement, particularly on climate change, and across wider ESG factors.

Looking to the future

We aspire to be one of the world's most respected and well-regarded banks. We have worked hard to resolve outstanding legacy issues, while continuing to strengthen our control environment. We put our customers and clients at the heart of everything we do, and seek to strengthen the trust placed in us by society.

The organisation has evolved and as we look to the future, we reflect upon Barclays as it is today, and how we want it to be tomorrow. While our business and the world around us have changed profoundly over the years, our opportunity-seeking spirit has not. We have always been opportunity makers – whether by funding pioneering industries, embracing new sustainable technologies or deploying initiatives that drive skills and employability. When we help to unlock these opportunities, our customers and clients prosper, economies do better, and society becomes stronger.



James E. Staley
Group Chief Executive

Evolving our approach

Banks play a key role in connecting the providers and users of capital. Barclays recognises this role in serving society, and our success has always been inextricably linked to the progress of the people, communities and businesses that we serve. As society's expectations of business continue to evolve, we aim to stay ahead of those expectations. It is by focusing on our core products and services, and on our relationships, that we can make the greatest positive impact.

So as we move forward into 2019, our Citizenship and Sustainability work will evolve to align with our new Purpose, and will go further toward improving the positive social and environmental impact of the business we do every day.

£€$ Capital and products

We will continue to develop opportunities to achieve positive outcomes through the financing solutions and the products and services we provide across the diverse consumer and wholesale client segments we serve.

- We will facilitate £150bn[a] of social and environmental financing by 2025, including funding for sectors such as renewable energy, clean technology, education, affordable housing and national and supranational development institutions.
- We remain committed to the green bond market as an investor and after meeting our £2bn target, we now aim to double our green bond investment to £4bn[b] over time.

Skills and employability

We will scale our partnerships with leading community organisations to address critical skills development and employability opportunities.

- We aim to upskill ten million[c] people over the next five years to support all generations through our LifeSkills programme, across the whole of the UK.
- We will also use our networks to help provide pathways to employment using a demand-driven approach. We will help place 250,000[d] people into work through our Connect with Work partnerships across the UK, US and Asia by 2022.

Notes
a Total financing volume in eligible social and environmental categories according to Barclays Impact Eligibility Framework (2018-2025)
b Investments in labelled Green Bonds by Barclays Treasury (no end timeframe)
c Total number of participants (2018-2022)
d Total number of work placements across programmes and regions (2019-2022)
e Total number of participating ventures since launch (2016-2022)
f Scope 2 emissions measured according to market basis under the Greenhouse Gas Protocol (2025 against a 2018 baseline)

Economic growth

Barclays has been part of the fabric of the UK for over 328 years. In addition to our role in the UK as a leading employer and provider of financial services across all segments of the economy, we will also pursue targeted local economic growth initiatives working in partnership with stakeholders.

- We will support business growth across the UK through dedicated regional and industry focused growth funds.
- We will work with partners to identify the opportunities to build thriving local economies and run pilot schemes in four different local economies around the UK by 2022.

Sustainable Innovation

We recognise the role of innovation in solving some of society's most pressing challenges and the part Barclays can play in supporting new ideas to flourish, and entrepreneurs and ventures to grow and thrive.

- We will support innovative business models and help to mentor over 250[e] high impact businesses solving social and environmental challenges through our Unreasonable Impact accelerator by 2022.
- We will continue to support Barclays' Social Innovation Facility (SIF) to enable colleagues to develop new products and services that allow Barclays to generate both commercial and social value.

Environmental Stewardship

Banks have an important role to play in ensuring the world's energy needs are met while helping to limit the threat that climate change poses to people and to the natural environment. We are focused on three areas of activity at Barclays:

- Financing the growth of renewable energy sources and proactively supporting the development of businesses aiming to solve the world's environmental challenges;
- Taking a responsible and sustainable approach to the necessary financing of sources of energy that are more carbon intensive or those with higher environmental impact; and
- Reducing the carbon footprint of our own operations and supply chain throughout the world. We will reduce operational scope 1 and 2 emissions by 80% by 2025[f] and commit to RE100, to procure 100% of global operational electricity needs from renewable sources by 2030, with an interim target of 90% by 2025.

We are a company of opportunity makers

Our common Purpose is 'Creating opportunities to rise'. By creating opportunities for people to rise, we recognise that Barclays rises too. We measure and reward our people, not just on commercial results, but on how they live our Values and bring them to life every day.

Our Purpose and Values are central to Barclays. They drive everything we say and do. They are fundamental to the relationships we build with our colleagues, customers, clients and stakeholders and have been part of our DNA for over 328 years. They reflect our entrepreneurial spirit; our relentless quest for better; and our commitment to putting people first. Single-minded application of our Purpose and Values, across all of our activities, continue to build the bank, providing the fundamentals upon which to build further success.

In April 2018, we completed one of the most complex restructurings ever undertaken by a bank. We now look to the future and have a renewed focus on growth and returns. The ring fencing undertaken is a necessary regulatory requirement, but in all the ways that make us Barclays, we remain one. We're united by a common set of Values and a single guiding Purpose, detailed here, along with the other elements that help us play our part in building a clear, creative and compelling Barclays.

Our Purpose

In today's world, a bank needs to demonstrate, both internally and externally, the honest and authentic way it goes about its business, and the value it brings to its stakeholders. Purpose-driven organisations have higher levels of employee satisfaction, higher levels of business performance, and a higher level of societal impact.

We want to see Barclays playing a key role in restoring the professionalism of banking and want this bank to be respected and admired for the strength of its character; for our ability to foster trust between Barclays and its customers, clients and society.

Our Purpose also needs to reflect our entrepreneurial spirit; our relentless quest for better; our customer and client centricity; and our commitments to colleagues and to society at large.

In the process of researching the new purpose, we interviewed colleagues and found that a new Purpose would be welcomed in order to reflect changes to our strategy and a renewed sense of optimism. Colleagues said the statement should re-emphasise and build on the strength of existing values, and it should focus on what business we are in, and the impact we make. Our new Purpose therefore reflects this.

Our Values

Our five Values (as shown in the chart on the right), hold us to account and guide us to behave in the right way. They have always underpinned our Purpose and will continue to do so. Because 'Creating opportunities to rise' must never come at the cost of what is right. It will always be grounded in the deep-rooted Values of our organisation – Respect, Integrity, Service, Excellence and Stewardship.

The Barclays Code of Conduct – 'The Barclays Way' – outlines the Values and Behaviours which govern our way of working across our business globally. It constitutes a reference point covering all aspects of our working relationships, specifically with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community. The objective is to define the way we think, work and act at Barclays to ensure we deliver against our Purpose of 'Creating opportunities to rise'.

We want to see Barclays playing a key role in restoring the professionalism of banking and want this bank to be respected and admired for the strength of its character; for our ability to foster trust between Barclays and its customers, clients and society.

The Barclays Way 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 ensuring the broad principles into our business continue to apply.

See page 12-21 of the Strategic Report for further insights into our strategy, risk management and Key Performance Indicators

You can learn more online at: **home.barclays/about-barclays/barclays-values**

Our Purpose

Creating opportunities to rise

We are a company of opportunity makers, working together to help people rise - customers, clients, colleagues and society

Our Values

Our values underpin our business and govern everything we do

Our Group strategy

To build on our strength as a transatlantic consumer and wholesale bank, anchored in our two home markets of the UK and US, with global reach

Measuring success

Our performance measurement approach reflects the way in which management monitors the performance of the Group, allows for a holistic assessment and sets out our progress towards the strategic goals of the organisation

Working together to help people rise

Our business model enables us to leverage resource and relationships to produce long-term sustainable outputs for our stakeholders. These outputs provide combined value for our stakeholders, helping people to rise.

We believe our diversified business model through business line, geography and customer, helps enhancing our resilience to changes in the external environment, and captures the benefits of diversification through the efficient delivery of cross-group synergies.

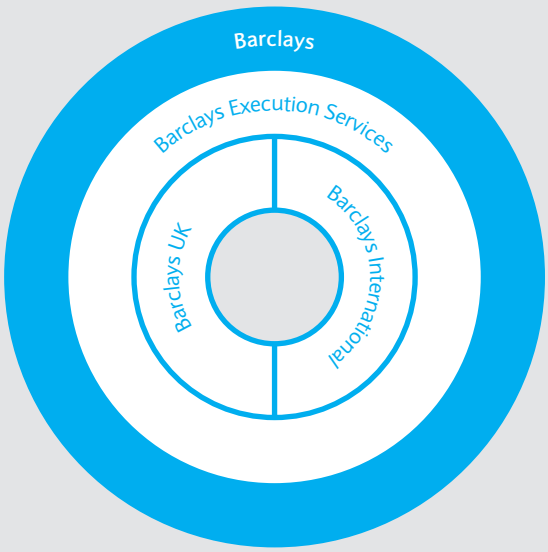
Barclays operates via two clearly defined divisions - Barclays UK and Barclays International, supported by Barclays Execution Services (BX).

Barclays UK is a personal and business banking franchise with true scale, built around our customers' needs with innovation at its core. It comprises our UK retail banking operations, our UK consumer credit cards business, our UK-based wealth offering, and banking for smaller businesses.

Barclays International is a diversified transatlantic business comprising our corporate banking franchise, which is market leading in the UK with strong international growth opportunities, our top-tier investment bank, a strong and growing US and international cards business, our international wealth offering, and leading payments capability through both corporate banking and the Barclaycard merchant acquiring expertise. Barclays International has scale in wholesale banking and consumer lending, strength in our key markets, excellent growth potential, and good balance in its revenue streams, delivering further resilience and diversification.

The BX mission is to be a world-class provider of simple, efficient, innovative and secure operation and technology services which deliver customer and shareholder value. BX achieves this by building world-wide connectivity, standardising services, creating synergies, fostering innovation, leveraging technology group-wide and ensuring resilience and security. It also builds trust and creates capacity for investment.

Resource and relationships



We draw on the following to support our activities and deliver value to our stakeholders:

- the strength and reputation of our brand – serving customers and clients for over 328 years
- a strong, well-funded and diversified balance sheet
- customer and client trust and depth of relationships
- our geographic focus: firmly anchored in the two financial centres of London and New York, with global reach
- a track record of successfully innovating for customers and clients
- the skills and expertise of our people and our shared values which inform the way we work and how we act

We aim to provide superior services to help customers and clients create, grow and protect wealth in a sustainable way:
Barclays' customers and clients include: individuals, small and medium-sized businesses, large corporates and multi-national companies; financial institutions and banks; institutional investors, funds, sovereign institutions and governments

We offer:

- a safe place to save, invest and manage cash and payments
- funding for purchases and growth
- management of business and financial risks
- financial and business support
- innovative digital and technology capabilities

Outputs

Financial

- Group Return on Tangible Equity (RoTE) of greater than 9% in 2019 and greater than 10% in 2020, excluding litigation and conduct, and based on a CET1 ratio of c.13%
- CET1 ratio of c.13%
- Group costs, excluding litigation and conduct, of £13.6–13.9bn in 2019, and a target cost: income ratio below 60% over time

Non-financial

- Building trust with our customers and clients
- Successfully innovating and developing products
- Providing accessible products and services
- Fostering a diverse and inclusive workforce
- Motivating engaged and enabled colleagues
- Enabling a positive conduct and a values-based environment
- Making decisions and doing business that provides our stakeholders with access to a prosperous future
- Proactively manage the environmental and societal impacts of our business

Value created

Company

- We support our stakeholders via a commercially successful business that generates long-term sustainable returns
- We work together with regulators to help reduce risk in the industry and provide a more sustainable banking landscape over the long term

Customers and Clients

- We offer superior service through a broad range of products to enable customers and clients to achieve their goals, and engaging with customers and clients in the way the want to engage with us
- We develop strong relationships with customers and clients built on trust

Colleagues

- We help our people have challenging and fulfilling careers in a values-driven organisation
- We help our colleagues develop themselves and empower them to work in a way that suits their lives and supports our business

Citizenship

- We deliver financing solutions in social and environmental sectors, and enable access to financial and digital empowerment for individuals and companies
- We help provide employment and growth in the economies in which we operate
- We engage with governments and society to address societal issues and needs

Our approach to managing Environmental, Social and Governance matters

We recognise that the focus on the societal impact of businesses and performance on wider ESG factors has increased in recent years.

Banks play a key role in connecting the providers and users of capital and delivering wider financial services that enable individuals, business and economies to grow.

Barclays is a key contributor to society and our success as a business has always been inextricably linked to the progress of the people and businesses that we serve. We will continue to identify new opportunities and strive to integrate our broader social and environmental impact into the way we run and govern our business and the work we do every day to help customers and clients, colleagues and society to rise.

We have managed ESG issues for several years and this is not a new consideration for our business. However, our approach continues to evolve in response to a dynamic external environment, increasing investor and other stakeholder attention and continued innovation in our business and product offerings.

We recognise that the focus on the societal impact of businesses and performance on wider ESG factors has increased in recent years, with growing interest from a wider range of stakeholders including investors, clients, policy makers and regulators.

There is increasing evidence that effective management of ESG issues is an integral part of robust governance and business strategy with a potential link to financial performance and long-term business model resiliency.

The ESG space is necessarily broad based and covers a wide range of factors from governance and conduct to human capital management and climate change. Recent academic research on the link between ESG and financial performance is starting to demonstrate that it is important for businesses to focus on industry and company-specific factors.

Barclays conducts an annual internal process to identify issues that are material to our stakeholders and our business as defined by the Global Reporting Initiative (GRI) Standards.

See the box for an overview of the review process and high-level results.

Focusing on key issues

The 2018 ESG report has been developed in line with the principle of materiality as described in the GRI Standards. Every year, we review our materiality matrix in order to align it with current trends and the changing context of the business, and to ensure that it reflects feedback from ongoing stakeholder engagement.

The process based on a review of what is relevant for our sector, the results of direct stakeholder engagement, including surveys and information requests from ESG rating agencies, and an analysis of relevant banking industry frameworks and reporting guidelines.

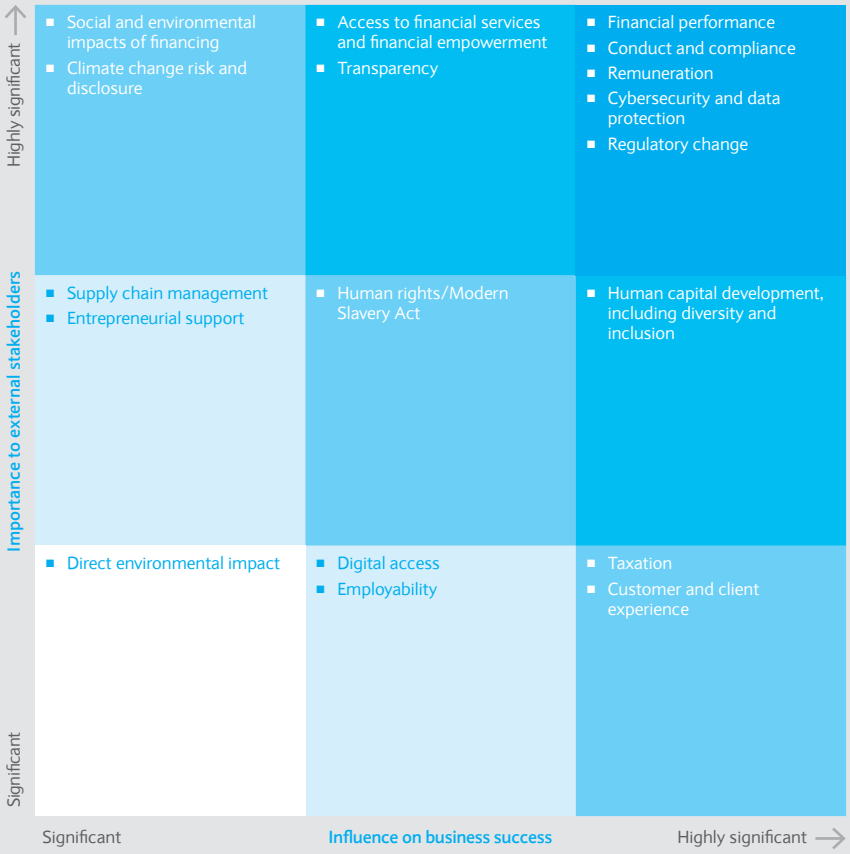
This subjective assessment is based on a qualitative assessment of multiple sources and is not based on any formal financial or legal definitions of materiality. See below for an overview of key themes with further detail available in our GRI Index online at home.barclays/esg

We believe that the foundation for effective ESG management is robust and transparent governance and integration of these considerations into the way that we do business. This includes alignment with our overall strategy and embedding relevant matters into our risk management framework and our product and service offering.

We do not adopt a one size fits all approach and recognise that the relevance, importance and response to issues will vary across the diversity of our business by product area, customer and client base and geography.

Significance to Barclays

Strategic relevance across lines of business and geographic markets.



Areas of focus in 2018

	Overall themes	Highlights
Company	**Governance and management of ESG matters** ▪ Board oversight and management structures ▪ Best-in-class Corporate Governance standards and frameworks for all Barclays PLC and subsidiaries. ▪ Performance framework includes non-financial outcomes, covering customer and client, colleague and citizenship and sustainability	Barclays PLC Board provided continued oversight of ESG matters Board Reputation Committee reviewed management of conduct and reputation risk and Barclays approch to Citizenship, environmental and social matters See the Barclays PLC Directors Report See the Barclays PLC Strategic Report
	Managing ESG-related risks ▪ Overview of Enterprise Risk Management Framework ▪ Key risk management themes: – Culture and conduct – Digital resilience and data privacy – Environmental and Social Risk management – Human rights and modern slavery	99.9% of employees completed training on the Barclays Way code of conduct Established Joint Operations Centre network to enhance resilience and security 219 transactions screened for social and environmental risk See the Risk Review in the Annual report and the Pillar 3 disclosures
	Environmental stewardship and addressing climate change ▪ Approach to energy and climate change ▪ Taskforce on Climate-related Financial Disclosures (TCFD) ▪ Managing our environmental footprint	Published external statements on Energy and Climate Change, Forestry and palm oil, and Ramsar Wetlands and World Heritage sites Participated in pilot TCFD climate scenario analysis projects Reduced carbon emissions by 38%
Customer and Client	**Customer centricity and empowering consumers and small businesses** ▪ Delivering responsible products and improving customer experience ▪ Increasing accessibiliity of products and services ▪ Customer support and empowerment ▪ Supporting business growth and backing the UK	First UK High Street bank to enable customers to block payments to gambling services through mobile banking Launched Credit builder tool to help customers learn how to improve credit scores Launched £370m Midlands Growth Fund and £500m Northern Powerhouse Fund in the UK See the Barclays PLC Strategic Report
	Green and sustainable finance ▪ Capital markets and advisory products ▪ Lending products and dedicated green product set ▪ Sustainable and Thematic Research ▪ Responsible investment and ESG and Impact Investing products ▪ Treasury Green Bond portfolio	Facilitated £27.3bn in financing for specific environmental and social segments Launched first green mortgage in the UK Expanded green and sustainable finance platform including new banking and research teams £2.3bn Treasury Green Bond portfolio
Colleague	**Building an engaged and inclusive workforce** ▪ Improving employee engagement ▪ Diversity and inclusion ▪ Building human capital ▪ Employee well-being	87% of colleagues proud of Barclays' contribution to community and society 12.53 average training hours per employee See the People section in the Barclays PLC Annual Report
Society	**Supporting our communities and wider society** ▪ Global empoyability and skills programmes ▪ Supporting sustainable innovation	2.4 million people helped to improve skills 90 ventures supported through Unreasonable Impact accelerator
	▪ Responsible tax ▪ Stakeholder and public policy engagement	See the Country Snapshot for more information

Company

Our ability to meet our responsibilities to our key stakeholder groups is underpinned by a strong commitment to the way we do business – ensuring that we run our business responsibly and manage our broader social and environmental impacts appropriately.

Governance and risk management overview

Our ability to meet our responsibilities to our key stakeholder groups is underpinned by a strong commitment to the way we do business – ensuring that we run our business responsibly and manage our broader social and environmental impacts appropriately.

As a global organisation with customers and clients active across all economic sectors and financial services delivered through complex regulated operations and infrastructure, we aim to manage environmental, social and governance issues effectively and consistently across the Group's businesses with appropriate governance and oversight.

This section provides summary information on governance and risk management topics from an ESG perspective with links to further detail across the Annual Report and other sources, including Barclays website and additional disclosures.

Board oversight

The Barclays PLC Board of Directors is responsible for the overall leadership of the Barclays Group, including establishing its Purpose, Values and Strategy and satisfying itself as to the alignment of Barclays' culture to its Purpose, Values and Strategy. In 2018, the Board approved a new common Purpose for the Barclays Group – Creating opportunities to rise – which reflects Barclays' entrepreneurial spirit, relentless quest for better customer and client centricity, and our commitments to society at large and to our colleagues.

How we behave is instrumental in our achieving the highest standards of performance, adding value to our customers and clients, and meeting our regulatory obligations. The Board believes that its role is to create and preserve value, not just for shareholders but for all stakeholders and society more widely. The impact of our behaviour and business on customers and clients, colleagues, wider society and the environment is monitored by the Board with support from the Barclays PLC Board Reputation Committee.

Barclays PLC Board Reputation Committee

The Board Reputation Committee supports the Board in promoting its collective vision of Barclays' purpose, values, culture and behaviours. It reviews the management of conduct and reputational risk and oversees Barclays' conduct in relation to its corporate and societal obligations, including setting the guidance, direction and policies for Barclays' approach to customer and regulatory matters and reviews and approves Barclays' approach to citizenship, environmental and social matters Barclays' Citizenship strategy, including advising management on these matters. It also safeguards the independence of and oversees the performance of the Compliance Function,

Board Governance Framework

Barclays PLC
Responsible for the overall leadership of the Barclays Group

Audit Committee
- Reviews accounting policies and financial reports
- Monitors the internal control environment
- Considers the adequacy and scope of the internal and external audit
- Reviews and monitors the Barclays Group's Whistleblowing policies

Risk Committee
- Monitors and recommends financial and operational risk appetite
- Monitors the financial and operational risk profile
- Reviews limits for types of financial and operational risk

Reputation Committee
- Oversees Barclays' culture
- Considers Barclays' conduct and reputational risk issues and exposures
- Reviews and approves Barclays'approach to citizenship, environmental and social matters
- Oversees Barclays' approach to customer and regulatory matters

Nominations Committee
- Reviews the composition of the Board
- Recommends the appointment of new Directors
- Considers succession plans for the Chair and Group Chief Executive
- Oversees the annual Board effectiveness review

Remuneration Committee
- Sets principles and parameters of remuneration for Barclays
- Considers and approves remuneration for executive Directors and senior executives
- Oversees employee share schemes

Further detail on each Committee's activity in 2018 is available in the Director's report

including the performance of the Group Chief Compliance Officer. To fulfil its responsibilities, the Committee undertook regular reviews of reports from Compliance, Financial Crime, Human Resources , Corporate Relations, Risk and Internal Audit and received complementing deep dive sessions.

In recognition of one of its key responsibilities to ensuring Barclays is committed to managing its impact on broader society, the Committee throughout 2018 encouraged and challenged management to further develop Barclays' commitments and approach to financing businesses in sensitive sectors as well as approaches taken to climate change. Progress against Barclays' citizenship strategy, Barclays ESG ratings compared with peers and stakeholder perceptions were also reviewed. Furthermore, the Committee reviewed key significant and emerging Reputation risks facing Barclays (including within sensitive sectors), received specific information on business action to address those issues and the outcomes of horizon scanning were also addressed.

Further detail on the Committee's activity in 2018 is available in the Director's report

Other Barclays PLC Board Committees

Relevant ESG issues are also considered by other Barclays PLC Board Committees, as appropriate. For instance, the Board Audit Committee oversees the Barclays Group's whistleblowing policies and procedures, and the Board Risk Committee provides oversight of the risk issues relating to cyber security and operational resilience.

See the Director's report for more information on the Barclays PLC Board and Board Committees

Management forums

The Global Citizenship Council (GCC) is a management committee comprised of senior leaders with responsibility for providing overall strategic direction and leadership of Barclays community investment strategy.

Formal and informal forums are active on specific themes including the Executive Diversity Forum, and internal networks such as the Green Banking Council.

Remuneration

A summary of the Barclays' Directors' remuneration policy and full remuneration disclosures are available in the Remuneration report on pages 99 to 126 in the 2018 Annual Report. The full policy can be found on pages 108 to 120 of the 2016 Annual Report.

Non-financial measures remain an important element of how we assess progress against our strategy. Barclays' Performance Measurement Framework incorporates a balance of key financial performance metrics and broader strategic non-financial measures including economic, social and environmental objectives.

Please see the non-financial performance section in the Strategic Report for further detail on the performance framework

Please see the Remuneration report for further detail

For further detail on the performance framework and 2018 outcomes at home.barclays/annualreport

Managing environmental, social and governance risks

Although there is no commonly accepted definition of ESG-related risks at present, there is growing interest from investors and ESG rating agencies on a set of common environmental social and governance issues. Frequently these are already managed through our Enterprise Risk Management Framework (ERMF) even when the issues have not been historically classified as 'ESG'. We have provided commentary and links to further information on issues which were highlighted as ESG-related risks through our dialogue with stakeholders or which have been highlighted as part of external ESG rating profiles and questionnaires. These include environmental, social and climate risk management; culture and conduct; technology resilience, cyber security and data privacy.

The ERMF sets the strategic direction for risk management by defining clear standards, objectives and responsibilities for all areas of Barclays. It supports the Chief Executive and Chief Risk Officer in embedding effective risk management and a strong risk culture. Risk Appetite defines the level of risk we are willing to take across the different risk types, taking into consideration varying levels of financial and operational stress.

Risk Appetite is key for our decision-making process, including ongoing business planning, new product approvals and business change initiatives. The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risks.

We use a Three Lines of Defence model in managing risk. The First Line of Defence comprises the revenue generating and client facing areas, along with all associated support functions, including Finance, Treasury, Human Resources and the Chief Operating Officer (COO) function.

The First Line identifies its risks, and sets the policies, standards and controls, within the criteria set by the Second Line of Defence.

The Second Line of Defence comprises Risk and Compliance and oversees the First Line by setting the limits, rules and constraints on their operation, consistent with the Risk Appetite of the Barclays Group.

The Third Line of Defence comprises Internal Audit, providing independent assurance to the Barclays Board and Barclays Group Executive Management.

The Legal function does not sit in any of the three lines, but supports them all and plays a role in overseeing Legal Risk. The Legal function is also subject to oversight from the Risk and Compliance functions with respect to the management of operational and conduct risks.

Financial and Non-Financial Principal Risks are managed in compliance with frameworks and policies that set out responsibilities for risk management. Any risks such as environmental or social risks that may fall outside the principal risks, or that may entail more than one principal risk, are also subject to the ERMF and oversight by the control functions (Risk and/or Compliance). We provide summary information below with further detail on key risk factors, management processes and 2018 performance on each principal risk available in the Risk review in the Annual Report and the Pillar 3 Disclosures.

See the Annual Report and Pillar 3 Disclosures

Building a positive conduct and values-based culture

Barclays' Values are: Respect, Integrity, Service, Excellence and Stewardship. All Barclays colleagues have annual reviews, which include an assessment of their performance against these values.

Code of conduct

99.9%

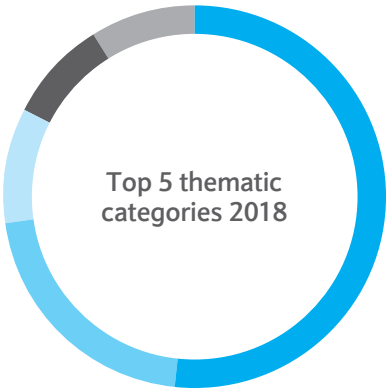
of colleagues completed mandatory training on the Barclays Way

Engaged colleagues

79%

overall sustainable engagement score

Whistleblowing



Breach of controls, process or other	42%
Breach of policy	17%
Theft/fraud	8%
Mis-selling	7%
Breach of confidential information	7%

The Barclays Way – our Code of Conduct – was launched in 2013, replacing many existing codes of conduct with one unifying document. It outlines the Purpose and Values which govern our way of working across our business globally. It 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.

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 Code is reviewed and updated annually to ensure it reflects best practice, which includes benchmarking and review by external organisations. We have incorporated these recommendations in the 2018 edition and also updated guidance on discrimination, bullying and harassment and on personal relationships at work as well as reduced the detailed scope of the policies and guidance section, signposting colleagues to the internal Global Policy Hub.

The Barclays Way 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 is available on our website at home.barclays/citizenship/ourapproach/policy-positions

As at end 2018, 99.9% of our colleagues had completed mandatory training and attested to the Barclays Way (2017: 99.9%).. The Barclays Way is available on our website at home.barclays/citizenship/ourapproach/policy-positions.html

The Barclays Way also includes advice and guidance on speaking up and raising concerns regarding colleagues, contractors and clients.

It is important for the success of Barclays, and the safety and wellbeing of our customers, clients and colleagues, that we encourage a culture which supports speaking up when things aren't as they should be.

A significant majority of Barclays' employees feel it is safe to speak up, which is encouraging. While individuals may be comfortable raising concerns directly with their line manager, Compliance, Human Resources or Legal, Barclays recognises that this isn't always the case. In some circumstances individuals might not know who to go to or might want to speak up confidentially.

Barclays has a centralised Raising Concerns team which reviews all concerns, assesses them, and where necessary directs them to an appropriate team for investigation. Multiple channels exist for raising concerns, including a web form, email and telephone lines. The bank's intranet site sets out clearly how to raise a concern.

Whistleblowing is a core element of raising concerns at Barclays. Arrangements are in place for employees to obtain free, confidential advice on whether or how to make a whistleblowing report by calling Protect, the Whistleblowing charity, or by visiting its website. Employees are also informed that they are able to raise their concerns directly with a regulator. Barclays has a zero tolerance approach to retaliation. It provides a process for individuals to raise whistleblowing concerns without fear of retaliation and with confidence that the concern will be taken seriously and a meaningful review conducted. Any employee who has retaliated against a whistleblower, or an individual who provides information as part of an investigation, may be subject to disciplinary proceedings.

The Whistleblowing Champion for the Barclays Group is accountable for the integrity, independence and effectiveness of the Group's policies and procedures on whistleblowing.

Concerns could relate to a number of things, including a breach in our security, inappropriate conduct, financial crime, harassment, health, safety or environmental risks, or anything that is likely to harm the reputation of Barclays. The top five thematic categories for 2018 are shown on the left of page 16.

Where a concern is substantiated, outcomes could include remediation of an internal process and/or disciplinary action.

Cultural change

Over the last three years we have focused on developing and embedding a Culture measurement framework (The Culture Dashboard), and in 2018; with the launch of our new Purpose, have continued to evolve the framework so that it generates useful insights for senior management to take action on to drive cultural change.

This year, the Culture Dashboard has remained anchored in our Values; with consistency in metrics maintained as far as is practical whilst also addressing business feedback regarding the flexibility to include business specific metrics at the business discretion. Reporting continues to the Board Reputation Committee, Group Executive Committee and Business Unit and Functional Executive Committees stimulating discussion and debate.

Colleague engagement is a useful data point contained in the Culture Dashboard and one measure of how we are embedding the desired culture. This year, we have seen the engagement of colleagues improve by 4% points since 2016 to 79% in 2018, underscoring the continued efforts to make Barclays a great place to work. Other key highlights include "Barclays is focused on achieving good customer and client outcomes" (92% favourable, up 9% points on 2016); "I can be myself at work" (91% favourable) and "I feel a strong sense of belonging at Barclays" (84% favourable, up 15% points on 2016).

Examples of group wide actions that are key to unlocking colleague engagement and embedding the desired culture include the continued focus on our Dynamic Working campaign. An area of continued opportunity is embedding the value of Excellence, by enabling our colleagues through enhanced technology and collaboration tools. The ongoing investment in our technology is having an impact with colleague responses to the question "My business has been successful in eliminating obstacles to efficiency" (59% favourable, up 23% points on 2016) which is a sign that progress is being made, albeit there is still more to do.

Note: The Your View comparisons are shown as 2018 versus 2016 because 2016 was the last all employee survey. During 2017 we ran quarterly surveys surveying 25% of our population each quarter.

See the People section on pages 93-98 of the Annual Report for further information

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 assure that Barclays Group's 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 Lifecycle, 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. Barclays 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 Barclays Group Conduct Dashboards are a key component of this.

Barclays Group continues to review the role and impact of conduct 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 and structural reform. As part of the 2018 medium-term planning process, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2018, conduct risks were raised by the businesses for consideration by the Board Reputation Committee. The Committee reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risk effectively.

The Board Reputation Committee received regular updates with regards to key risks and issues including those related to structural reform and regulatory change

Barclays Group continued to incur significant costs in relation to litigation and conduct matters, please refer to Note 27 Legal, competition and regulatory matters and Note 25, provisions in the 2018 Annual Report for further detail. 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 Barclays Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Board Reputation Committee and Senior Management received Group Dashboards setting out key indicators in relation to Conduct, Financial Crime, Culture, Citizenship 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 2018. The tolerance is assessed by the business thorough key indicators which are aggregated and provide an overall rating which is reported to the Board Reputation Committee as part of the Conduct Dashboard.

Barclays remained 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.

See the Conduct Risk management and performance sections in the 2018 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 2018.

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

Building a positive conduct and values-based culture

Financial Crime

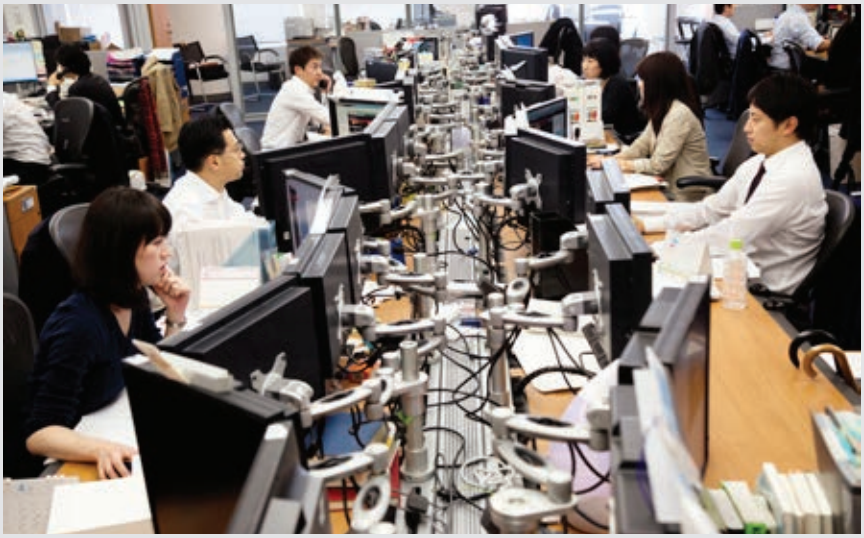
Barclays is committed to conducting its global activities with integrity. We will not tolerate any deliberate breach of financial crime laws and regulations (e.g. bribery, corruption, money laundering/terrorist financing, sanctions and tax evasion facilitation) in the course of our business and the transactions we undertake.

The Barclays Financial Crime Policy and related standards:

- set out the minimum requirements which must be complied with by all Barclays Group businesses and legal entities
- are endorsed by the Barclays Board of Directors and apply to all businesses, functions and geographies globally and covers 100% of Barclays' operations
- include directions on how to report suspicious activity internally and to relevant law enforcement authorities as and when required.

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 86 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 aspire to run our business in an open and transparent manner and are committed to conducting our global activities with integrity. We will 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 lifecycle; correspondent relationships; politically exposed persons; and wire transfers.

Anti-Tax Evasion Facilitation

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.

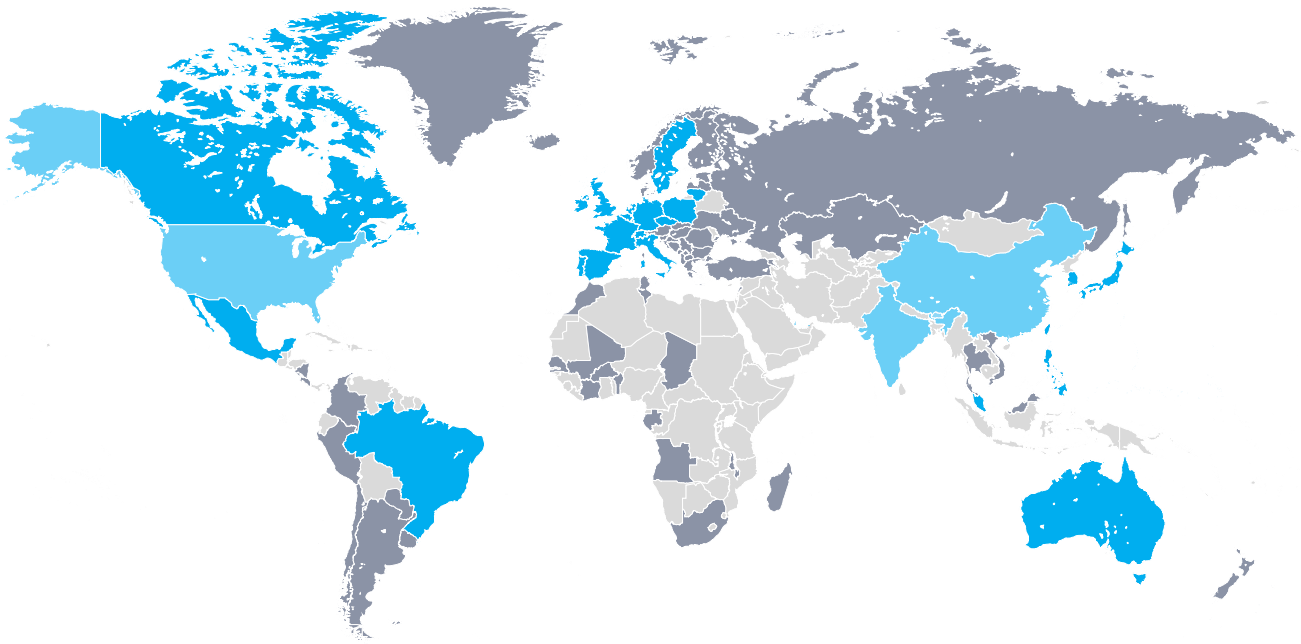
The Barclays policy positions on financial crime can be found at: **home.barclays/citizenship/our-reporting-and-policy-positions/**

Managing privacy and increasing digital resilience

Barclays takes a rigorous approach to data privacy and data management and security both within our direct operations and in our relationships with third parties. We encourage wider learning on digital risk with a number of public campaigns and initiatives.

Barclays and world privacy laws

- Jurisdiction with comprehensive privacy laws and Barclays presence
- Jurisdiction with sector-specific or limited privacy laws and Barclays presence
- Jurisdiction with privacy laws but no active Barclays Group presence
- Jurisdiction without privacy laws and no Group presence



The privacy map highlights countries where Barclays operates that have comprehensive privacy laws. Data protection and privacy laws applying to all personal data irrespective of the sector or organisation collecting and using it are described as comprehensive laws. Sector specific laws are those where the privacy statute does not apply comprehensively, but to particular business sectors or situations. Laws that apply some limited protection to personal data generally are described as limited.

Managing privacy and increasing digital resilience

Data privacy

Most countries in which Barclays has a presence have privacy laws governing the collection, use and disclosure of personal data, or are considering their introduction. The harmonization of the European privacy regime through the introduction of the General Data Protection Regulation (GDPR) was a major focus in 2018 however new laws have also recently been introduced in California, the Cayman Islands, and Brazil; India is currently considering a new draft law. Existing laws in Japan, Guernsey, Jersey and the Isle of Man have also recently been updated.

As a global business, with transactions and IT infrastructure spanning multiple counties, it may be necessary for personal information to be made available or stored in countries other than where it was originally collected. The proper handling and protection of personal data is very important to our clients, employees and to regulators, and compliance with several different privacy laws can be challenging, with considerable regulatory fines for breaches, for example up to 4% of global turnover under the new European General Data Protection Regulation (GDPR). Barclays ensures adherence to global requirements through our Group-Wide Privacy Policy and Global Privacy Standard, which apply a standard approach across all Barclays' businesses and functions.

Policies and controls

Whether or not Barclays is operating in a jurisdiction with local privacy law all Barclays' businesses and functions are required to comply with our Group-Wide Privacy Policy and Global Privacy Standard. These reflect the core personal data handling principles found in data protection and privacy laws globally, providing a common baseline standard across the Group. Annual training on Privacy issues is mandatory for all staff, with additional training provided to meet specific needs where necessary. We also have controls in place to ensure employees only have 'need to know' access to personal data.

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, which include data privacy and security matters. We have a robust supplier assurance framework, to establish whether suppliers meet these obligations.

Details on this framework are available at: home.barclays/who-we-are/our-suppliers/our-requirements-of-external-suppliers/

As part of our GDPR preparations we updated policies, systems and processes across Europe and established a Group Data Protection Officer, to coordinate and manage our compliance with privacy laws and respect for individuals' rights.

Communications and awareness

We publish details of the mechanisms that customers can use to exercise their rights and also maintain a centralised data protection mailbox where members of the public may raise complaints and concerns with the Group Data Protection Officer. To commemorate World Privacy Day in January 2019 we hosted a series of presentations in the UK by significant external speakers focusing on the implications for privacy from developments in FinTech and Artificial Intelligence, and some of our overseas offices raised awareness by staging local talks and privacy roadshows.

Our Data Privacy Policy can be found at: home.barclays/privacy-policy.html

Our UK online commitment to customers can be found at: barclays.co.uk/important-information/control-your-data/

Data management and information security

The scale of the threat from cyber-attack to the financial industry remains significant. Banks are an obvious target for criminals, as recent media reporting has highlighted. However, Barclays has taken major strides in the last 12 months to better protect customers' information and commercial data and ensure that we have the strongest possible security tools and controls to achieve this.

This year we have introduced new policies and technology to ensure that all data created or managed by Barclays caries a clear security classification and that, through mandatory training, all colleagues understand how they should handle and protect information to keep it safe. This has enabled us to deploy additional controls that respond to these labels and to observe a step change in colleagues' awareness of their data security responsibilities.

We have also worked back through our stock of data and applied security labels retrospectively to our most sensitive data and will, by the end of the year, have encrypted this information so that it cannot be exploited even if it falls into the wrong hands.

From the end of the year all newly created sensitive data will be encrypted at source and remain so, whether moving between colleagues, technologies or outside of the bank.

We have further strengthened our controls to ensure that data cannot leave the organisation or be shared inappropriately unless colleagues have dispensations to do so. We have additional technology deployed on our perimeter to provide further safeguard against this risk.

Additionally, we have taken steps to work more closely with counter-parties 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

CSO (Chief Security Office) 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.

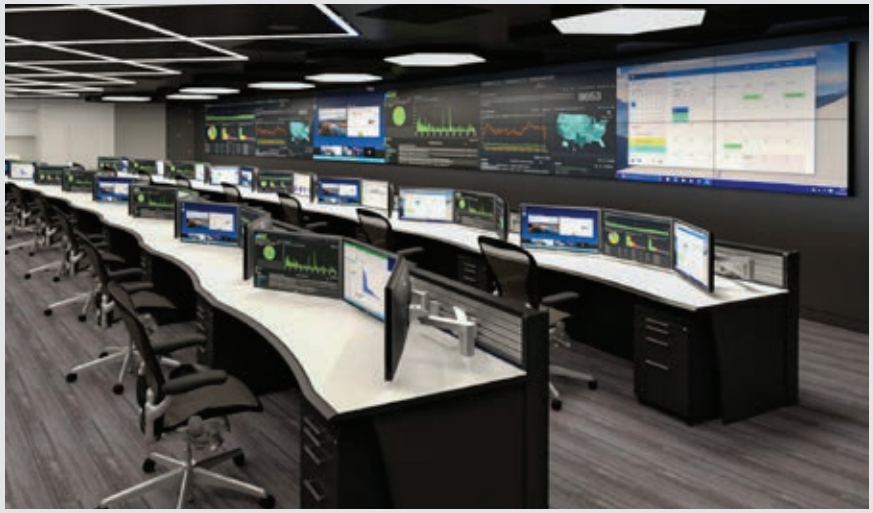
We further provide information to the public on how to stay safe online and manage their personal data at: barclays.co.uk/security/

Barclays Joint Operation Centre

The Barclays Joint Operations Centre (JOC) is an operational hub of security, resilience and defence colleagues from across Barclays with the mission to defend and protect our clients, colleagues, technology, data and assets, ensuring a resilient bank.

Teams detect, respond and inform on all significant security and non-security incidents.

The JOC operations run 24 hours a day, every day of the year from three locations globally and is staffed by incident and crisis managers along with experts from the Security Office, Fraud, Cyber and Financial Crime, Corporate Real Estate, Legal, Compliance, and Communications.



IT failures and resilience

Recent years have seen significant advances in technology that have delivered enormous benefits in customer convenience, safety and functionality in banking and financial services. Barclays has embraced these changes to offer unprecedented ease of access and availability, increased security, enhanced economic crime detection and prevention, automation of processes to reduce errors and greatly increased speed of processing requests.

To meet customer expectations and guard against IT failures that have widespread impact, we have invested heavily in our IT infrastructure. We organise and run our systems to enable our customers to use different channels interchangeably and seamlessly so there are: alternative channels available; systems are duplicated; and there are stand-in processing arrangements in the event of need.

Barclays' multi-channel strategy, not only provides customer choice and convenience, but also ensures customers have alternative access to our services, in the event of unavoidable outages that affect their preferred channel. Very specifically, these channels (mobile, online, phone, etc.) are supported on different technology systems to ensure we can continue to service our customers through one channel in the event of difficulty in another.

On 20 September 2018, when Barclays experienced an operational incident in which some of our systems were subject to substantial disruption, our customers were still able to use core features on Mobile Banking and could use their cards and our ATM network throughout.

Barclays processes approximately 25,000 technology changes every month to ensure our systems stay ahead of a range of threats, trends, and customer demands. Technology has created a new dimension in competition as firms compete to provide the best features and greatest functionality through innovation in digital products and services for customers. This, in turn, requires ongoing changes to our systems. At the same time, we face an ever present and growing threat from cyber criminals trying to disrupt our systems and we must also respond rapidly to regulatory requirements to comply with changes to regulation and the law. Whilst the vast majority of the thousands of technology changes are completed successfully, very occasionally, they can result in unexpected outcomes which may impact our service delivery.

There is also an increasingly interconnected ecosystem of technology and infrastructure providers on which financial services providers are dependent, including broadband, mobile data networks, and other services.

We regret any instance of service disruption to customers and remain focused on reducing the volume of operational incidents, through continued investment in our resilience and the strengthening of controls relating to technology. Nearly one quarter of Barclays' global workforce of 85,000 is dedicated to technology and security. Just as we enable our customers to transact 24/7, we seek to ensure around-the-clock security and resilience.

We believe our approach is proving successful. Operational incidents caused by technology are becoming less frequent across Barclays year-on-year, with a 13 per cent reduction in the last year, which reflects our continued investment in resilience.

Environmental and social risk management

We have a longstanding commitment to managing the environmental and social impact associated with our lending and business relationships, through our risk management framework. We continue to build upon this approach, in particular evolving our risk management processes on climate change and our approach to sensitive sectors.

Approach

Barclays has a strong and longstanding commitment to managing the environmental and social risks associated with its lending and financing activities. We recognise that 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 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. This enables us to adopt a robust approach, while maintaining the flexibility to consider potential clients and transactions on their respective merits.

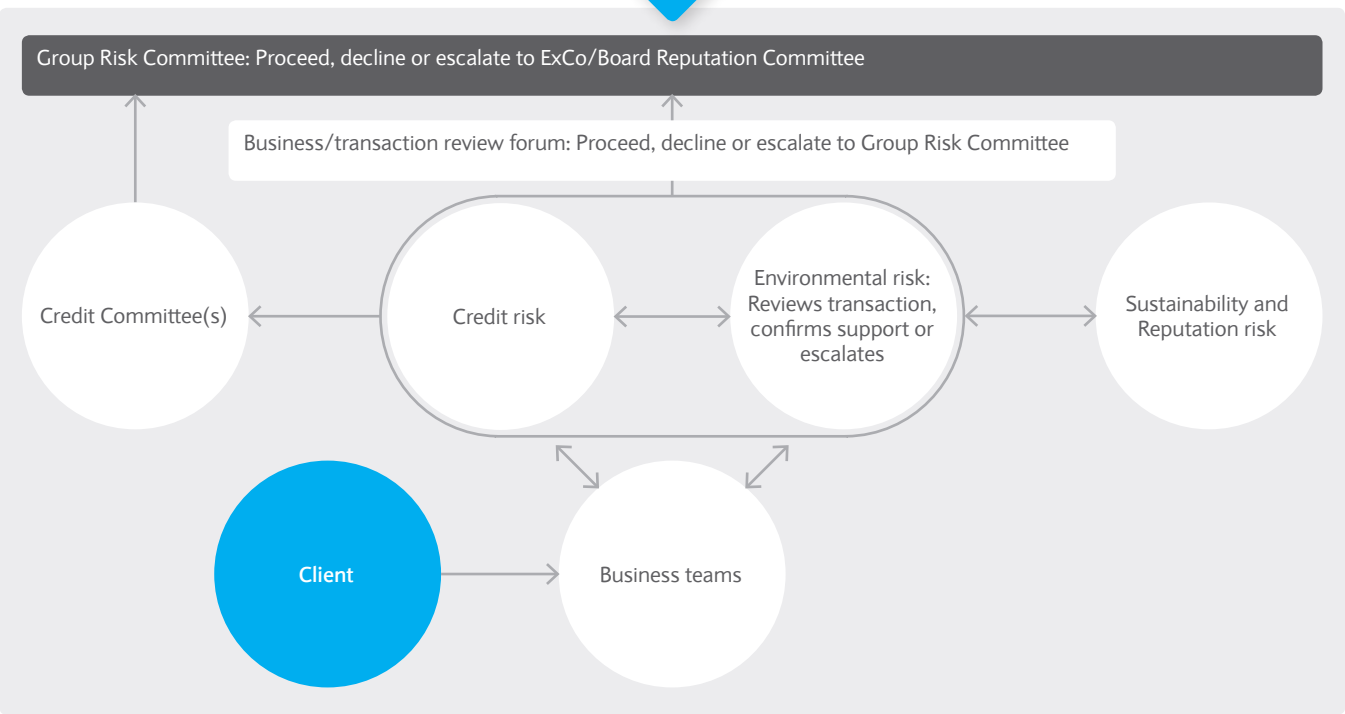
We note the growing importance of climate change as a potential source of increased risk as we transition globally towards a low-carbon economy. We address this through our strategic approach outlined in our Energy and Climate Change Statement and have also continued to build an implementation plan to respond to the recommendations from the Task Force for Climate-related Financial Disclosures (TCFD) – see pages 28 to 33. For information on how we approach climate-related opportunities, see page 44.

Governance

On behalf of the Barclays PLC Board, the Board Reputation Committee reviews and approves Barclays' overall approach to Environmental, Social and Governance (ESG) issues. Barclays Group Executive Committee provides management oversight of the Group's environmental and social impact. This includes Barclays overall approach to managing environmental and social issues and the publication of external position statements on our approach to sensitive sectors.

The Group Credit Risk Director is responsible for the management of the credit risk impacts of environmental risks, which includes risks associated with climate change. Reviewed annually, the Environmental Risk Standard and supporting Coal Risk Appetite is approved by the Wholesale Credit Risk Management Committee.

Environmental and social risk assessment embedded in the transaction review process



Statements and standards

Barclays sector-specific position statements outline our requirements and expectations of clients in sectors with significant potential environmental and social impacts, and are applied through corresponding internal standards. These 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 that embed the provisions within our external statements. These standards are embedded within the overall Enterprise Risk Management Framework (ERMF) and are managed as a core part of transaction origination, review and approval processes where applicable.

During 2018, we developed a series of external position statements on Coal, World Heritage Sites and Ramsar Wetlands, published in April 2018 and a comprehensive Energy and Climate Change Statement published in January 2019. The Energy and Climate Change Statement incorporates, strengthens, and replaces the Barclays Coal Statement published in May 2018. See page 25 for more detail.

Equator Principles

For project related finance, we apply our Environmental Risk Standard which implements the Equator Principles and relevant IFC Performance Standards. The Equator Principles are an internationally recognised framework for environmental and social risk due diligence in project related finance. Barclays was one of the four banks which collaborated in developing the Principles, ahead of their launch in 2003 with 10 adopting banks, and we have continued to be actively involved. Our Environmental Risk Standard is supported by a toolkit for employees comprising a range of practical guidance documents. These include a detailed process guide, a screening tool, guidance for engaging consultants for environmental assessments and sample clauses for loan documentation.

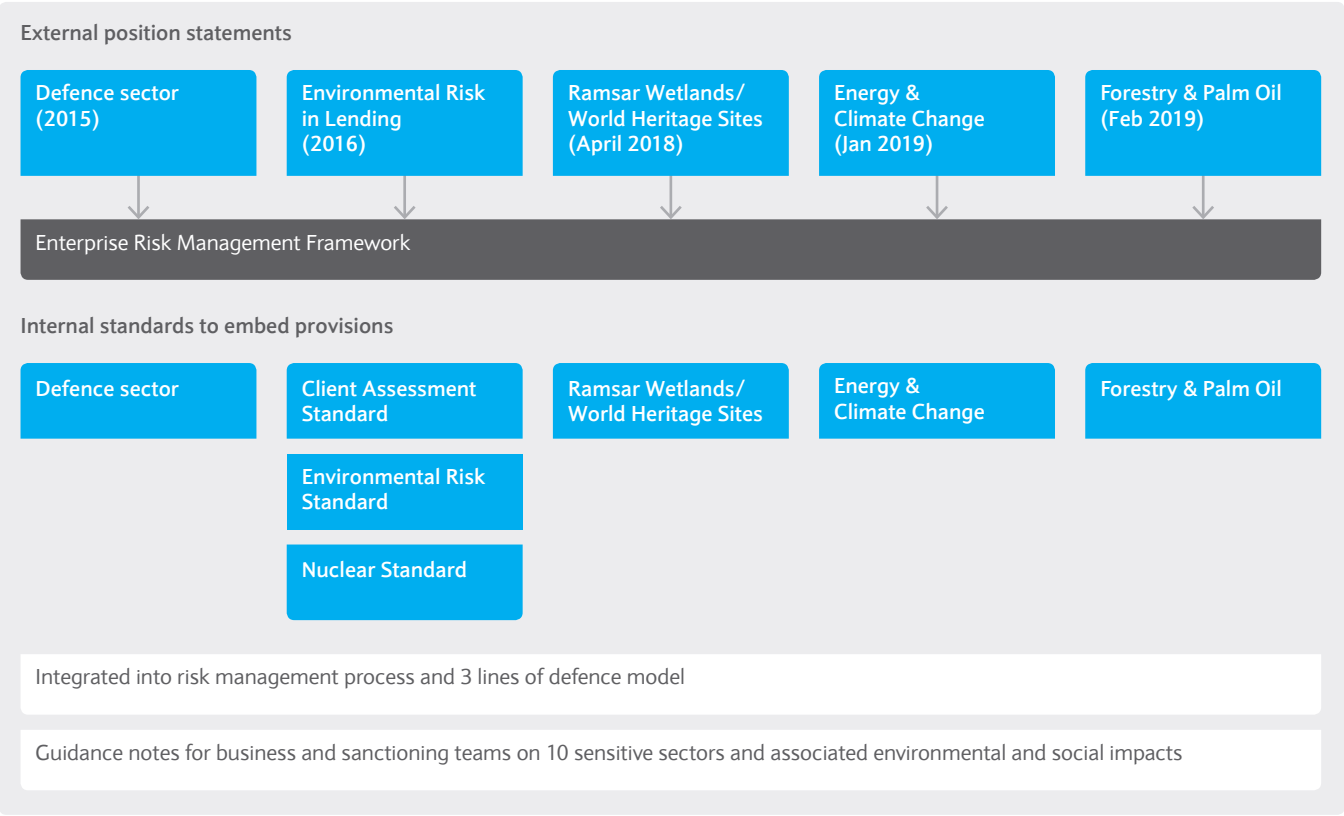
Client transaction review process

i. 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 normal due diligence.

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. In 2018 we updated our Client Assessment Standard, with a requirement for credit officers to assess credit applications against the impacts of climate change related risks, including physical and transition risks. See page 28 for further information on climate risk management activity as part of our TCFD disclosures.

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. 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 Agriculture and Fisheries to Oil and Gas, from Mining and Metals to Utilities and Waste Management.



Environmental and social risk management

ii. 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, in coordination with the business teams. 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.

iii. 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 Reputation Committee 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.

iv. Monitoring
We believe that we can have a greater positive impact through supporting clients to improve their performance within a reasonable timeframe, 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.

Addressing climate change related risks

We recognise the growing importance of climate change as a significant global issue, which has impacts for our business and clients. As well as managing potential risks to our own business, as a financier we have an important role to play in ensuring society's energy needs are met whilst helping to limit the threat that climate change poses to people and to the natural environment.

In 2018 we enhanced our focus on climate change-related risks in client transactions by revising our approach to sensitive energy sectors and, in Q4, making improvements to our internal standards to reflect our updated position. We further released our Energy and Climate Change Statement in January 2019. See page 25 for a summary, and the full Statement is avilable at home/barclays/citizenship.

Potential climate-related risks

Physical risks

Physical risks can be acute (event driven) or chronic (longer-term shifts) resulting in adverse financial impacts to clients due to changing weather patterns e.g. a client's access to necessary resources, their operations and supply chains or their distribution networks. Water availability, access to food, and extreme temperatures are just some examples of physical risks.

- Increased severity of extreme weather events including flood risk
- Increased capital costs from damage to assets

Transition risks

Transition risks to a low-carbon economy include changes to policy, legal, technology, and market trends as they address mitigation and adaptation requirements related to climate change; with the impacts of these amounting to financial and reputational risks to organisations.

- Increased costs from new policy and legal requirements, such as taxes, compliance costs or insurance premiums or early retirement of assets due to policy changes.
- Shifts in consumer preferences as a result of negative concerns leading to reduced revenue from decreased demand for goods/services
- Increased research and development (R&D) expenditures in new and alternative technologies and costs to deploy new practices and processes.

As information on the impacts of climate change continues to develop, we look to understand the potential impact on our clients through increased physical and transition risks and how these may affect credit and reputational considerations. For example, climate change may impact clients' physical assets through increased flood and fire risk and severe weather events. There may also be impacts driven by changes in governmental climate-related policy and changing public and stakeholder sentiment on climate issues.

Climate-related risk management

Barclays is taking steps to identify the relative significance of climate-related risks as they relate to the Principal Risks within the Barclays Enterprise Risk Management Framework (ERMF). To date, climate-related risk is considered within Credit and Reputation Risk, with climate-related risk as applied to Legal, Liquidity and Market Risk being considered over the coming years. The TCFD implementation programme provides an overview of our approach. See page 28 for more information on current activity and future areas of focus.

Credit Risk
Environmental risk is recognised as a mainstream credit risk issue and Barclays has a dedicated Environmental Risk Management team, within the central Credit Risk Management function. The growing importance of climate change as a source of indirect risk is increasingly being recognised in credit policy discussions. Currently, climate risks are assessed at a relationship level or on a transactional level, such as assessing a client's perspective on the potential impacts of the climate change agenda on their operations, and the extent to which such impacts are reflected in their business planning assumptions

Climate change has been noted as a credit related risk factor in the 2018 Annual Report. Barclays is exposed to credit risks arising from energy and climate change. Indirect risks may be incurred as a result of environmental issues impacting the credit worthiness of the borrower resulting in higher impairment.

Further information on credit risk management can be found in the Pillar 3 disclosures

During 2018, resulting from both TCFD implementation, and the UNEP FI pilot learnings, the impacts of climate change were included in both the Environmental Risk Standard and the Client Assessment Standard, both of which form part of the ERMF.

These Standards now require that climate change related risks are considered by the business teams and Risk Sanctioning Unit when reviewing credit applications. The climate-related risks cover two dimensions, the risks related to the transition to a low carbon economy, and the risks related to the

Energy and Climate Change Statement

Climate change represents one of the greatest challenges faced by the world today. Banks have an important role to play in ensuring that the world's energy needs are met while helping to limit the threat that climate change poses to people and to the natural environment.

Our aim is to help facilitate the transition to less carbon intensive sources of energy, while supporting economic development and growth in society by helping to ensure the world's energy needs are met responsibly.

We expect that there will be a significant shift away from carbon based fuel consumption in the long term and we expect our financing activity to reflect that change. In most scenarios, however, oil and gas are expected to continue to be the main source of energy for decades to come. The reliance on gas as a transition fuel, and a partial replacement for oil, is expected to increase over this time period.

Accordingly, we will place restrictions on our exposure in some carbon intensive sectors, such as thermal coal. We will however support oil and gas clients that operate in an environmentally and socially responsible way, in order to meet the world's energy needs.

We conduct Enhanced Due Diligence (EDD) on a case-by-case basis on clients in these sensitive energy sectors, and will consider the following factors as a minimum:

Thermal coal industry market conditions have changed considerably over recent years and many countries, including the UK, Canada and some states in the USA, have announced their intention to move away from coal combustion in line with the Paris agreement.

We believe that the increase in new, efficient technology, and the diversification of the world's energy mix to include less carbon-intensive fuel sources will continue to drive an overall decline in global thermal coal demand over the next several decades. We also recognise, however, that certain countries' energy and growth needs will continue to require thermal coal over this period, and that thermal coal will continue to represent a component of the overall energy mix for the medium term.

Barclays will continue to reduce credit exposure to clients that derive the majority of their revenue from thermal coal mining and power generation clients (where more than 50% of their power generation mix is coal-fired). We aim to continue reducing our lending exposure to such entities over the medium term, as thermal coal demand declines in proportion to other energy fuel sources globally.

Barclays has no appetite to support project finance transactions for the development of greenfield thermal coal mines anywhere in the world, or to enable the construction or material expansion of coal-fired power stations anywhere in the world.

Barclays will continue to provide general corporate financing for current corporate clients that own and operate existing thermal coal mines and coal-fired power stations. However, we will review these arrangements on a case by case basis in line with our EDD requirements.

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[a].

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.

Barclays does not directly finance MTR projects or developments; we apply EDD to all credit and capital markets facilities involving clients which practice MTR; and provision of financial support to companies which are significant producers of MTR-sourced coal will be agreed by exception only, subject to specific criteria related to the transition away from MTR production and/or for reclamation and restoration purposes.

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[b]. The ANWR is a particularly fragile and pristine ecosystem which is central to the livelihoods and culture of local indigenous peoples.

Any client conducting new exploration of or extraction of Arctic oil and gas will be subject to EDD.

Additionally, Barclays will conduct EDD on any financing transaction directly connected with the exploration or extraction of oil or gas in the Arctic. Under the EDD framework, we would not expect such project finance proposals to meet our criteria.

Oil sands refers to naturally occurring deposits of water and clay, containing a heavy, viscous oil called bitumen. Canada produces 70% of the world's oil sands crude which contributes about 0.15% of global greenhouse gases[c].

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.

Any transaction in which the use of proceeds is for 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, and demonstrate: compliance with all legal, regulatory and permitting requirements in the regions that they operate; continuous reduction in Greenhouse Gas (GHG) intensity, on a lifecycle basis; and the minimisation of direct environmental impacts.

The full statement can be downloaded from home.barclays/citizenship

Notes
a Surface Mining Control & Reclamation Act (SMCRA 1977), available at https://www.gpo.gov/fdsys/pkg/CFR-2012-title30-vol3/pdf/CFR-2012-title30-vol3-sec716-3.pdf
b The Arctic Circle is defined by the National Snow & Ice Data Center, available at https://nsidc.org/cryosphere/arctic-meteorology/arctic.html
c Environment and Climate Change Canada 2018, available at https://www.canada.ca/en/environment-climate-change.html

Environmental and social risk management

Sector-specific financing restrictions

Our position statements establish our requirements and expectations of clients in sectors with significant environmental and social impacts. They also outline the activities that we will not finance, which include:

- **Thermal Coal** – We have no appetite to support project finance transactions to:
  - Develop greenfield thermal coal mines anywhere in the world
  - Construct or materially expand thermal coal-fired power stations anywhere in the world
- **Forestry and Palm Oil** – We will not provide financial services to:
  - Companies involved in illegal logging or trading activities
  - Companies that use illegal or uncontrolled fire in forestry or plantation operations
  - Companies that convert or degrade primary tropical forests, High Conservation Value (HCV) or High Carbon Stock (HCS) areas and peatlands
- **World Heritage Sites and Ramsar Wetlands** – We will not finance:
  - Projects in World Heritage Sites (unless approved by the host country and UNESCO)
  - Projects in Ramsar Wetlands (unless approved by the host country)
- **Defence** – We will not finance:
  - Trade in, or manufacture of, nuclear, chemical, biological or other weapons of mass destruction
  - Trade in, or manufacture of, landmines, cluster bombs or any equipment designed to be used as an instrument of torture
  - Propositions relating to companies known to manufacture cluster munitions in violation of the international Convention on Cluster Munitions.

Position statements are available at **home.barclays/citizenship/**

physical impact of climate change. Risk colleagues are provided examples of transition risks e.g. imposition of a carbon tax, caps on greenhouse gas emissions at operating sites and the rise of disruptive technologies which may impact business revenues; and physical risks, e.g. increased temperatures impact labour, flood risk, droughts and storms. In 2018 we provided bespoke training to credit risk managers across Barclays on environmental and social risk assessments, including climate change, relevant to their respective markets, reinforcing awareness of when to refer specific transactions.

Reputational Risk

As a transition risk, climate-related reputation risk can arise from shifts in consumer preferences and increased stakeholder concern about sensitive sectors. During 2018, we reviewed our approach to energy and climate change, and our involvement and practices in certain 'sensitive sectors'. A recurring topic in our discussions has been climate change and the challenges for business in balancing the need to maintain the supply of energy to support economic growth and prosperity while also meeting the goals of the Paris Accord. This includes Barclays' approach to financing businesses which operate in sectors that are sensitive because of their relative carbon intensity or local environmental impact. This has resulted in the publication of a policy statement on our approach to energy and climate change, as well as statements on World Heritage Sites and Ramsar Wetlands.

Premises and Business Continuity

Our premises and business continuity teams address climate-related risks within location selection and the development of contingency plans, particularly as related to the physical risks of extreme weather events. This framework evaluates long-term flood risk and seismic risk and ensures mitigating controls are in place as part of the wider operational controls infrastructure maintenance environment.

Environmental risks are addressed within the Barclays Group Property Standard, to which a new risk was added in 2018 entitled 'harm to the environment'. The standard outlines the role of our engineering team in managing activities or incidents which could result in environmental harm. It further outlines Barclays' approach to environmental management, such as through site reviews, and environmental performance reporting, including carbon emissions data.

Barclays' Resilience Client Statement outlines Barclays' programme to maintain services, and how a robust response to crises is implemented, including crises resulting from weather-related events.

For further information on how Barclays addresses climate change impacts, please see our Task Force on Climate-related Financial Disclosures (TCFD) disclosure on pages 28-33

Engagement

We participate in various industry associations and bodies that aim to improve practices and understanding of the environmental and social risks associated with financing and transactions. For example, Barclays is an active member of the Equator Principles Social Risks Working Group, UNEP FI Social Issues Advisory Group, Thun Group and the Banking Environment Initiative's Soft Commodities Compact. We contribute to industry discussions and aim to incorporate best practice points in our own risk management processes.

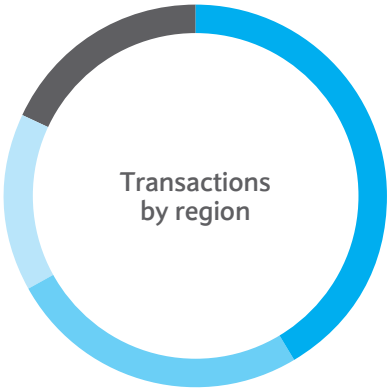
Transaction review in 2018

Credit teams, Environmental Risk Management and Group Sustainability teams review transactions that relate to sensitive sectors or regions, or where deemed appropriate. Barclays' approach to environmental credit risk management addresses both direct and indirect risks. We undertake due diligence for agribusiness, forestry and forest products, infrastructure, oil and gas (conventional and unconventional), coal fired power, hydropower, nuclear power, and sensitive mining.

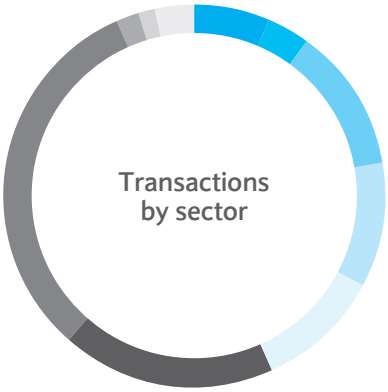
During 2018, the Environmental Risk Management tea reviewed 219 transactions were reviewed for social and environmental risks; none of those transactions fell within the scope of the Equator Principles.

See the charts on page 27 for a breakdown of 2018 transaction reviews by region, sector and product type.

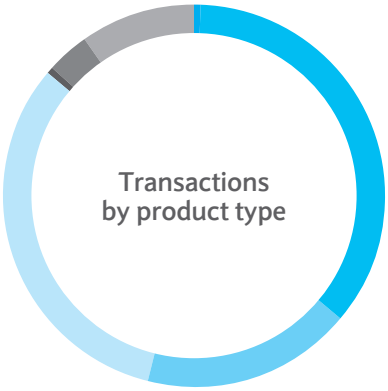
Transactions subjected to E&S risk review in 2018 by region, product type and sector



Americas	91
Europe, Middle East and Africa	56
Asia Pacific	33
Global	39
	219



Agribusiness/food production/forestry	14
Chemicals	8
Infrastructure and transportation	27
Manufacturing and engineering	23
Metals and mining	23
Oil and gas	40
Power	70
Renewable power (biomass, hydro (dams), hydro (run of river), solar, tidal and wind)	4
Services	3
Waste	7
	219



Advisory	1
Annual Credit Review	78
Origination Review	39
Corporate loans	71
Project Finance	1
Trade Finance	8
Other	21
	219

Taskforce on climate-related financial disclosures

Barclays is a member of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), and signed the Statement of Support for the TCFD Recommendations, which were published in June 2017. This section outlines the progress Barclays has made to date in adopting these voluntary recommendations, and presents our plan on how we will achieve alignment to the recommendations over time.

The TCFD recommendations aim to improve the disclosure of information to allow investors, regulators and other stakeholders to better assess and manage the risks and opportunities resulting from climate change; we rely on appropriate disclosures from clients to inform our own climate-related sector risk management. Clear understanding and analysis of potential financial risks and opportunities in short, medium and longer term horizons is still at an early stage. We anticipate that disclosures will continue to develop over time, supported by improved analytical tools, data and market practice. This will support Barclays as a user of climate disclosures across industry sectors and subsequently inform our own disclosures as a preparer.

In addition to general guidance for all sectors, the TCFD includes specific recommendations for banks. These include alignment with traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk. Banks are also encouraged to provide information on credit exposures to 'carbon-related' assets and the amount of lending and other financing connected with climate-related opportunities. The guidance recognises that detailed standardised definitions are not yet established and Barclays is working with a range of forums to support more detailed technical guidance in these areas.

TCFD implementation programme overview

The TCFD Implementation Forum, was established as a senior management forum in late 2017 to provide oversight and drive implementation of the TCFD recommendations. The Forum has representation from across the bank, including: Group CEO Office; Green Banking; Strategy; Compliance; Corporate Relations, including Reputation Risk; Credit Risk; Investor Relations and business teams from both Barclays International and Barclays UK.

See below for a summary of progress to date and areas of focus for future years. We have increased disclosures within relevant documents in the Barclays PLC Annual Report suite.

TCFD Theme	Progress to date (2017/18)	Focus areas (2019/2020)
Governance	▪ Climate-related issues considered by Board RepCo ▪ Accountable Executives identified ▪ Established TCFD Implementation Forum	▪ Align with and implement any regulatory guidelines on climate risk governance ▪ Continue to embed within existing risk frameworks and other governance forums ▪ TCFD Implementation Forum to continue to drive firm-wide coordination
Strategy	▪ Enhanced Green Banking platform and green product suite to include mortgages and trade finance ▪ Published Energy and Climate Change Statement ▪ Participated in UNEP F1 Phase 1 Pilot, and applied climate scenario based stress testing to three pilot portfolios in Electric Utilities, Oil & Gas (subsector, Exploration and Production), and UK Residential Real Estate.	▪ Incorporate qualitative transition risk analysis by sector into top down climate risk assessment processes and risk appetite setting ▪ Incorporate analysis of material climate-related opportunities into Barclays' strategy and financial planning processes. ▪ Further enhance capabilities in relation to climate risk scenario analysis, through extending into qualitative analyses on transition risks for relevant sectors. These reports will provide a top-down view of climate risks when setting risk appetite, as well as helping to shape our scenario analysis capabilities.
Risk Management	▪ Embedded climate risk into Credit Risk processes and standards, including into the Client Assessment Standard and Environmental Risk Standard ▪ Climate-related risk update provided to over 240 Credit Sanctioners. ▪ Initiated an internal TCFD Phase 1 Risk Working Group.	▪ Determine short, medium and long term climate-related risks, outlining what risks i.e. transition or physical are expected to arise in which time horizon; and by sector and geography ▪ Explore how climate-related risk should be integrated into relevant Principal Risks within the frameworks, policies and standards.
Metrics & Targets	▪ New carbon emissions target of 80% reduction by 2025 and committed to RE100 ▪ Started engaging with industry forums on developing consistent climate related metrics, particularly as related to risk management ▪ Consider the development of potential internal and external targets	▪ As consensus grows and financial sector guidance becomes more available and standardised, develop and test relevant climate-related metrics

Managing climate-related opportunities

We are committed to supporting our clients in the transition to a low carbon economy, and are doing so in three broad areas:

- Climate change mitigation investment – decarbonising operating models, from supply chain through to production;
- Climate change adaptation investment – responding to physical risks presented by climate change-related extreme weather, including resource scarcity; and
- Strategic diversification and pivoting business models – advising clients on transactions and strategies to reposition their business and maintain competitiveness.

During 2018, we expanded our green product portfolio to new segments, including the launch of the first Green Mortgage for retail customers by a mainstream UK institution, added Green Trade Finance to our Corporate Banking green product set to build on the existing offering on green loans, deposits and asset finance and structured several innovative transactions such as the first Sustainability-linked Revolving Credit Facility for a US borrower.

We have also invested in our platform for Green and Sustainable Finance, creating the new senior Managing Director role of Global Head of Green Banking to lead our commercial efforts in supporting our clients with their environmental objectives and launched a Social Impact Banking group to provide strategic advice on corporate strategy and capital raising to positive-impact businesses and the growing group of investors aiming to allocate capital to this space. We also created a new Sustainable and Thematic Research team within our Equity Research business, to lead our efforts in providing innovative research for investors with an ESG or thematic focus, including climate change related issues.

Increasing funding needs for the energy transition, and broader climate change mitigation and adaptation solutions will continue to provide opportunities to mobilise capital, advise clients and develop dedicated products.

Barclays Green Products

Responding to our customers' and clients' demand for more sustainable financing solutions, we expanded our existing suite of green products in 2018. This enables us to seize the opportunities in the market, while deploying our core financial service expertise to tackle key climate and social challenges. We expanded our green product portfolio, including the launch of the Barclays Green Home Mortgage, added green trade finance to our Corporate Banking green product set and structured several innovative transactions such as the first Sustainability-linked Revolving Credit Facility for a US borrower. See pages 44-46.

Piloting climate-related scenario analysis

The uncertainty and extended time horizons around climate change-related financial risk is the key challenge for banks and other financial firms. Particularly given concerns about the need to act quickly in this area, pooling expertise and sharing experience will be critical to overcoming the challenges currently present in scenario analysis. Lack of quality data is one of the biggest obstacles to evolution of best practice and our experience of piloting scenario analysis indicated the resource intensity and use of subjective assessment to manage data gaps where robust information is not yet available.

Taking an explorative approach in 2018, Barclays assessed climate-related credit risk (and opportunity) alongside 15 other banks as part of the UNEP FI pilot project on both transition and physical risks. This was our first iteration of how scenario based climate-related risks could be integrated into the credit risk process, with testing of transition risk in Electric Utilities and Oil & Gas (sub-set Exploration & Production) until 2030 and 2040; and physical risk in the UK Mortgage Portfolio up to 2020 and 2040. The pilot testing of these scenarios proved a useful exercise, and also indicated the current challenges with data and applying climate scenario methods over long-term time horizons.

Climate change scenarios highlight key elements of one possible future, they are not forecasts or predictions, rather they are hypothetical constructs; and are used to enhance strategic thinking.

Taskforce on climate-related financial disclosures

TCFD guidelines on metrics and targets

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 financial risks and opportunities.

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 over the short, medium and long term. Our involvement with a number of organisations and working groups e.g. UNEP FI, IIF, UK Finance and SBTi (Science Based Targets initiative) 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 activities through the SBTi.

Current metrics include:

Financing: Barclays facilitated £5.3bn in environmental financing in 2018 (2017: £4.8bn) which includes green bonds and loans for renewable energy and low-carbon technology. See page 44 for more information on green and sustainable finance solutions.

Treasury Green Bond Investment: Barclays remains committed to the green bond market as an investor and has continued to expand our green bond portfolio to £2.27bn in 2018 (2017:£1.56bn), meeting our target of £2bn, we now aim to double our investment to £4bn over time. See page 46 for more information on the Treasury green bond portfolio and impact metrics.

Operations: In 2018 we set a science-based reduction target for scope one and two greenhouse gas emissions of 80% by 2025; this is in line with the level of decarbonisation required to keep global temperature increases well below 2 degrees. Further, we have committed to RE100, which means we will procure, globally, 100% of our operational power needs from renewable sources by 2030, with an interim target of 90% by 2025.

Credit exposures: Credit risk concentrations by industry are available in the Annual Report. We are exploring options to align with theTCFD guidance on 'carbon related assets' and work within industry forums to develop more detailed technical guidelines.

We currently report credit concentrations under an 'Energy and Water' industry classification, and our total exposures to these sectors as at end 2018 was 3.0% of our total assets (2017:3.8%).

The Energy and Water classification is an internal mapping against standard industry codes. The overall classification includes natural resources and extractives sectors, including coal and oil & gas; electricity, gas and steam supply utilities; and water utilities.

See pages 165 to 166 of the Barclays PLC Annual Report 2018 for further detail on credit risk exposures across industry sectors.

Transition risk

Scenario

The 2°C scenario within the REMIND-MAgPIE integrated assessment model (IAM), developed by the Potsdam Institute for Climate Impact Research (PIK) for the European Commission-sponsored CD-Links project was used.

IAMs use socio-demographic and economic projections combined with depictions in global land-use and energy systems to present the impacts as related to climate policy and technology transition over the long term (i.e. to 2100).

The modelling of the financial risk impacts resulting from this model and a 2°C scenario was conducted by Oliver Wyman in conjunction with the UNEP FI Pilot Banks.

Outputs through to the year 2040 were used.

Assumptions and Scenario backgrounds

This is one of many possible scenarios which comes with its own set of assumptions. Noteworthy assumptions are:

- carbon price increases throughout the 21st century, starting at USD 2/tCO2eq in, and rising to over USD 2/tCO2eq by 2040;
- a 'middle of the road' world is assumed, where social, economic, and technological trends do not shift markedly from patterns of the recent past e.g. developing and developed region per capita GDP increases throughout the century;
- Carbon dioxide emissions peak in 2020 and decline rapidly, turning negative as sequestration and reverse emissions technologies take effect by 2070;
- Energy mix transitions rapidly, from fossil fuels to renewables, and by 2040 coal is only 2% of the energy mix and renewables over 25%;
- Deforestation reverses after 2020 and carbon sequestration increases, and emissions from both livestock and farming are allocated a carbon price.

The full set of assumptions can be found in the UNEP FI Extending our Horizons report.

Methodology

The sector was segmented into four homogenous groups based on exposure to climate risk drivers, regulated and high carbon, regulated and low carbon, unregulated and high carbon, unregulated and low carbon.

Probability of Default (PD) calibration was undertaken by Barclays credit risk officers to understand how the transition scenario will impact the credit standing of the entities assessed.

Portfolio calibration was achieved by using the Portfolio Assessment Tool designed by Oliver Wyman, which relies on data sourced and scenario conditions defined by the Potsdam Institute for Climate Impact Research and the International Institute for Applied Systems Analysis (IIASA)

Companies were segmented and grouped together with similar characteristics. The stress test was only applied to an E&P sub-set.

The REMIND model assumes oil and gas market prices in 2030 and 2040 of $70-90/BBL for oil and c.$7/Mcf for gas. We also ran sensitized cases assuming lower prices given their historically volatile nature and given also that lower prices would place a greater stress on borrowers in this sector.

A further hypothetical scenario was considered where governments and international agencies decide to (and are able to) place an additional levy on E&P companies for their role in the carbon-intensive energy value chain, although they don't directly emit meaningful amounts of greenhouse gases. This resulted in four separate case assumptions, 2°C demand with high prices, 2°C demand with high prices and a carbon levy, 2°C demand with low prices, 2°C demand with low prices and a carbon levy.

Taskforce on climate-related financial disclosures

Transition risk

Electric Utilities	Oil and Gas (sub-set E&P)
Time Horizon Baseline, 2030, 2040	Baseline, 2030, 2040
Scope Sub-sectors: power generation, power transmission and distribution, integrated utilities, electricity production and distribution. Countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, the UK, and the USA Products: liquidity facility loans, revolver/term loans, revolving credit facilities, swingline, letter of credit, municipal letter of credit, and standby letter of credit.	Companies were selected that were exclusively involved in Exploration and Production Sub-sectors: US shale, Oil Sands, RoW Offshore (mainly Europe)
Results Under the "2040 - 2°C scenario" the climate stressed Exposure at Default-weighted average portfolio PD is ▪ 2.2x greater in the US relative to 2017 ▪ 2.3x greater in the EU relative to 2017. Given the majority of the utilities are investment grade, stressed average PDs result in a portfolio that remains largely in the investment grade or high non-investment grade credit categories. There were though, high carbon entities heavily dependent on coal that were identified.	At High Prices, the impact on estimated loss is limited and back-ended given oil/gas demand (according to Remind 2°C assumptions) declines materially only after 2030. At Lower Prices, the impact on borrowers was more severe.
Next steps Engagement can now be targeted to specific companies which could be materially stressed, and to discuss transition plans away from high carbon. The quality of the stress tests could be significantly improved if the utilities were to disclose standardised climate relevant risks and data e.g. current generation mix, the expiry date of the licenses of their nuclear capacity.	Results demonstrate that the book is sensitive to key inputs such as oil & gas prices, which are volatile and difficult to predict. Results are also influenced by assumptions around rate of oil/gas demand volume declines, which may continue to shift as technology develops.

Key challenges

The work conducted across all three sectors was resource intensive, and required consequent data extraction as well as generation in the event when they were not internally or externally available. Further, there are many climate scenarios (and models) which could be tested and this pilot provided one approach, with specific assumptions accompanying a specific model. Other models might tackle some of the climate related challenges and make assumptions in a different way.

Overall outcomes

The testing of these scenarios proved a useful exercise which informed additions to risk processes including, climate-related risks integration into the Environmental Risk Standard and the Client Assessment Standard, see page 24. Under the scenarios tested there are currently no material climate-related financial risks at a sector level, although further testing is required. Barclays acknowledges that climate-related risks are apparent now, and the financial risks will manifest over the medium to longer terms. This work has encouraged a second iteration , which provides a set of qualitative analyses on transition risks for relevant sectors during Risk reviews. These climate-related transition risk reports are intended to provide a top-down view of climate risks when setting risk appetite, as well as helping to shape our scenario analysis capabilities. These involve identifying a number of climate risk attributes in each sector and outlining the impacts of these on economic indicators and sector financial performance.

For further information on the electric utilities in the United States and Europe, please see p.51 of the UNEP FI report, Extending our Horizons.

TCFD Index

Links to relevant information against each of the TCFD themes and recommended disclosures across the Barclays PLC Annual report suite.

TCFD Theme	Theme	Report
Governance	▪ Chairman's statement	Annual Report page 4
	▪ Board Reputation Committee 2018 Update	Directors Report pages 73 to 76
	▪ Governance overview	ESG Report page 14
Strategy	▪ TCFD summary overview and approach to energy and climate change	Strategic Report pages 26 to 27
	▪ Chief Executive Introduction	ESG Report pages 3 to 5
	▪ Green and Sustainable Finance ▪ Managing carbon footprint in operations and supply chain	ESG Report pages 44 to 46 ESG Report pages 36 to 38
Risk Management	▪ Summary of our TCFD Disclosure ▪ Risk Review, Material existing and emerging risks, (iii) credit risk (vii) Reputation Risk	Annual Report pages 26 to 27 Annual Report pages 134 and 136
	▪ Management of credit risk and the internal ratings-based approach, Environmental Risk	Pillar 3 Report
	▪ Social and Environmental Risk Management ▪ TCFD Implementation update	ESG Report pages 22 to 27 ESG Report pages 28 to 33
Climate-related Metrics & Targets	▪ Social and environmental financing, including green bonds ▪ Green Products ▪ Treasury Green Bond portfolio ▪ Managing carbon footprint in operations and supply chain	
	▪ Risk Review - Credit risk concentrations by industry sector	Annual Report pages 165 to 166

In addition to our AR reporting suite, TCFD-relevant information can be found at the following:

- Scenario analysis: See p.51 of the UNEP FI report, Extending our Horizons unepfi.org/wordpress/wp-content/uploads/2018/04/EXTENDING-OUR-HORIZONS.pdf
- Position statements: our position statements outline our approach to climate-sensitive sectors. These can be found at home.barclays/citizenship
- CDP: Our CDP response contains detailed climate disclosures against questions modelled on the TCFD recommendations: cdp.net/en/responses/1502 (registration required)

Human rights and supply chain

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.

Human rights

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. Our commitments and objectives across these areas are outlined in our Statement on Human Rights.

We engage in dialogue with a range of stakeholders, including government, law enforcement agencies, non-governmental organisations, and other banks to share our expertise and better understand the role banks can play in respecting human rights. We are one of only two banks that are members of the Home Office's 'Business Against Slavery' Forum, a partnership between UK Government and businesses aimed at accelerating progress toward eradicating modern slavery. We also participate in the Equator Principles Social Risks Working Group and the 'Thun Group', an informal group of international banks that are working to build understanding on the application of the UN Guiding Principles for Human Rights in a banking context.

We provide internal guidance for lending and relationship managers on how to integrate human rights issues into their assessment of financial transactions and business relationships. Using the online human rights guidance tool (unepfi.org/humanrightstoolkit) which we helped to develop in conjunction with other financial institutions participating in the former UNEP FI social issues advisory group, we provide guidance on: identifying potential human rights risk in lending and investing; assessing the materiality of the risk; and identifying possible risk mitigation opportunities.

We have general client due diligence processes in place to help combat the risk of clients being associated with human rights issues. Our KYC, Credit and Financial Crime teams review both new and existing clients by monitoring relationships for areas of risk or concern and by conducting media screenings for any adverse reports. Our policy is to escalate any cases which give us cause for concern from a human rights perspective, leading to further investigation by the Sustainability Team and Reputation Risk Teams. For more information on how ESG issues are considered in client transactions, please see the Environmental and Social risk management section on pages 22 to 27.

Addressing human rights risks in the palm oil sector

According to the US Government's annual Trafficking in Persons Report[a], palm oil may be produced using forced or child labour in countries such as Indonesia, Malaysia and Myanmar. Modern slavery and other human rights abuses in the sector are driven by transnational and domestic migration, as well as displacement of local farmers near plantations.Workers on these plantations are particularly vulnerable to modern slavery because of the isolation of palm groves.

In recognition of these human rights risks, as well as the environmental and climate change impacts associated with the sector, Barclays developed a Statement on the Forestry and Palm Oil sectors in 2018 outlining our expectations of clients on these issues. The Statement (which will be published in early 2019) includes specific expectations on human rights including: zero tolerance for forced labour and human trafficking, adherence to the principle of free prior and informed consent, and adoption of a "no deforestation, no peatland development and no exploitation" policy.

Going forward we will further embed these expectations within our client due diligence processes and raise awareness on the issues amongst our frontline staff. In cases where credible human rights allegations or other non-compliances are identified at clients we will escalate the issue to the appropriate business unit Transaction Review Committee and, if necessary, the Group Executive Committee and the Board Reputation Committee for a final decision. We prefer to engage with and support our clients in establishing responsible business practices that respect human rights. However, in cases where clients are unable or unwilling to comply with our requirements or agree to an action plan to address the issues, we will seek to exit the relationship.

Note
a www.state.gov/documents/organization/258876.pdf

Modern Slavery

Modern slavery is a priority human rights issue for Barclays, and we are committed to combating this within our business, our supply chain, and with clients and customers. During 2018, we continued our innovative work to develop specific account and behavioural typologies to identify and track potential suspicious activity of clients and customers, partnering with the Construction Industry Training Board (CITB) and Joint Money Laundering Taskforce (JMLT) to develop an account typology for identifying labour exploitation in the construction sector. Targeted training sessions subsequently empower our branch staff to take action if they suspect modern slavery or human trafficking

We convened a conference "Unchaining Modern Slavery; what's your responsibility?" aimed at helping our corporate clients better understand the Modern Slavery Act and address modern slavery risk. The event included practical sessions from a range of legal, business and NGO experts and was attended by 80 businesses across a range of sectors, including hospitality & leisure, retail, facilities management, construction and the public sector.

During 2018, we also continued to partner with Stop the Traffik to raise awareness amongst branch staff, customers and the local community to act on instances of suspected modern slavery. These campaigns targeted areas in the UK where modern slavery has been identified as more prevalent.

Further information on our approach to combatting modern slavery can be found in our Modern Slavery Act Statement

Supplier Code of Conduct

Our supplier relationships are managed based upon an operational risk segmentation approach (based purely on materiality to Barclays) and are required to operate in accordance with our Supplier Code of Conduct. Barclays will always require that our suppliers comply with all applicable laws, regulations and standards within the geographies and industries in which they operate. Where operating in regions where such laws, regulations and standards are non-existent, adherence to principles defined by recognized international bodies such as the United Nations International Labour Organization (ILO) is expected.

The Barclays Supplier Code of Conduct, informed by the GRI reporting guidelines, sets forth our minimum expectations with regard to environmental management, human rights, diversity and inclusion (workforce and supplier), societal responsibility, product responsibility, whistleblowing and working in accordance with the Barclays Values.

The Barclays Supplier Code of Conduct applies to prospective and existing suppliers. Pre-contractually, we require attestation to the Barclays Supplier Code of Conduct prior to contract execution for all suppliers, regardless of the operational risk segmentation. For existing suppliers, on an annual basis, suppliers categorised as non-low risk must attest to their ongoing commitment to meet those expectations and, where failure, must remediate in order to remain in good standing. Periodically, for high-risk segmented suppliers which are material to Barclays, an onsite review may be conducted as part of our controls assurance process to look for evidence that the expectations are being delivered in an effective manner.

In 2018 we introduced a Societal Impact section within our supplier proposal process enabling suppliers to showcase their unique approach in applying the Supplier Code of Conduct into their business – not as a matter of compliance but as a means of competitive differentiation.

Supplier Diversity and Inclusion

All suppliers are treated equally and fairly in accordance with our procurement policy. We select suppliers based upon best value and seek ways to maximise competition from all segments of society.

As part of our Supplier Diversity initiative, in the major regions where we operate, we work primarily with Non-Governmental Organisations (NGO's) to identify size- and ownership-diverse business to compete for contracting opportunities throughout our supply chain.

Companies that qualify as micro, small or medium-sized enterprises (MSME's) or as diverse-owned enterprises – where the general qualifications of 51% or more ownership, control and operating authority by individuals from in-country, under-represented communities, comprise our diverse supplier pool.

Through establishment of policy and practices within our procurement function, we implemented recruiting, matchmaking, utilization, development, reporting, education and banking programmes that have resulted in continuous improvement in supplier diversity performance, moving our proportion of global expenditure with diverse suppliers from 5.6% of spend in 2014 to nearly 8% in 2018.

Our signature events have helped to deliver on our supplier diversity and inclusion objectives while also recognising the contributions of all of our suppliers to our customers, clients and society.

Our Supplier Diversity Day events have introduced high-potential diverse suppliers in the US and UK to our business leaders resulting in contributions to innovation and cost savings. Our Supplier Diversity Second-Tier (subcontracting) event expands our procurement reach, enlisting prime suppliers in support of contracting with diverse suppliers. Our inaugural Second-Tier Conference in 2016 was considered a first-of-its-kind in the UK by a large corporate entity. In 2018, we expanded the conference as a global, virtual event that expanded our reach across the US, UK, Europe and Asia.

Barclays' suppliers across the world compete for awards in five categories: Supplier Of The Year, Innovation, Customer Experience, Citizenship and Diverse Supplier of the Year -- the latter two of which reinforce the Barclays Supplier Code of Conduct and Supplier Diversity & Inclusion practices.

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 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 a specified time following invoice date, or receipt date if the invoice is already over 45 days from invoice date (by value over a three-month rolling period) for all entities where invoices are managed centrally.

We achieved 82.1% (2017: 89%) on-time payment by value to our suppliers, falling short of our public commitment of 85% for the first time. This metric was affected by a change in systems which impacted performance during the year.

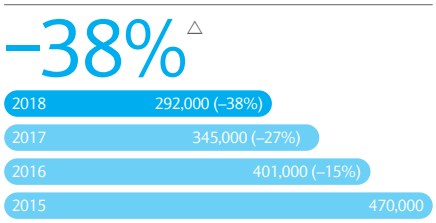
The Duty To Report on Payment Practices and Performance Legislation requires reporting on a six-month rolling average, by volume, where we are in line with contractual payment terms. Under this definition we paid 88% of UK invoices on time in both H1 and H2 in 2018.

* promptpaymentcode.org.uk

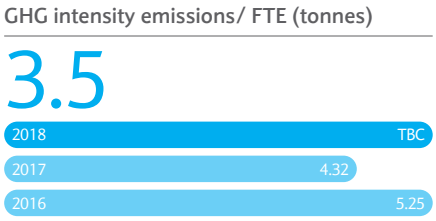
Managing our environmental footprint

Barclays is committed to managing our own operational footprint and reducing our absolute carbon emissions. Having achieved our existing goals, we have set ambitous new targets to reduce our emissions through the procurement of renewable energy and improve our waste recyling.

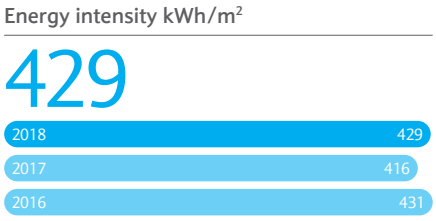
Carbon emissions reductions (tonnes) (from 2015 baseline)*



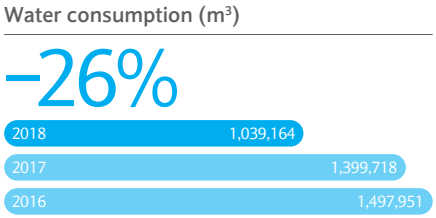
GHG intensity emissions/ FTE (tonnes)



Energy intensity kWh/m²



Water consumption (m³)



△ Subject to limited assurance by KPMG. Refer to page 68

* We continuously review and update our performance data based on updated carbon emission factors, improvements in data quality and updates to estimates previously applied. For 2019 we have applied the latest DEFRA and IEA emission factors. Where our performance has changed we have restated the balances and baseline. Emissions (tonnes CO_2e) previously reported for 2015, 2016, 2017 are 479,535, 406,242 and 351,655 respectively.

Performance

In 2018, we reduced our emissions by 38%△ exceeding our 30% carbon reduction commitment from a 2015 baseline. This was achieved through the implementation of our managed energy efficiency programme which was aimed at improving the operational efficiency of our property portfolio and data centre estate. We also acknowlege that the reduction of greenhouse gas grid emission factors has contributed significantly towards our overall Group carbon reduction. We have seen a reduction in our business travel emissions through the implementation of stricter controls on travel and approval processes.

Environment Policy

Barclays has a Group Property Policy which 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 audited internally by Barclays Internal Audit on an annual basis and control effectiveness is reported up to senior management 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 has ISO 14001 certificates across the top 100 energy consuming buildings in our portfolio which represent 33% of our total energy consumption. All our buildings are covered by Environmental Operating Procedures which are aligned to ISO 14001 standards ensuring environmental best practice is delivered across all our portfolio. We have focused certification on our significant buildings globally based on employee number, profile in region (flagship sites, campus sites and or head quarter sites).

Objectives

As we draw our 2018 target to a close we have set ambitious goals to both 2025 and 2030:

	2025
Greenhouses & energy	
Achieve carbon reductions for scope 1 & 2 emissions aligned to SBT	80%
Reduce energy use	3% per year
Purchase electricity from renewable source	90% (2030: 100%)
Water	
Reduction in baseline	25%
Water recycled	100m litres
Waste	
Waste Diversion from Landfill	75%
5 Point Plastic Plan to remove or replace single use plastics	2020
Paper	
Paper recycled	95%
Vendor engagement	
CDP supply chain response rate	90%
Suppliers reporting GHG emissions	80%

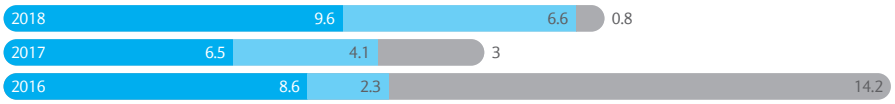
Green buildings

Managing our environmental impact is at the centre of our strategy – in fact, we have 21 construction projects recognised with LEED (Leadership in Energy Efficiency and Design) accreditation across our portfolio. Our Piscataway Data Centre has achieved Energy Star rating for the fifth year in a row demonstrating best practice in energy efficiency within our Piscataway Data Centre.

- **Scope 1△:** Direct combustion of fuels, and company-owned vehicles (from UK only) 25,553
- **Scope 2*△:** Purchased electricity (location based) and steam for own use 197,365
- **Scope 3△:** Emissions related to employee business travel 69,233

*Scope 2 △: **Purchased electricity (market based) and steam for own use** 249,942

△ Subject to limited assurance by KPMG. Refer to page 68



- Waste (tonnes) recycled (incl. composting) 17.0
- Energy recovery 13.6
- Landfill 25.1

Energy

We have saved 44 million kWh's of energy through our managed energy efficiency programme. A summary of the key projects is given below:

- Retail refresh programme achieved 1.3 Gigawatt Hours (GWh) through the implementation of energy efficiency measures such as over door air curtains, back of house LED upgrades and building optimisation measures.
- LED programmes 7.3 GWh of energy saved to LED replacements at our corporate office locations across the UK, USA and India.
- Data centre initiatives – 27 GWh of energy saved through our global Server Decommissioning programme run by our Data Centre teams to remove any unused legacy equipment across our data centres and comms rooms. 474,000 kWh's reduction through installing new chillers in our UK Data Centre which utilises free cooling technology.

Waste

We continue to work with our suppliers and contractors to improve the accuracy of our waste data and ensure our waste is diverted from landfill. In 2018 we set a goal to divert at least 75% of our waste from landfill by 2025.

In addition, we launched a global 5 Point Plastic Plan to replace or remove single use plastic items available from our catering, branch and office areas.

Vendor engagement

Barclays recognises that the management of environmental impacts is integral to good business practice. We encourage our suppliers to join us in similar efforts to implement Environmental Management Systems (EMS) as appropriate to their businesses, and to align with best practice activities. This is tracked through our Supplier Code of Conduct (see page 35 for more information).

Our RFP process further requests suppliers to confirm if they have a Science Based Target or when they anticipate setting one which contributes to their overall RFP score. Our aim is to encourage companies to set ambitious emissions reductions targets aligned to SBT methodology.

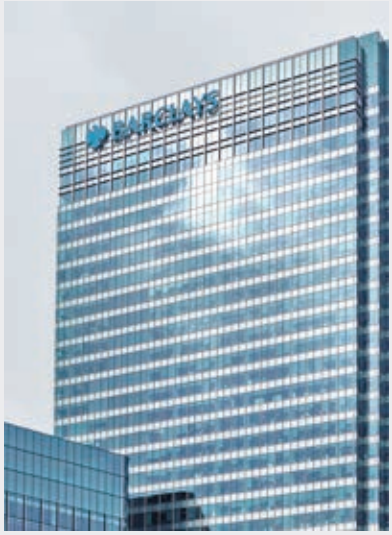
In 2019 we further set two new targets to increase our supplier engagement through our work with CDP. We have set a target to achieve a 90% response rate from our suppliers in responding to CDP's Climate Change questionnaire. Our other target aims for 80% of our suppliers reporting carbon emissions to create a robust Scope 3 Supply Chain emissions baseline and track any emissions reduction initiatives across our supply base.

Barclays have been recognised for our commitment to engaging our supply chain and have been listed on the 2019 CDP Supplier Engagement Leader board.

Carbon offsetting

As in previous years, Barclays has offset its operational emissions by funding an equivalent carbon dioxide saving elsewhere through the purchase of carbon credits. This is part of Barclays' wider strategy around reducing our overall footprint. This prioritises reducing our direct environmental impact, followed by offsetting the remaining CO_2 emissions from energy use in buildings and from business travel.

We offset our emissions through a number of projects sourced from a range of different technologies and regions. Our process involves a detailed review of underlying projects and external due diligence.



Updated targets

Science-based targets and RE100

For 2018-2025 we have committed to bold new external targets:

- A 80% carbon reduction target within our building operations by 2025, which is aligned to Science Based Target (SBT) methodology. Going forward, our performance will be tracked using Scope 2 Market Based accounting. This is a change from our previous Location based reporting basis and will enable us to more effectivley track the impact of our reduction efforts.
- A commitment to procure 100% of our operational electricity power needs from renewable sources by 2030, with an interim target of 90% by 2025.

These targets further demonstrating our commitment to the climate agenda and transition to the new low carbon economy.

Customers and clients

Our business is connecting customers and clients with the capital they need and in doing so providing sustainable returns to our shareholders. This requires us not only to tailor our products to diverse requirements, but also consider the opportunities, risks and challenges customers and clients face.

Delivering accessible and responsible financial services

Barclays' strategy reflects our commitment to treating our customers fairly. We believe that transparency of information in our products and services is key to empowering consumers to make good financial decisions.

Basic Current Account customers

725,000

NPS® Current Account*

+17

NPS® Card*

+9

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.

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 Framework in place, created and owned by customer facing teams, that provides guidance on how to measure, manage and reward our colleagues. This in turn equips them with the tools to provide great customer experiences and outcomes as they are better able to:

- Support customer understanding of our products and services through their preferred channel of choice resulting in a great customer experience;
- Support Barclays' brand through alignment to our Purpose, Values, Conduct Rules and Barclays UK strategy;
- Create a high-performance culture leading to sustainable growth;
- Support continuous collaboration across Barclays UK; and
- Feel empowered to take accountability for good customer outcomes.

Selected frontline staff are trained to identify signs that customers encounter financial difficulties, and where necessary we work with our customers to enable them to return to financial health.

See the Annual Report Risk review section for more detail on our forbearance programmes

Notes
* NPS® measures customer experience and facilitates benchmarking. It is widely used in banking and other industries and utilises a mixed-methodology to ensure full representativeness of financial behaviours across the GB population. The basis of Barclays Relationship NPS® has been a 12-month rolling average to minimise data fluctuations.

Source: GfK FRS, 12 months ending December 2018. Adults interviewed: 8,765 Barclays main Current Account holders (Barclays Relationship NPS®), and 4,741 Barclays main Credit Card holders (Barclaycard UK Relationship NPS®).

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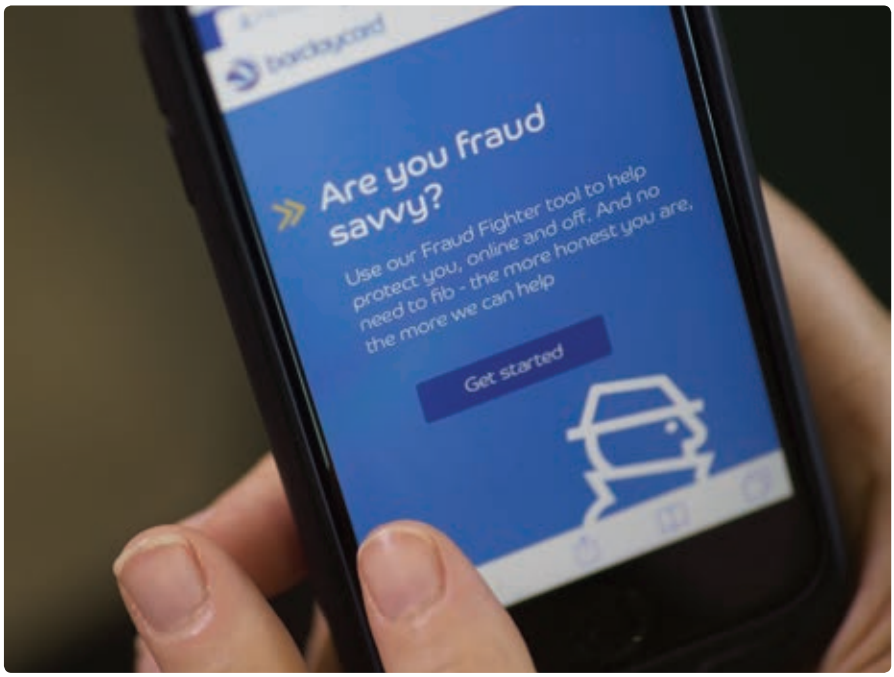


Right: *Barclaycard has developed a digital interactive 'Fraud Fighter' tool which has helped over 500,000 customers understand how they are vulnerable to fraud and what they can do to protect themselves.*

An example of this is the focus within Unsecured Lending on early interventions for our Barclaycard UK customers: identifying and helping customers who could potentially be in financial difficulty. For instance, we've introduced a new alert, reminding customers who have not made at least the minimum payment by their due date to make a payment to avoid late payment fees.

To encourage customers to reduce their balances and associated interest payment more quickly, we have launched personalised communications to highlight the length of repayment periods resulting from only making minimum payments. In addition, our new online calculator shows customers how increasing their payments can reduce the amount of interest they pay, thereby paying their balance down quicker.

We've also been working alongside debt charities to develop training on suicide awareness and help colleagues provide the right level of support to customers that need our help at the most critical time. In June this year we also launched our new support tool, Debt Switch Estimator, into the branch network, this is a lending calculator that allows colleagues to work with customers in order to view all their unsecured debts in one place and then compare with a single replacement loan, breaking down the cost of customers individual loans, overdrafts, and credit cards.

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'o 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.

Customer satisfaction

To assess the quality of our service we continue to monitor overall customer satisfaction across our wide range of specific journeys to ensure our decisions are fully focused on customers. In 2018, we received over 280,000 pieces of feedback and proactively reached out to over 13,000 of these customers to resolve any outstanding issues they have raised. This follow-up programme plays a key role in keeping our culture customer-centric.

Our Relationship Net Promoter Scores (NPS®) ended the year with an score of +17 (2017: +14), while Barclaycard UK Relationship NPS® remained relatively flat year on year with a score of +9 (2017: +9). Our Barclaycard International business also continued to perform well on Relationship NPS®, supported by a continued focus on customers and improvements in our products and digital experiences.

We also continue to monitor our performance in many independent benchmarks. In 2018 the Competition and Market Authority's Service Quality Metric rated Barclays 5th= out of the 16 largest personal current account providers.

Complaints

In Barclays UK we continue to focus on customer experience by transforming customer journeys. Our underlying complaint volumes (Barclays UK, excluding Payment Protection Insurance) reduced 9% year-on-year. However we have seen an increase in PPI complaints of 10% driven, we believe, by the increased awareness of the PPI deadline. Complaints reduction remains a priority for Barclays UK, with encouraging progress in our underlying business, despite the upcoming PPI deadline. Barclays UK complaint volumes, including PPI, were down 2% year-on-year.

Barclays International complaint volumes have shown a small increase (2%) year on year. Volumes continue to be largely driven by our Cards & Payments business. Complaints per 000 client accounts and total complaint volumes have remained stable in Cards & Payments, despite significant business growth in the period. It is important to note that BI complaint volumes in H2 2018 decreased 7% v H1 2018, as part of our focus on complaints reduction, which remains a significant priority.

Note
®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.

Right: *We keep developing and innovating, offering a wide range of products and services that help our customers and clients achieve their ambitions. We offer a range of products and services, from award-winning mortgage products to wealth and investment management, and from innovative payment systems to digital firsts in mobile banking.*

Delivering accessible and responsible financial services

Financial Inclusion

Connecting customers with the financial services they require is at the heart of our retail, corporate and investment banking business. Without access to financial services, businesses cannot grow and individuals may face exclusion from modern life and significant challenges in achieving economic progression.

At Barclays we work to ensure our services are accessible to those who need them across our breadth of financial products, from transactional bank accounts, credit cards and insurance products.

Basic and Community Accounts

Since 2015 we have been offering our Basic Current Account which meets HM Treasury's Memorandum of Understanding (MoU) on basic bank accounts. These financial inclusion accounts are available to anyone who does not already have a bank account or who is not eligible for a standard account. The account includes over-the-counter services, access to the ATM network and digital banking. They also include free text alerts to help customers manage their money and stay in control of their finances. There were more than 725,000 Barclays Basic Current Accounts open at the end of 2018.

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.

Through our Community Accounts we provide free banking to small not-for-profit organisations. With over 130,000 community account customers this extends who we provide this free service to, including sports and community clubs, religious groups, and local charities.

Access to credit

We've continued to support increasing access to credit with the Barclaycard Initial product. The product is specifically designed for those with a limited credit history, with a bespoke credit strategy, and a price promise where we reduce the customer interest rate over time based on good payment history. By using our online eligibility checker potential customers can also find out if they will be accepted for the card before they apply, with no impact on their credit record.

In 2018 we launched our Credit Builder tool, designed to help consumers and our customers understand how to improve their credit ratings. Following a series of questions users are offered tips on how to better manage their finances (and credit cards), to improve their rating. To date over 250,000 people have visited the site to find out more on how to improve their credit rating and over 100,000 people have used the Credit Builder tool.

First-time buyers

In 2018 we helped around 22,000 first-time buyers onto the property ladder. Our innovations included supporting Shared Ownership through raising our maximum loan-to-value to 95% and introducing a first-time buyer buy-to-let proposition.

We also continue to support first-time buyers through our Family Springboard proposition, which allows home buyers to secure a mortgage, via help from family or friends who supply 10% of the purchase price into an account that earns interest at the same time.

Insurance

We have launched a new simple proposition for our life insurance (partnered with Legal & General) which has been externally recognised for its simplicity and quality by the British Standards Institution (BSI). To further extend the accessibility we have increased the age limit from 70 up to 90 and increased the level of cover so customers can take from £0.5m up to £5m of cover.

This year for home insurance we have reduced our application journey and using external data are able to provide an instant provisional price to 6m customers. We have also made home insurance available via our Barclays Mobile Banking app and developed an online claim journey.

Branch closures

While financial inclusion is dependent on the availability of appropriate products in the first instance, it also hinges on the physical and digital accessibility of those product. With customers visiting our branches less and less each year, we must constantly assess how and why our branches are used and make decisions based on these insights. Where we take a difficult decision to close a branch, we work closely with the local community to understand their needs and whether there is an alternative solution we can provide. These solutions will be specific to each area but may include 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.

Digital accessibility

Our main mobile banking mobile apps, Barclaycard and Barclays Personal websites and Barclays Online Banking have all been accredited for accessibility by AbilityNet (a leading UK accessibility charity). We continue to improve our customer experience for those who have accessibility requirements, having launched services such as Cheque Imaging which allows customers to lodge cheques using their mobile phone and being the first bank to allow customers to connect other bank accounts into our accessible mobile banking app following the introduction of Open Banking, providing a consistent experience across all their accounts. We have also seen a 6% year on year increase in the number of customers who engaged with us digitally in the UK to 10.8m.

Over 40%

of our customers engage with us digitally

Over 20%

of our customers are digital only

Over 7m

active mobile banking users

Right: *From audio cash machines to contactless wristbands, Kathryn Townsend, Barclays UK's Head of Customer and Client Accessibility, understands there is "a huge commercial and moral imperative" to creating services that are easily accessible to all, and ensures the bank remains committed to this. To see the full story refer to https://home.barclays/news/2018/11/insights--kathryn-townsend/*

Customer vulnerability

This year has seen more positive progress in ensuring we continue to support older, disabled or potentially vulnerable customers. A number of new services were launched including: the ability for deaf customers to contact us by telephone with the assistance of a lip speaker; an online support page for people experiencing mental health concerns; participation in the industry-level Death Notification Service; and 'Later life' & 'Living with illness or disability'. Moments available online covering fraud & scams awareness and accessible services.

Barclays has launched a new feature for customers within its mobile banking app giving customers the ability to 'turn off' spending with certain types of retailers including gambling, premium rate websites and phone lines and restaurants, takeaways, pubs and bars. Working with a range of advisors such as the Money Advice Trust, and building on published evidence from organisations such as the Money and Mental Health Policy Institute, we identified those with mental health issues, addictions, and those who rely on carers or a guardian as customers who would particularly benefit from ways to stay in control of their finances. The feature will however help all customers take greater control over where their money can be spent, as well as making them less vulnerable to fraud and scams.

Fraud and scams

In 2018 and as part of our continuous effort to tackle fraud and scams we expanded our tools and activities to include a call verification tool to help combat phone call-based scams. This allows customers to use their app or online banking to verify if a call from Barclays is genuine. We have also launched further education campaigns to raise awareness on sharing personal information on social media and of romance scams as part of our Financial and Digital empowerment programmes.

Barclaycard Fraud Fighter Tool

Barclaycard Fraud Fighter is a digital interactive tool to help customers understand where they may be vulnerable and how they can protect themselves. The tool gives customers personalised fraud prevention tips and an overall 'fraud safe' score. Since its launch at the end of 2017 over 500,000 customers have engaged with the tool.

Engaging with consumer bodies

Barclays engages extensively with leading consumer organisations to understand the challenges consumers face and bring insight and challenge into the bank. We have developed senior and working level relationships with key consumer groups and representatives and have a dedicated function to manage this engagement. Some of the leading issues that we are talking to consumer groups about are vulnerable customers, access to banking, fraud and keeping our customers safe. We are also engaged on the proposed introduction of a Statutory Breathing Space for our customers who find themselves in problem debt, a long-standing policy ask of debt charities. In addition we work closely with the free debt advice sector, and have collaborated with other financial services representatives and the main debt advice charities to support development in this sector, with the aim of improving outcomes for our customers.

Providing sustainable finance solutions

We have continued to build our capability to provide financing solutions that deliver positive social and environmental impact in areas including renewable energy, water and low carbon technologies, social infrastructure and development institutions. We have also developed a range of new green products and built our overall platform for green and sustainable finance in 2018.

Access to financing

£27.3bn△

	£bn
Americas	10.0
UK & Europe	15.9
Asia	0.5
ROW	0.9

	£bn
Social	21.9
Green	5.3

△Subject to limited assurance by KPMG. Refer to page 68

Sustainable financing

With financing requirements of $90trn in sustainable infrastructure by 2030 to meet the Paris climate agreement, and an estimated $5-7trn of annual investment required in developing countries to meet the United Nations Sustainable Development Goals (SDGs) by 2030, there is growing demand and opportunities for our business to act as a financial intermediary and develop products for both investors and borrowers.

We expanded our green product portfolio to new segments, including the launch of the Barclays Green Home Mortgage, the first green mortgage for retail customers by a mainstream UK bank, added Green Trade Finance to our Corporate Banking green product set to build on the existing offering of loans, deposits and asset finance and structured several innovative transactions such as the first Sustainability-linked Revolving Credit Facility for a US borrower.

We have invested in our platform for Green and Sustainable Finance during 2018, creating a new senior role for Global Head of Green Banking to lead our commercial efforts in supporting our clients with their environmental objectives, and launched a Social Impact Banking group to provide strategic advice on corporate strategy and capital raising to positive-impact businesses and the growing group of investors aiming to allocate capital to this space. We also created a new Sustainable and Thematic Research team within our Equity Research business, to lead our efforts in providing innovative research for investors with an ESG or thematic focus.

Overall social and environmental financing

Barclays continued to provide financing solutions across environmental and social segments while expanding the range of products available to customers and clients. In 2018 we facilitated £27.3bn of social and environmental financing across our business (2017 £31.7bn). This year-over-year decrease reflects market conditions, including the impact of changes in U.S. tax law which caused certain qualifying clients to accelerate new debt issuance from 2018 into 2017. Underlying environmental financing increased 11% to £5.3bn, driven by a range of capital markets transactions and a growing volume from our dedicated green product portfolio. Renewable energy capacity, and energy efficiency activities in particular have attracted the bulk of environmental financing.

Supranational, national and regional development institutions continue to be a key driver of the £21.9bn of financing within social segments, which also includes transactions that support infrastructure, healthcare, education and housing.

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, which includes both labelled green and social transactions and a wider use of proceeds analysis against eligible environmental and social themes. The framework was developed in collaboration with Sustainalytics, a global provider of ESG and corporate governance research, ratings and analytics.

Further information can be found online at home.barclays/esg

Our financing is comprised of activity across multiple sectors, including businesses and governments which generate a positive environmental and social outcome, including financing for supranational agencies, municipalities, healthcare systems, universities, social housing authorities, and other not for profit organisations.

Our presence in the Sovereign, Supranational and Agency (SSA), alongside municipal financing for social infrastructure and debt financing for companies in the energy sector, continues to be a key driver. Selected transactions in 2018 include:

- Barclays helped International Development Association (IDA), which is part of the World Bank Group, issue their inaugural bond for $1.5bn. Proceeds from the issue, which was 5x oversubscribed, will be used to boost economic growth, reduce inequality and improve living conditions for people in developing countries.
- Barclays helped develop and execute the first US based sustainably-linked credit facilities for CMS Energy, a leading US electric and natural gas utility provider. The aggregate $1.4bn of new credit facilities enables the company to reduce its loan interest rate payable through meeting defined targets related to environmental sustainability.

- Barclays helped raise $1.47bn through a bond offering for the acquisition of HCR ManorCare by ProMedica Health Systems (a leading not for profit healthcare provider). The transaction was deemed one of the largest acquisitions of a for-profit company by a not-for-profit healthcare entity and the combined organisation aims to create a unique healthcare delivery platform that will redefine healthy aging for the future.
- In June 2018, Barclays acted as Sole Placement Agent on a $55 million Series D equity financing for BrightFarms, the No. 1 U.S. brand in locally grown packaged salads. BrightFarms builds and operates greenhouse farms near major metropolitan areas to provide supermarkets with a consistent and year-round supply of locally grown produce. This financing enables the continued rapid national expansion of BrightFarms' network of local and sustainable farms.

Green bonds and environmental financing

The green bond market was active in 2018 driven by a combination of new and repeat issuers. Green bonds remain a valuable and attractive means of financing green projects. European issuers continue to drive issuance, but there was significant activity in North America and Asia as well. 2018 also saw increased issuance of social and sustainability bonds, illustrating how the market continues to expand and diversify. Barclays helped raise $5.16bn in Green, Social and Sustainable Bonds in FY2018 according to Dealogic, with the third year of growth in this space with almost twice the volume from 2016, up from $4.73bn in 2017 and $2.24bn in 2016.

Green and sustainable loans have continued to grow in 2018 and Barclays has been active in contributing to industry groups developing standardised approaches and establishing principles, including the Loan Market Association (LMA) and the Loan Syndications and Trading Association (LSTA). We participated in 20 transactions during 2018, primarily in Europe and the UK, and were able to transfer our expertise to the US in structuring the first Sustainability-linked Revolving Credit Facility for a US borrower (see case study below).

Green Products

Responding to our customers' and clients' demand for more sustainable financing solutions, we have also expanded our existing suite of Green Products.

Green finance products

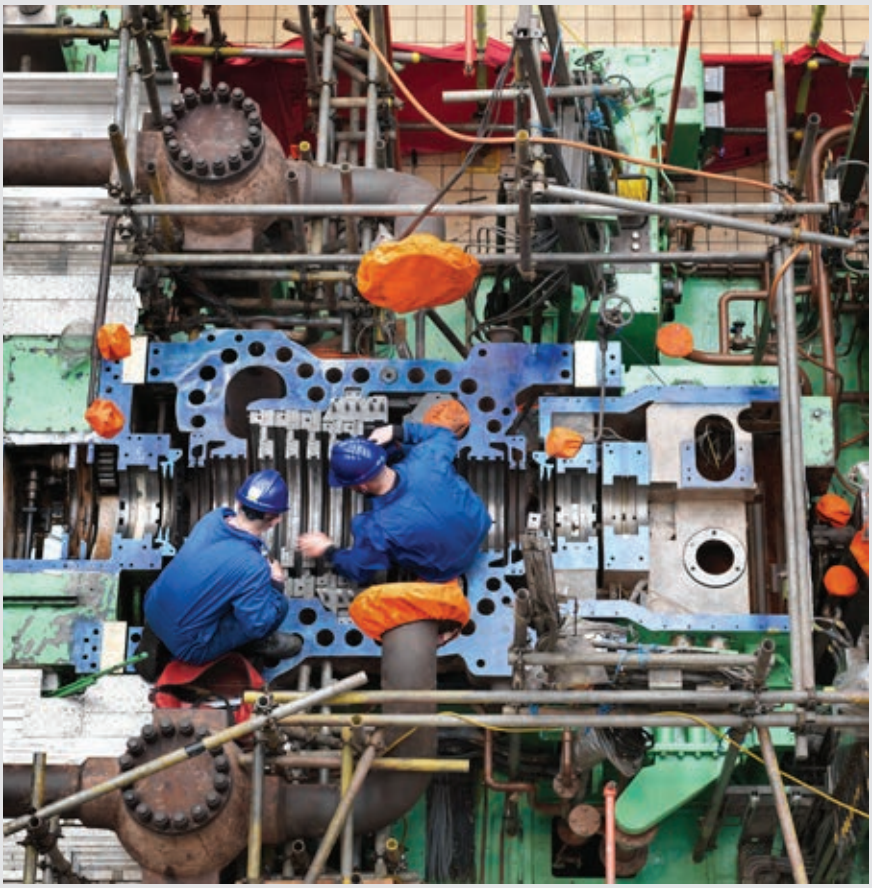
- **Green Asset Finance** - Financing of green assets through lease purchase, finance and operating leases.
- **Green Loans** - Lending for a variety of green and energy-efficiency projects.
- **Innovation Finance** - Financing of up to £5m at competitive rates to support Green business innovation in small to medium-sized UK businesses.
- **Green Deposits** - Allows our largest clients to earmark their cash balances against the green assets held on Barclays' balance sheet.
- **Green Trade Loans** - Supporting the green working capital needs of clients from procurement through to final sale of goods.
- **Barclays Green Home Mortgage** - Reward homebuyers who choose to buy an energy efficient new build home with lower interest rates on their mortgage.

Barclays develops first sustainability-linked credit facilities in the US

Barclays' Social Impact Banking Group (see page 46) was created in 2018 with support from our Social Innovation Facility. As a result of the Group's activities, Barclays acted as the sole sustainability structuring agent on the first syndicated sustainability-linked revolving credit facility for a US corporate borrower. The aggregate US$1.4bn of new facilities enable longstanding client CMS Energy and its primary subsidiary Consumers Energy (CMS) to reduce its loan interest rate payable through meeting defined targets related to environmental sustainability, specifically renewable energy generation. In addition to the structuring role, Barclays served as a Joint Lead Arranger and lender for the facilities.

We anticipate that sustainability-linked structures will continue to gain traction in the market, especially among borrowers such as CMS that have explicit and forward thinking environmental objectives.

Claire O'Connor,
Head of Loan Capital Markets.



Providing sustainable finance solutions

Key to this success is Barclays Green Banking Council. The Green Banking Council provides the platform to develop and coordinate commercial propositions which support customers and clients on their transition to a low-carbon future.

In 2018 we were the first major UK Bank to launch a Green Mortgage product. The Barclays Green Home Mortgage offers homebuyers lower interest rates for new build properties meeting minimum energy efficiency requirements. This responds directly to the Government's Green Finance Taskforce recommendation to support Clean Growth in the mortgage market and has been recognised by the Energy and Clean Growth Minister.

Barclays has also launched Green Trade loans to support the green working capital needs of clients, from procurement through to final sale of goods.

Expanding our Green Product suite enables us to seize the opportunities in the market, while deploying our core financial service expertise to tackle key climate and social challenges.

Social Impact Banking

In 2018, with support from our Social Innovation Facility (see page 64), Barclays established the Social Impact Banking group. The Social Impact Banking group identifies early-stage positive-impact companies and advises them on growing their businesses. Many industries provide opportunities for Barclays to provide support, such as sustainable agriculture, recycling, energy storage, electric transportation and financial services. A second focus of the group is building relationships with sustainability-focused investors across asset classes to better understand their needs and connect them with potential investments.

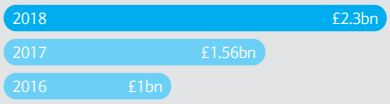
Research

Barclays created a new Sustainable and Thematic Research team within our Equity Research business to lead our efforts in providing innovative research for investors with an ESG or thematic focus. The team has launched a series of global research reports which analyse long term, disruptive trends and which collaborate with sector analysts to identify the impacts of these trends across industries and sectors. In the future, this team will also be supporting integration of ESG analysis across our Equity Research coverage.

Our Impact Series reports explored the social impact of economic, demographic and disruptive changes affecting markets, sectors and society at large. The latest, and fourth, report explored the case for sustainable bond investing and sought to support the decision-making processes of the growing population of investors who wish to incorporate sustainable investing strategies in their portfolios.

Treasury Green Bond portfolio

Green Bond portfolio



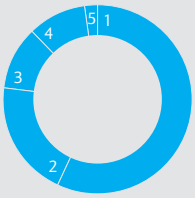
Barclays remains committed to the Green Bond market as an investor and has continued to expand its Green Bond portfolio across up to 20 investment grade issuers. In 2018 the portfolio has seen strong growth from the sovereign sector, with notable new investments in Belgian and Irish green government bonds issued this year. We note that a number of bonds issued in past years focused heavily on renewable energy and energy efficiency projects. In 2018 we saw more issuance, including those from sovereign issuers, with increased focus on clean mass transport and water management.

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 the green bond investment portfolio helps avoid 2.9m tonnes of CO_2 per annum.[a]

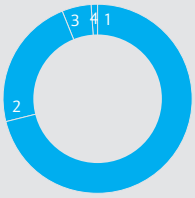
Treasury | Portfolio Impact

Impact by Sector



		%
1	Renewable energy and energy efficiency	57
2	Transport	20
3	Water and waste management	11
4	Other	10
5	Agriculture, land use and forestry	2

Impact by Region



		%
1	Europe	72
2	Asia	23
3	South America	5
4	Africa	1

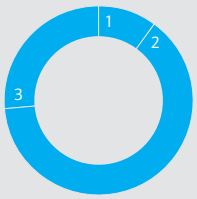
Green Bond issuance and impact update

In November 2017 Barclays was the first UK bank using UK assets to successfully price and issue a 0.625% €500m green bond. At issuance the proceeds were to be 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, based on estimated energy efficiency, as identified in Energy Performance Certificate (EPC) data published by the UK Government.

As at 31 December 2018, Barclays' green bond pool contained 1,626 mortgage loans for residential properties with a nominal value of £442.2m. The average carbon intensity for Barclays allocated Eligible Mortgage Asset portfolio is 15.89KgCO_2/m2, almost 60% lower than the EPC dataset average of 40.4 KgCO_2/m^2, with the portfolio generating an annual carbon saving of almost 5,174 tonnes CO_2 or 10.34 tonnes of CO_2 emissions per every €1 million of bond proceeds allocated.

Further information can be found in the second annual Green Bond Investor Report home.barclays/barclays-investor-relations/treasury-and-capital/green-bonds

Carbon intensity of Eligible Mortgage Asset portfolio (kgCO_2/m^2/year)



		%
1	0-9.99	(10.15%)
2	10-19.99	(63.47%)
3	20-24.8	(26.38%)

Geographical distribution of Eligible Mortgage Asset portfolio

East Anglia	9.10%
East Midlands	4.92%
Greater London	25.28%
North	1.97%
North West	4.61%
South East	36.41%
South West	7.13%
Wales	1.72%
West Midlands	5.11%
Yorkshire and Humberside	3.75%

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.

Overall approach to responsible investment

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 makes, Barclays has continued to integrate these considerations into our investment process and services to clients.

Impact Investing platform and products

Barclays Asset Management Limited has been a signatory of the United Nations' Principles for Responsible Investment (PRI) since 2016. This is a global collaborative network of investors which encourages the incorporation of environmental, social and governance (ESG) factors into investment and ownership decisions. As a signatory we include ESG factors into our own decision-making which aligns with our long-term investment horizon and our investment process.

We are committed to seeking to deliver the best possible risk-adjusted returns for our clients and believe responsible investment supports this aim. We believe ESG considerations capture non-financial information that could affect financial performance. Considering these ESG factors, and consequently a broader set of data, we believe enables investors to make a better judgement about the financial performance and longer term viability of an investment. Therefore, as part of our investment process, we seek to incorporate any foreseeable risks and opportunities that arise from material ESG factors.

To manage and continually improve our efforts by taking into account international best practice, in our Barclays Investments Solutions Limited organisation, we have established a Responsible Investment Forum to provide oversight and guidance. This Forum comprises of key stakeholders from across this investment organisation and is chaired by the Head of Impact Investing. It reports into our Investment Committee, which has accountability for the investment process and is chaired by the Chief Investment Officer.

The responsible investing policy is available at: barclays.co.uk/wealth-management/important-information/responsible-investing-policy/

Barclays public PRI Reports are available at the PRI website unpri.org/searchresults?qkeyword=&parametrics=WVSECTION%7cSignatories

Integrating impact into investing

In the rapidly evolving field of impact investing, Barclays has become a globally recognised player with deep expertise acknowledged by the industry and government. Moreover, we have constructed a foundation for robust client offerings across our Smart Investor, UK Wealth Management, and Private Bank and Overseas Services businesses.

Beyond adding impact products to our offering, we have embarked on a programme to integrate impact considerations throughout our investment process. We are assessing products for their potential for financial returns as well as impact considerations across asset classes, including: equities, fixed income, structured notes, private assets and direct investments. In providing training for our relationship managers, we are enabling conversations with clients to express their impact preferences.

Within our Private Bank, we have launched sustainable investment strategies and portfolios that aim to generate attractive long-term capital growth through a portfolio of holdings that explicitly avoid controversial industries and companies that do not meet minimum ESG expectations. Additionally, the strategy targets companies that generate a portion of their revenues from positive activities that help to address at least one of the UN's Sustainable Development Goals. Furthermore, these portfolios include a fossil fuels restriction that removes companies that have proven and probable coal reserves and/or oil and natural gas reserves used for energy purposes.

In playing a market building role, we hear from across our peers that there is a disconnect between investors who have expressed an interest in impact, and those that are actually investing. Therefore, leveraging our behavioural finance expertise, in June we published a whitepaper - Investor motivations for impact: A behavioural examination – to help the industry unlock this latent demand. It is a unique, in-depth examination of individual investors which examines their motivations, attitudes, preferences and the role of their emotions.

Similarly, we are serving on the Advisory Group to the UK Government on Growing a Culture of Social Impact Investment to support the growth of the industry across the UK. In addtion, in 2018 we have sponsored initiatives such as The Impact Management Project – a global effort coordinated by Bridges Fund Management's Impact+ team of over 1000 organisations to establish a common language for impact investing, and Good Money Week – the UK's leading campaign to raise awareness of sustainable, responsible and ethical finance options in the general public.

A full copy of the research is available: barclays.co.uk/content/dam/documents/wealth-management/investments/impact-investing-product/investor-motivations-for-impact.pdf

Client and industry engagement

Engaging on sustainable finance

We continue to engage with industry groups and policymakers on enhancing sustainable finance flows and providing a supportive policy framework. This includes supporting the UNEPFI Responsible Banking Principles, the IIF Sustainable Finance group, the Taskforce on Climate-related Financial Disclosures, the Climate Bonds Initiative, the ICMA Green Bonds initiative, and LMA/LSTA working group for green/sustainable financing amongst a number of other Green Finance initiatives, in the UK, the EU and across the globe.

We've also advocated a number of specific policy changes to mobilise green and social financing, including that the UK Government issue its own Green Bond as a clear signal of support to the marketplace. We also support the development of further mechanisms to reduce the risk to financial intermediaries and consequently the cost of lending. These can vary from guarantee schemes, to reduced levies or lower capital requirements for qualifying transactions.

We also advocate for the enhancement and harmonisation of non-financial reporting frameworks and taxonomies including common standards on green bonds.

Principles for Responsible Banking

Barclays is one of the 28 founding banks of the Principles for Responsible Banking under the United Nations Environment Programme-Finance Initiative (UNEP FI) which launched in November 2018.

The Principles are in a consultation phase until May 2019, with a final version to be launched in September 2019 at the UN in New York. We support the finalisation of the Principles and will work to implement them over time.

Client engagement

In our relationships with our clients we have held over 3,000 meetings in the Corporate Bank alone to engage on the Green agenda, which is supported by our framework for Regulatory, Reputational, and Commercial drivers. We recognise that clients are increasingly focused on ESG issues in their own businesses and are experiencing increased expectations and demands from stakeholders such as shareholders, customers, regulators and employees, to drive their sustainability performance.

Backing the UK

When the customers, clients and communities we serve succeed, Barclays succeeds. This is particularly true in our home country, the United Kingdom, which faces an uncertain future with Brexit on the horizon. Whatever may come, Barclays is here to stay, and here to help the 24 million customers and almost one million UK businesses, who put their trust in us.

That support takes many forms, but there is a common approach: teams of colleagues using their collective skills and networks to create opportunities for our customers, clients and the communities that we serve.

This can be seen our support for SMEs across regions and sectors.

Since 2015, we've grown our network of Eagle Labs to 20 sites across the UK, providing entrepreneurs and ambitious businesses with the space, tools and confidence to innovate and scale. Last year, 450 resident businesses, made up of 1,500 co-workers, based themselves in the Eagle Labs. To date, residents have raised over £236m[a] in funding.

We are also alive to the challenges facing small and medium-sized businesses and are always looking for ways to solve them. We launched a number of key partnerships with fintech businesses in this vein, such as our industry-leading collaboration with PayPal to enhance our SME digital services; and our partnership with MarketInvoice to help improve the way small businesses manage cashflow and deliver growth.

We also raised our limit on pre-assessed, affordable unsecured lending for SMEs up to £100k, making small business lending faster, simpler and easier. This can be done via mobile and online banking, with SMEs often receiving the cash that same day.

Another way that we use our skills, expertise and networks to help the UK to succeed is our contribution to major issues facing the country.

As Brexit draws nearer, we have been working to improve the exporting environment for UK businesses. This includes a partnership with King's College London to examine barriers to exporting and to offer policy solutions, in support of the Government's ambition to make exports 35% of GDP. We have also launched a dedicated Trade Centre in Birmingham, supporting businesses with finance options, guidance, risks to consider and the steps required to begin exporting.

Our support for our home of over 328 years also extends to housing. We have helped around 22,000 people onto the housing ladder this year and we launched a £1bn Housing Delivery Fund to help smaller house-builders to access the funds needed to build more homes.

We continue to support social housing providers to access funding, including Paragon Housing Group in their renewal of a £50m lending facility to enable the continued development of 5,700 homes in the East Midlands and London area over the next 10 years. Separately, we have supported the London-based Newlon Housing Trust raise £135 million in Senior Secured Notes, supporting the provision of 2,100 affordable new homes.

We have worked with government and others to support regional economic growth, too. The launch of our £370m Midlands Growth Fund and then our £500m Northern Powerhouse Growth Fund offer SMEs who are seeking to expand support with day-to-day cash flow management and investment in growth.

Through our Thriving Local Economies initiative, we seek to ensure that every part of the country can fulfil its potential and better understand how businesses can play a role in helping local economies to succeed . Bury was chosen as the first pilot area, and over three years, Barclays will work closely with the council, schools and local business groups to develop a number of further projects focused on helping the town to thrive.

Over the next year, Barclays will continue to build on these initiatives because when the UK succeeds, so do we.

Find out more at home.barclays/who-we-are/our-strategy/backing-the-uk/

Note
a Total identifiable funding raised by Eagle Lab Residents, Members and alumni. Source – Crunchbase

Colleagues

Our people and culture are crucial to the success of our business. We ensure that employees of all backgrounds are treated equally and contribue fully to our vision and goals.

Enabling an engaged and inclusive workforce

See the People section of the Annual Report for a detailed review of the programmes, initiatives and ways in which we are supporting our colleagues, which in turn enables us to support our customers, clients and the community. This section provides a summary of the key ESG topics relating to Barclays colleagues.

Colleagues proud of Barclays' contribution to the community and society

87%

Number of graduates hired in 2018

800

Average hours of training in 2018

12.53

Colleagues say that Barclays is focused on achieving good customer and client outcomes

92%

Colleagues say that they can be themselves at work

91%

Full-time employees 2018

83,500

A diverse and inclusive workforce

We recognise the importance of increasing the diversity of our workforce. Our people and culture are crucial to the success of our business and it is our ambition to be the most accessible, inclusive and sought-after employer. We want Barclays to be a workplace where everyone is valued as an individual and has equal access to opportunities. We work to ensure that colleagues are welcomed, respected, supported and able to be their authentic selves.

Our global Diversity & Inclusion (D&I) strategy establishes objectives, initiatives and plans across five core agendas: disability, gender, LGBT+, multicultural, and multigenerational.

Please see the People section on paged 93-98 of the 2018 Annual Report for further information on progress across the D&I pillars

As part of our D&I Strategy, Barclays remains focussed on improving gender diversity at all levels in the organisation, but with a particular focus on senior management. We participate in a number of external partnerships to promote equality across the industry and wider business environment.

We have engaged with our colleagues to further our D&I agenda in several ways. Select 2018 highlights include internal and external advocacy relating to our LGBT+ agenda, with global leaders pledging to challenge discriminatory behaviour in the workplace as part of our Spectrum Allies campaign. We continued to scale our This is Me campaign to external businesses, focussing on challenging the stigma around mental health at work. 2018 saw the growth and promotion of Dynamic Working at Barclays, the flagship campaign of the Multigenerational agenda, enabling colleagues to better manage their work and non-work priorities.

We monitor diversity and track our progress against the strategy using various indicators detailed in the People section of the 2018 Annual Report.

For more 2018 highlights and progress against all of our diversity ambitions, please see the People section on pages 93 to 98 of the Annual Report and Barclays 2018 Fair Pay Report.

Well-being

Be Well is Barclays ongoing global well-being programme to support colleagues to be healthy, engaged and to perform at their best. It is now in its third year and with senior management sponsorship and a network of over 600 Be Well Champions. This year, the focus has been in two key areas: a new commitment to make Barclays 'mental health confident', and the development of our supportive culture across the firm.

Mental health

Our aim through Be Well has been to address this by tackling the stigma, so that all colleagues feel able to talk openly about mental health issues. Key interventions have included the global launch of a film of senior leaders – including Board members – discussing their experience of mental health issues and the value of support at work, and the launch of a global mental health e-learning module.

Our supportive culture

We are focussed on balancing the pressures that come with high expectations with the right support from leaders, managers and other colleagues. To help our leaders and managers translate this into practical support we launched globally in November a new scenarios based guide, along with a new 'Circle of Support' enabling colleagues to access in one place all the Barclays resources to support their health and wellbeing.

In December a new global portal and online health check was launched to selected colleagues ahead of an all-colleague launch in 2019. This acts as a gateway to the Be Well programme, with comprehensive resources on all aspects of wellbeing including physical and mental health, financial health, nutrition, resilience, social and sports clubs and networks, plus toolkits for line managers.

Above: At Barclays, we aim to foster a culture where individuals of all backgrounds feel confident in bringing their whole selves to work, feel included and their talents are nurtured, empowering them to contribute fully to Barclays vision and goals.

2018 part-time colleagues

Part-time	11
Full-time	89

Part-time employee gender split

Parental support

As part of its commitment to creating a diverse and inclusive environment, Barclays offers a wide range of policies globally to support employees balance their professional and personal lives, enabling them to take time away from work for example to support a significant family life event or where they have ongoing childcare needs. In most locations Barclays offers enhanced maternity, adoption, paternity and shared parental entitlements which significantly exceeds statutory requirements and apply to all employees regardless of gender identity or sexual orientation. In 2018, all APAC locations introduced gender neutral primary and non-primary caregiver leave, and extended leave and pay entitlements for non-primary carers from 2 – 6 weeks, bringing it in line with entitlements in the US and UK.

Part-time and temporary employees

In 2018, 11% of Barclays colleagues worked on a part-time basis. With regards to benefits, those provided to full-time employees are not always provided to part-time employees in all jurisdictions (i.e. a minimum level of scheduled hours applies to qualify for benefits in the US, in the UK core benefits are provided to all permanently employed colleagues). Benefits are not provided to temporary employees.

Our colleagues are engaged

Tracking engagement

An engaged workforce is critical to the success and delivery of our strategy. Our principal measure of employee engagement is through our employee opinion survey 'Your View'. The survey provides colleagues with the opportunity to feed back to the business and allows us to review overall sustainable engagement.

This year, we have seen the engagement of colleagues who responded improve to 79% (up by 4% points since the 2016 survey), underscoring the continued efforts to make Barclays a great place to work. Further, 91% of colleagues reported that they feel able to bring their whole selves to work reflecting our progress in our diversity and inclusion agenda.

Participation

Almost 45% of colleagues (over 38,500 unique participants) took part in volunteering, fundraising or regular giving activity with Barclays' support (2017: 43,700). The continued transition to more skills-based, high impact volunteering activities means fewer large-scale team challenge activities, which is reflected in the overall participation numbers and through an increase to nearly 56% of colleagues using their professional skills. This includes involvement in our flagship programmes, LifeSkills, Connect with Work and Unreasonable Impact, as well as a focus on the Barclays Digital Eagles programme within Barclays UK.

Our annual Make a Difference (MAD) volunteering campaign took place throughout October 2018. Colleagues around the world are encouraged to come together to volunteer their time and expertise to make a positive difference in their local community. Every year we celebrate our colleagues' citizenship achievements through the annual Citizenship Awards, which highlights their commitment and positive impact. 2018 was the 21st anniversary of the Awards, which saw almost 1,500 employees nominated. From 2019 this will be combined to become the Citizenship and Diversity Awards, celebrating colleagues who go above and beyond in their commitment to both citizenship and diversity activities.

Colleague networks

To help ensure all employees at Barclays have the support and environment to succeed, we have seven employee diversity networks. These networks provide a forum for employees to raise awareness, engage in development opportunities and to build relationships with colleagues across Barclays and with external constituents in the communities where we operate. The networks focus on gender, age, ethnicity, LGBT+, faith, working parents and carers, disabilities, mental health and military veterans. Every network is open to all employees who wish to support the firm in accomplishing its diversity goals and creating an inclusive culture.

In addition to our established D&I networks, we also have active internal colleague interest fora including our environmental networks and social intrapreneur networks.

Enabling an engaged and inclusive workforce

Your View results

87%

of colleagues who responded are proud of Barclays' contribution to the community and society

76%

of colleagues who responded say that their line manager inspires them and others across the organisation

92%

of colleagues who responded say that Barclays is focused on achieving good customer and client outcomes

75%

of colleagues who responded say that all employees have equal opportunities for success,

91%

of colleagues who responded say that they can be themselves at work

Building human capital

Training

At Barclays, we have a wide variety of leadership development programmes and training, as well as focusing on the engagement of our people through locally led, line manager owned activities. Barclays further conducts regular formal performance reviews for all permanent employees aligned with career development goals.

Advancements have been made in learning throughout 2018 as we look to enhance the learning experience for all colleagues, through focus on systems and processes as well as content. This included launching new digital channels, working in conjunction with industry leading partners.

Additionally, we continued our commitment to supporting customers through a digital immersion programme aimed at ensuring colleagues in customer facing branch roles are able to engage our customers on the digital solutions we provide.

One way in which we measure progress in these areas is through our employee engagement survey, which enables us to gauge how we are doing and help us focus action on the right areas. In addition, we measure our people in our performance management and appraisal system through regular formal performance reviews - both on what they do, as well as how they do it, in line with career development aims. This ensures our colleagues are able to continually broaden their skills, emphasising their personal development and working in a way which mirrors our Values.

Early careers and apprenticeships:

During 2018 we launched a new Graduate and Apprentice programme across our global Operations business to attract the workforce of the future with a specific focus on our strategic campus locations. In addition, we have increased the number of opportunities in our Early Careers offering which includes graduate, internship and apprenticeship programmes in the majority of our business areas. In 2018 we hired over 1,100 interns, 800 graduates, and over 530 apprenticeships.

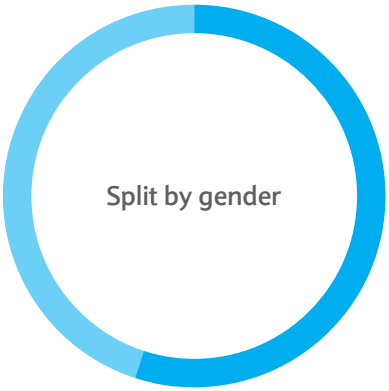
Employment programmes

We support the transition into the workplace through employment programmes offering specific support to new employees and interns. In 2018, we continued to support Service men and women in their transition into the workplace through Barclays' Armed Forces, Transition, Employment & Resettlement (AFTER) programme, which helps to address the issues faced during the transition into civilian life. Since its launch in 2010, the programme has helped over 6,000 service leavers land the right job and Barclays has directly hired over 575 individuals. Further information can be found at www.barclays.com/AFTER

Trade union membership

Barclays respects the International Labour Organisation (ILO) core conventions in all its operations globally, including the rights to freedom of association and collective bargaining. Barclays is proud of its longstanding partnership with Unite the union in the UK, which represents c.83% of UK employees and of the constructive engagement with our European Works Council (the Barclays Group Employee Forum) and country level works councils in other European countries.

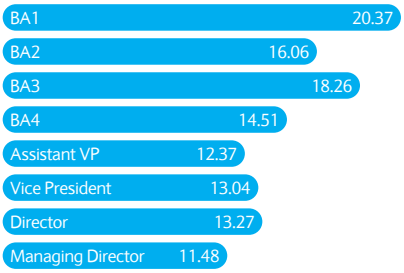
Average hours of training per year (2018) per employee[a] (overall average 12.53)



Female	14.22
Male	11.56

Permanent	15.11
Other	7.34

Split by grade



Note
a Numbers exclude colleagues from Barclays Africa Group Limited (BAGL).

Voluntary attrition and hiring rate[a] (%)

	Voluntary attrition	Hire rate
Region		
UK	8.3	12.8
Asia Pacific	12.2	34.3
Americas	13.5	21.6
Europe	12.8	17.0
Barclays Group Ex Africa	9.9	18.6

The collective bargaining coverage of Unite in the UK represents c.50% of our global workforce. Outside of the UK we work with a further 9 unions in Europe through engagement with established works councils or through sector level bargaining.

We do not collect information on union membership but based on the union's feedback to us, estimate that c.30% of UK colleagues are members of Unite.

Attrition and internal mobility[a]:

In 2018 Group employee turnover was 12.6% (2017: 14.0%). Group voluntary attrition was 9.9% (2017: 9.5%). In 2018 37% of roles were filled internally.

Salary levels

At Barclays, salaries reflect individuals' skills and experience and are reviewed annually in the context of annual performance assessment. They are increased where justified by role change, increased responsibility or a change in the appropriate market rate. Salaries may also be increased in line with local statutory requirements and in line with union and works council commitments. In the UK, Barclays is an accredited living wage employer.

Our Supplier Code of Conduct states that all employees should be paid a fair wage commensurate with prevailing industry conditions or the minimum wage, whichever is higher. Any overtime should be voluntary and compensated appropriately. See page 35 for more details on our supplier code.

For further information on our colleague initiatives, see the People section of the 2018 Annual Report. See the 2018 Remuneration Report for further details on our commitments on remuneration.

Barclays 'This is Me' campaign

Christine is proud to be an active member of Barclays Reach network and a Reach Purple Champion along with others, who are important allies in helping build disability and mental health confidence within Barclays. Reach allies drive Barclays ambition to create a truly open and inclusive culture where colleagues can bring their whole selves to work. Internally and externally Christine is a huge advocate and ally of the 'This is Me' campaign which encourages colleagues to share their stories about disability, mental health and wellbeing and has been involved in launches of the campaign in both Manchester and Liverpool.

Christine, a Director of Transformation, shared her story about experiencing what she describes as 'burn out'. She said: "I juggle a challenging work and home life. In 2014, I wasn't able to get the balance right. I was in denial about how I felt, but I didn't want people to see I was struggling and I didn't want to ask for help because I saw it as a sign of weakness."

It was the physical signs of her illness that triggered her to seek help, and she took five months off due to stress, anxiety and exhaustion. "Barclays provided me with the most amazing support throughout my absence – I'd go as far as to say it was world class. Dynamic Working helps me manage my work and home life, and knowing that Barclays trusts me to do my job in the best way for me and my family makes such a difference.

"What's most important is that people are talking about mental health and that they don't feel ashamed if they are struggling with it. If I'd known more about wellbeing in 2014 I may not have reached the low that I did. Prevention is always better than cure, but if it's needed then the support available is truly amazing. My advice to anyone is to talk to someone and get the help you need."

Note

a All turnover and attrition metrics are based on a rolling 12 month basis: leavers for the 12 month period divided by average headcount for the same period. Turnover/attrition numbers are based on headcount and not FTE. All turnover/attrition numbers exclude Barclays Africa Group Limited (BAGL). Group employee turnover relates to all leavers. Voluntary attrition relates only to voluntary leavers

Society

Barclays supports the societies in which we operate, through access to employment and skills and enabling sustainable innovation. We support the delivery of the Sustainable Development Goals through financing activities and our programmes and partnerships.

Sustainable Development Goals

Barclays supports the delivery of the United Nation's Sustainable Development Goals (SDGs) through our financing activities and our programmes and partnerships.

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 commited 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 and work in partnership with our stakeholders to support the delivery of the Goals.

Financing for the Goals

An estimated USD 5–7trn of financing per year is required to achieve the SDGs by their target date. It is widely accepted that a significant proportion of this funding will need to be mobilised from the private sector.

As a financial institution, Barclays' most significant contribution to the SDGs will be achieved by providing financing solutions that tackle the issues underpinning the Goals, and we uphold our responsibility to act as steward to the flow of finance towards each of the 17 Goals.

Our primary role is in financing solutions that work towards achieving the Sustainable Development Goals

Financing solutions

Each of the 17 Goals will require adequate financing in order to achieve its underlying targets. Barclays' most significant contribution will be achieved through providing financing solutions that tackle the issues underpinning each of the Goals. Funding solutions might include access to capital markets, direct lending and investment products.

Targeted initiatives

We magnified our focus on two of these Goals - Goals 8 and 13 - which we can strategically drive forward, not only through our core business activity, but also through our community programmes and partnerships.

Supported by partnerships and collaboration

Our work is underpinned by collaboration and strategic partnerships with key stakeholders.

Targeted Goals

In 2017, we conducted a mapping exercise of the bank's activities against the Goals to understand our relevant activity. Building on this approach in 2018, we magnified our operational and programmatic focus on two SDGs – Goals 8 and 13. These were identified as key areas that we can drive forward through our own business model, as well as through our community programmes and partnerships.

SDG 8: Decent Work and Economic Growth
Goal 8 aims to promote inclusive and sustainable economic growth, in order to achieve full and productive employment and decent work for all. Acknowledging the broad reach of Goal 8, there are numerous ways in which Barclays' activity connects to the Goal's underlying targets. We are approaching this in particular through our community programmes focused on skills development and access to meaningful work opportunities.

You can learn more about our activities and our commitment to Goal 8 here:

- Access to employment – (LifeSkills and Connect with Work programmes) – see page 60
- Sustainable innovation and scale-up programmes – see page 63
- Access to financial and digital empowerment – see page 62
- Broader economic contributions – see page 65

Recognising SDG Target 8.7 under Goal 8 regarding the eradication of forced labour, Barclays maintains a position on combating the risk of modern slavery or human trafficking in our supply chains or in any part of our business. See page 22 for more information on our approach.

SDG 13: Climate Action
Goal 13 calls for urgent action to combat climate change and its impacts through mitigation, resilience and adaption, and policy and strategic planning.

See the following for details of Barclays' work towards Goal 13:

- Barclays' TCFD disclosure – see page 28
- Social and environmental risk management – see page 22
- Barclays' Energy and Climate Change statement – see page 25
- Barclays' green products – see page 45
- Our direct carbon footprint – see page 36

Above: students participating in our Connect with Work programme developed in partnership with Per Scholas in the US.

Partnerships for the Goals - Goal 17

It is recognised that a successful sustainable development agenda requires partnerships between governments, the private sector and civil society[a]. Barclays understands the need to take a joined-up and multidisciplinary approach towards our own activities connected to the Goals. We work with a number of organisations to partner on projects, provide support, and share expertise including industry initiatives, academic institutions and Non-Governmental Organisations (NGOs).

See page 46 for details of Barclays' collaboration with global initiatives and page 66 for signatories and memberships.

Looking ahead to 2030

We aim to continue to engage with stakeholders, peers and across industries to assess how we can build on our current work related to the Goals. This involves assessing ways we can be more impactful in the areas where the business can have the most influence and where there is a collective need.

Note
a un.org/sustainabledevelopment/globalpartnerships/

Investing in our communities

Barclays is supporting the societies in which we work by focussing on the areas where we can have the most impact: employability, financial health and innovation. We also invest in our societies through community partnerships and programmes, as well as philanthropic donations. By helping our communities thrive, we help our business prosper.

Employability skills programmes

The global labour market continues to undergo major structural changes with far-reaching implications for future workforces. We recognise issues in our communities such as underemployment, lack of progression and preparation for the changing world of work. We aim to address these by investing in employability programmes focussing on three key areas – upskilling, pathways into employment and job creation.

Our flagship programmes include LifeSkills, aimed at providing millions of people with employability skills, and Connect with Work, connecting participants with businesses to help them secure jobs and apprenticeships.

We address the key challenge area of job creation through our innovation and scale-up initiatives – see page 63 for further detail.

2.4m△

people upskilled by Barclays employability programmes in 2018.

LifeSkills

To date more than 7.5m[a] young people have participated in the Barclays UK LifeSkills programme. In 2018 the programme continued to make an impact on the young people who participated in the programme, with 88% feeling more positive about the future and 85% feeling better prepared to make future career decisions. New content has been developed to help prepare young people for the future world of work, most notably a suite of enterprise resources designed to help young people build on their skills with a view to either setting up their own businesses or being more enterprising employees.

Programme content has continued to evolve and grow on the key 21st century skills that young people will need, a toolkit has been developed for educators that embeds a 21st century mindset across all areas. LifeSkills has been aligned to the UK Government's Careers Strategy and Gatbsy Benchmarks – helping careers leads in schools to plan and deliver employability skills teaching.

LifeSkills

Working in underrepresented communities including white working-class boys

LifeSkills collaborated with The Transformation Trust, a charity who work with some of the most challenged schools in the country.

Through independent data we identified that the least likely of any social group in England to go to university, have the worst GCSE exam results and least likely to find jobs after leaving school was white working-class boys. The strategy was to deliver an intensive programme of critical employability skills training together with careers support, to increase support to this under-served demographic to enable them to reach their full potential. We took 50 boys aged 15 on a skills building journey, working with a dedicated youth mentor, 15 Barclays business mentors and local businesses from their areas.

The programme has been very successful in achieving its stated aims. Clarity of young people's plans for the future improved dramatically and there is evidence that many participants' aspirations became more ambitious and yet well-grounded with further evidence that this is translating into a new mind set and approach to learning.

LifeSkills impact[b]

Young people agreed that:

88% felt more positive about the future

86% felt more motivated to do better in academic and vocational studies

LifeSkills helped them:

85% felt better prepared to make future career decisions

71% felt they now had higher ambitions and aspirations

Young people reported their skills development to have improved:

78% understand skills needed for the 21st century workplace

85% understand how to efficiently tackle problems

Educational institutions registered with LifeSkills:

76% of secondary schools actively using the programme

67% of universities actively using the programme

Notes
a LifeSkills participation of 7.79m has been subject to limited assurance by KPMG. Refer to page 68
b Taken from the 2017 LifeSkills UK Impact Report: barclayslifeskills.com/educators/resources/

△Subject to limited assurance by KPMG. Refer to page 68

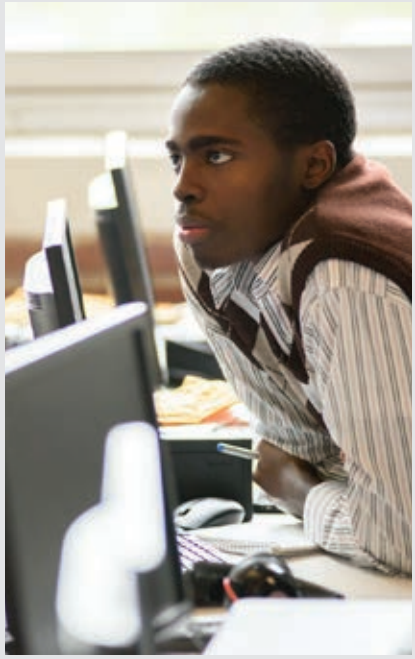
A demand-led approach

Supporting sectors with a high demand for new talent

In the Americas, Barclays' Connect with Work is helping to address the shortage of skilled cybersecurity professionals. Through our partnership with Per Scholas, colleagues have co-designed a 17-week full time cybersecurity training programme to upskill people to prepare for jobs in this rapidly expanding area of technology. The programme supports New Yorkers from underrepresented communities into full-time employment at a variety of companies, including Barclays.

More than 80% of graduates are successfully placed into work within 4 months of completing the training programme, including over 50 hired as apprentices and interns at Barclays.

For more information, please see: s3.amazonaws.com/perscholas/partner/barclays_per_scholas_defending_the_digital_frontier.pdf



Delivering deep impact

Supporting people to achieve their career ambitions

In India, Barclays' Connect with Work works with young people in academic institutions from disadvantaged sections of society. These young people are digitally savvy but often lack the soft skills needed to secure employment.

Shreya studied at NBN Sinhgad School of Engineering, Pune, India, and was under pressure to get a job immediately after graduation. "I am ambitious and knew what I was capable of achieving but didn't know where to start to achieve my goals," she said. "The interactive training provided by Barclays' Connect with Work enabled me to develop my confidence and interview skills which helped me to secure an Associate Software Engineer role at Accenture."

Connect with Work

Barclays Connect with Work is a unique employability programme that provides people, from often overlooked communitites, with work skills and connects 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. It takes a demand-led approach which means we focus on skills development where there are significant job opportunities.

Barclays uses its network, expertise and scale along with the workforce development focus of its charity partners to deliver a programme that addresses the needs of both groups. We measure our success on the extent to which the programme gives businesses the opportunity to support their commercial ambitions – providing a pipeline of new, diverse talent – and evidence of a genuine, meaningful and lasting impact on people's lives both immediately and over time.

Engaging hundreds of businesses

Supporting companies to build a more diverse workforce

Barclays' Connect with Work offers a pragmatic solution to the challenges set out by Barclays' clients in a manner that has broader societal benefits. Addressing the skills gap, it connects businesses with people in our communities – some of whom may be disconnected from the traditional labour market – and reduces the amount of time absorbed by the recruitment process.

In 2018, Barclays partnered with Co-op on a series of bespoke employability workshops. Rachael, Diversity & Inclusion Lead, Co-op, commented: "This programme gives us the opportunity to reach further and engage with young people who wouldn't ordinarily have the confidence to apply through the usual channels."

Supported by volunteers from Barclays and The Prince's Trust, all of the individuals that completed the programme went on to be employed by Co-op. One participant commented: "I suffered from a number of health issues and had been unable to find employment. Connect with Work has provided me with job-specific skills and an opportunity to gain sustainable employment with a fantastic employer."

Investing in our communities

Measuring impact

We have worked with EY to develop a robust internal framework to measure the societal and commercial impact of our Barclays UK Citizenship programmes. This framework will allow us to monitor return on investment through consistent data collection and analysis, for both existing and future Citizenship initiatives.

Digital empowerment

Barclays partners on a number of employability programmes across the regions we operate in addition to Barclays' own Digital Wings and Digital Eagles upskilling programmes. For more details on all our employability programmes, please see home.barclays/citizenship.

Digital Eagles: Our network of Digital Eagles help our colleagues, customers and the communities in which we work develop their digital skills. In 2018 we extended the network into universities across the country, recruiting students as Digital Eagles to help expand our reach and provide vital experience for the students.

We've built relationships with several public-sector organisations to support them with the set up their own network of digital champions.

We also launched our first ever Code Playground live via the Barclays UK YouTube channel. Over 56,000 children across 570 UK schools have learnt valuable coding skills at our Code Playground events.

Digital Wings: Barclays Digital Wings is a learning platform for digital education available for free, online or via an app. We work with industry experts to bring new content on a quarterly basis, with this year's modules including topics such as API, Open Banking and how to "Innovate like a start-up". We also created 15 unique company landing pages for those who partner with Digital Wings, enabling them to promote the content to their colleagues and track their engagement with the platform.

See page 53 for more detail on colleague engagement through volunteering.

Financial health and education

Barclays seeks to improve the financial health and education of the communities we serve. We do this by leveraging our expertise to create and provide learning and support tools to help consumers to improve their financial health.

For example, in 2018 we launched our online Credit Builder tool, designed to help consumers and our customers understand how to improve their credit ratings. We also run large scale campaigns to educate the public on preventing fraud and scams. For more information on our work on financial health see page 43.

Investment in community

Barclays plays a broader role in the communities in which we live and work beyond what we deliver through our core business activities. We support communities by investing money, and skills in partnerships with respected and relevant non-governmental organisations, charities and social enterprises. In 2018, Barclays invested £34.8million in our communities globally (2017: £42.1million).

In calculating the investment in the community value, the LBG (London Benchmarking Group) methodology has been followed.

Monetised volunteering hours is calculated using self-reported time volunteered by colleagues during the working day. Data is sourced from internal reporting systems including several manual sources and may not cover all relevant activity. We have applied subjective assessment to determine eligible volunteer work hours.

Read more about our community investment programmes at home.barclays.com/citizenship/supporting-communities/our-programmes.html

Cash	80.5%
Management costs	10.3%
Monetised working hours	9.2%

Charitable giving

Barclays supports colleagues who choose to fundraise for the causes they are passionate about, through our Matched Fundraising programme. In 2018, we supported over 11,500 colleagues globally to fundraise for their chosen charities, with a total of £22.1raised for charities around the world.

We further supported 15,000 colleagues to donate via our Payroll Giving programme, which saw us match a total of £1.1m in 2018.

See page 53 for more detail on colleague engagement through volunteering.

Note
In calculating the investment in the community value, the LBG (London Benchmarking Group) methodology has been followed. Therefore, the cost of Citizenship programmes delivering Social Innovation that do not qualify under LBG guidelines have been excluded from the calculation. Monetised volunteering hours is calculated using self-reported time volunteered by colleagues during the working day. Data is sourced from internal reporting systems including several manual sources and may not cover all relevant activity. We have applied subjective assessment to determine eligible volunteer work hours.

Supporting sustainable innovation in society

Barclays recognises the role of sustainable innovation in solving some of society's major challenges and the part Barclays plays in supporting new ventures to grow and thrive.

Barclays focusses on supporting innovation through its internal programmes as well as through collaborative partnerships with organisations such as Unreasonable Group and Big Issue Invest in the UK. Below we have profiled some of our key sustainable innovation initiatives.

Unreasonable Impact

Unreasonable Impact, co-created by Barclays and Unreasonable Group, is the world's first international network of accelerators focused on scaling up entrepreneurial businesses that will help employ thousands worldwide while solving some of our most pressing societal challenges.

The programme consists of intensive two-week accelerators held annually in three distinct regions – the Americas, UK & Europe, and Asia Pacific – and is designed to support growth stage ventures with advice and guidance from a global community of world-class mentors and industry specialists, including experts from across Barclays.

To mark another year of transformative support for the Unreasonable Impact ventures, in October 2018, Barclays convened over 400 entrepreneurs, colleagues, clients and industry experts at the second annual Unreasonable Impact World Forum for a ground-breaking approach to the world's biggest issues.

Fast-paced, thought-provoking and inspiring, the Unreasonable Impact World Forum showcased the impact that the Unreasonable Impact entrepreneurs are making across the future of energy, food, water and agriculture, sustainable living, and supply chains.

To date, the global network consists of over 90 ventures that collectively reach more than 100 million customers and support more than 20,000 jobs*.

For further information, see: unreasonableimpact.com/

Note
* Source: Unreasonable Group. Estimated impacts.

Unreasonable Impact - supporting sustainable innovation

Americas
LanzaTech uses anaerobic microbes to convert waste into fuels and chemicals. From waste industrial gases to agricultural residues and unsorted, unrecyclable municipal solid waste, LanzaTech can take advantage of numerous regionally sustainable, low-cost, and widely available feedstocks, with the potential to reduce greenhouse gas emissions by over 70%.

In 2018, LanzaTech's first commercial facility began operations in China, converting steel mill emissions to ethanol. The company also converted steel mill derived ethanol to a drop in jet fuel and this was used to fly a commercial Virgin Atlantic passenger jet from Orlando, Florida to London.

The LanzaTech approach has huge scale-up potential and if the technology were rolled out worldwide, using a variety of available wastes and residues, could produce enough fuel to displace around 18% of the crude oil in use today.

UK
Green Fuels is a leading supplier of decentralised waste-to-biodiesel technology. Their systems are designed for safety, easy installation and usage, industrial strength, and the flexibility that enables them to convert a variety of feedstocks – including used cooking oils, animal fats, and tallows – into sustainable biodiesel.

Since its inception, the work Green Fuels has undertaken in commissioning waste to biofuel facilities globally has offset over 5m tonnes of CO_2 and its customers have the capacity to produce over 420m litres of sustainable biofuel in over 80 countries.

Asia
Fourth Partner Energy (4PEL), an energy management firm, is paving the way for a brighter and energy-secure India by improving energy accessibility, contributing to environment sustainability, creating jobs and driving energy cost savings; primarily through adoption of distributed solar solutions.

Over the past eight years, the company has developed a unique proposition of providing complete in-house solutions across Financing, Engineering, Procurement, Construction and Operation & Maintenance of critical solar infrastructure.

To date, 4PEL has executed over 1,600 grid-connected and off-grid installations across 23 states in India. Its work has helped create 2,500 direct and indirect job opportunities and reduce India's dependence on coal by 100,000 tons per year, equivalent to reducing carbon emissions by 210,000 tons per year or planting 9.5 million trees.

Supporting sustainable innovation in society

Barclays Social Innovation Challenge Forum

Barclays Social Innovation Facility hosted colleagues for one-day social innovation challenges across multiple geographies including London and Hong Kong. At the challenges, colleagues spent the day in teams developing ideas for exciting new banking products and services that will be not only profitable innovations but also deliver a positive impact.

This year's participants were challenged with how Barclays can use innovation in financial services to drive sustainable change, including in a number of pressing issues such as climate action and environmental challenges, access to financial services for people with disability, and sustainable cities and communities.

Close to three hundred Barclays employees including colleagues from Barclays UK, Barclays International and Functions took place in the event. Facilitators from Rise as well as business leaders, intrapreneurs and entrepreneurs attended each session to provide support and mentorship.

The winning ideas have qualified for a place at the Intrapreneur Lab, a three-month incubator programme, to further develop their proposition and turn their innovation into commercially viable ventures.

Social Innovation Facility

Since the launch of Barclays' Social Innovation Facility (SIF) in 2012, the initiative has been proactively investing in new products and services that allow Barclays to generate both commercial and social value. The SIF fosters a culture of intrapreneurship at Barclays and makes funding, resources and support available to teams across the bank to develop, test and scale new business propositions that tackle social and environmental challenges.

With support from the SIF, in 2018, Barclays established the Social Impact Banking group in response to a growing focus on sustainability and social impact from investors and corporations. See page 46 for further information.

SIF also supported the launch of the Barclays Impact Series research reports, which are designed to explore the impact of economic, demographic, and disruptive changes on markets, sectors and society at large. The most recent report published in October 2018, The case for sustainable bond investing strengthens, provides further data-driven evidence that ESG investing over the past several years led to incremental financial returns in broad credit markets. Prior to that, a report entitled Robots at the gate: Humans and technology at work, authored by members of the Macro Research team, argues that robotics and Artificial Intelligence do not portend a jobless future as many fear. It explores the drivers behind the current debate around the future of work, the ways technology is automating work previously done by humans, and the macroeconomic implications for societies today and for years to come.

See home.barclays/citizenship for more information on our SIF programme.

See page 45 for details of our sustainability-linked credit facility, created with support from SIF.

Big Issue Invest

Launched in October, the Power Up Midlands programme is an innovative partnership between Big Issue Invest and Barclays UK. Following a competitive application process, 14 impactful social and community businesses from across the Midlands have joined the programme. In order to support the sustainable growth of the organisations and maximise their local impact, Barclays and Big Issue Invest will provide business development training and mentoring, in addition to potential investment in 2019.

Scale Up initiative

Barclays Scale Up, delivered by Cambridge Judge Business School, is a bespoke programme aimed at supporting the growth of ambitious small to medium sized social ventures, and helping them address the core challenges their founders and management teams face in scaling.

Following a national competition, Barclays has funded 32 scholarships for ambitious social entrepreneurs to join the programme in 2018.

Rise, created by Barclays

Known as the #homeoffintech, Rise, created by Barclays, 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. Rise operates state-of-the-art workspaces in key cities across the world, including London, New York, Tel Aviv and Mumbai.

Technology companies can apply to make Rise their home, and as a member, 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 2018, we had over 250 technology companies resident at Rise, and a virtual community of over 6000 members.

For more information on Rise, please see thinkrise.com

Accelerator programme

Rise is home to the Barclays Accelerator, powered by Techstars. This 13-week programme is designed to tackle some of Barclays' biggest challenges, as well as shape and scale the next generation of FinTech businesses. To date, we've had over 140 companies graduate from the programme. Their combined valuation is estimated at £550 million.

This year, Barclays launched 'Rise Growth Investments', making up to £10 million of investment capital available to each class of ten companies coming through the Barclays Accelerator. These funds would provide financial support at a key growth stage for FinTech companies working with us on strategic opportunities, reflecting Barclays' commitment to mutual growth and success.

For more information on our Accelerator companies and latest news, please see: barclaysaccelerator.com

Broader economic contributions

A vibrant finance and banking sector is an essential enabler of social and economic progress, growth and development. We report the direct economic value generated and distributed.

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 the UK, we were the third largest taxpayer by reference to taxes paid[a] in 2018 and we have consistently been one of the top three largest UK taxpayers in the last five 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 have a constructive and professional relationship with tax authorities and work with them to combat tax evasion.

3) Transparency in relation to our tax affairs
We strive to be 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 shareholders, customers, regulators, tax authorities and other stakeholders to understand our tax contribution in the countries in which we operate and our approach to tax.

Further information can be found in the 2018 Country Snapshot which is available online at: **home.barclays/citizenship/our-reporting-and-policy-positions/country-snapshot/**

For more information on investment in communities, see page 62

Value generated: revenues (total income)[b]

Shareholders: dividends paid to shareholders

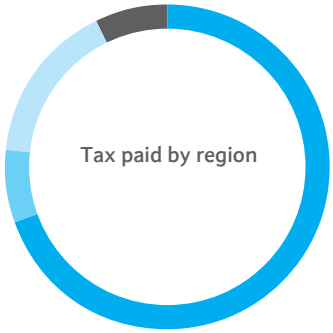
Government: taxes paid globally[c]

Government: taxes collected globally[d]

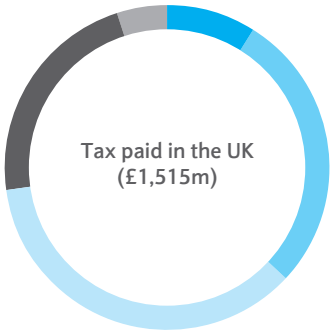
Employees: Group compensation costs

Global investment in our communities[e]

- Corporation tax £269m
- Irrecoverable VAT paid £596m
- Employer payroll tax £596m
- UK bank levy £334m
- Withholding taxes £279m
- Other taxes £101m



- UK £1,515m
- Americas £155m
- Europe (excl. UK) £348m
- Rest of the the world £157m



- Corporation tax £135m
- Social security £427m
- VAT £544m
- Bank levy £334m
- Other taxes £75m

Notes
a Based on PwC's most recent survey of the 100 Group which represents most of the UK's largest groups.
b See the Barclays PLC FY2018 Results Announcement available at home.barclays/results
c £2,175m taxes paid globally are those that represent a cost to us and include corporation tax, employer payroll taxes paid, irrecoverable VAT, UK bank levy and withholding taxes. The amounts shown for 2017 and 2016 exclude taxes paid by Barclays Africa Group Limited and its subsidiaries.
d £2,581m taxes collected globally are those that we administer on behalf of governments and collected from others as we do business. The amounts shown for 2017 and 2016 exclude taxes collected by Barclays Africa Group Limited and its subsidiaries.
e We have restated community investment figures for 2017 and 2016 to exclude community investment by Barclays Africa Group Limited and its subsidiaries.

Broader economic contributions

Political contributions

Barclays is a politically neutral organisation 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, and the US Lobbying Disclosure Act Database at 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 on our website at barclays.com/citizenship/reports-andpublications/public-policy.html

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 2018 these were as follows:

- Banking Environment Initiative
- Equator Principles
- United Nations Environment Programme
- Finance Initiative (UNEP FI)
- Thun Group
- Task Force on Climate-related Financial Disclosures (TCFD).

Additionally Barclays Asset Management Ltd and Barclays UK retirement fund are signatories of the UN Principles of Responsible Banking Initative (UN PRI).

External ESG ratings and surveys

Awards

Our programmes were also recognised by a range of global and regional awards.

We were named to Fortune Magazine's 2018 Change the World List for the first time for positive social impact connected to core business strategy.

Additional awards include the Business in the Community (BITC) Outstanding Employment Award for our Connect with Work programme and the Corporate Engagement Award for Best Environmental or Sustainable Programme and Better Society Innovation Award, both for Unreasonable Impact.

Barclays won the Scottish Financial Services Award 2018 recognising our positive role in supporting local communities.

BUSINESS IN THE COMMUNITY AWARDS 2018 Winner

CEA The Corporate Engagement Awards 2017

Better Society 2018 AWARDS

Barclays' strategy and performance on ESG factors is evaluated by a range of external agencies.

Although there is currently significant variance between methodologies, some of which may be relatively opaque, with limited consistency in the underlying data used at present, both within and across sectors, we believe 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.

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 signficant driver of ESG ratings performance is underpinned by disclosure, we would expect this to support our scores over time.

ESG Ratings

The FTSE4Good ESG Rating was flat at 4.3/5 (2017: 4.3/5) with an 81st percentile ranking against the global banks sector.

Barclays was rated BBB by MSCI ESG Ratings (2017:'BBB').

We scored 60 points in Sustainalytics ESG Ratings (2017: 61 points).

We saw a decline in our RobecoSAM scores due to changes in methodology, down by 4 points to 75 points (2017:79 points), against a sector average of 54 points.

Disclosure Ratings

Institutional Shareholder Services (ISS) released new environmental and social quality scores to assess corporate disclosures. On a 1-10 scale where 1 is highest, Barclays was rated as '1' for social reporting and '2' for environmental reporting.

Barclays was rated as A- in the 2018 Carbon Disclosure Project (CDP) climate questionnaire, up from B in 2017. The 2018 survey included several new questions aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

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 recommendations.

External benchmarks and surveys

MSCI

BBB

2017: BBB

Overall ESG Rating remained stable year-on-year

RobecoSAM

75

2017: 79

Year-on-year decline in RobecoSAM scores due to changes in methodology, against a sector average of 54 points

FTSE4Good

4.3/5

2017: 4.3/5

FTSE4Good ESG Rating was flat at 4.3/5 (2017: 4.3/5) with an 81st percentile ranking for the global banks sector

Sustainalytics

60

2017: 61

Reduced by one point year-on-year

Institutional Shareholder Services (ISS)

1

2017: 79

On a 1-10 scale where 1 is highest, Barclays was rated as '1' for social reporting and '2' for environmental reporting

Notes
1 Source: FTSE Russell
2 Source: MSCI ESG Inc
3 Source: Sustainalytics Inc
4 Source: RobecoSAM
5 Source: Institutional Shareholder Services
6 Source: CDP

KPMG Assurance Statement

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 2018.

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 Environmental Social Governance (ESG) Report ('the Report') for the year ended 31 December 2018 marked with the symbol Δ ('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's 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 Shared Growth Ambition 2018 Reporting Framework supplemented for the Selected Information related to Access to Employment by the Barclays LifeSkills Reporting Guidelines as set out at https://home.barclays/esg ('the Reporting Criteria') and https://barclayslifeskills.com/reporting. 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.

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 respect of the greenhouse gas emissions information included within the Selected Information, 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 obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- agreeing a selection of the Selected Information to be inspected against the corresponding source documentation;
- assessing a selection of formulae used (including unit and carbon conversion factors) and manual calculations performed over the Selected Information;
- performing analytical review procedures over the aggregated Selected Information, including a comparison to the prior year 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 verifying 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
21 February 2019

The maintenance and integrity of Barclays's 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 when presented on Barclays's website.

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 Barclays 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. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays 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 9 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. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards including the continuing impact of IFRS 9 implementation, 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 entities within the Barclays 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 United Kingdom 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 Barclays Group's control. As a result, the Barclays Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Barclays Group's forward-looking statements. Additional risks and factors which may impact the Barclays 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 2018), which are available on the SEC's website at www.sec.gov. Subject to our obligations under the applicable laws and regulations of the United Kingdom and the United States 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.

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