

Strategic Report (continued)

For the year ended 31 December 2023

The Operational Continuity and Resolution (OCIR) rules were amended effective January 2023 and the minimum requirement to hold liquid resources changed from 50% to 16.67% of annual fixed overheads. The Company has resized the liquidity buffer using a risk based approach but no lower than 16.67% as required by OCIR rules.

- **Loss Absorbing Capacity Coverage Ratio:** This ratio is monitored to ensure that the Company is able to cover losses in a severe but plausible resolution scenario. For 2023 the Loss Absorbing Coverage ratio was 148%, against an internal limit of 100%; in practice, the ratio is managed to an internal warning level of 115% (100% coverage plus a 15% buffer).

The Loss Absorbing Coverage ratio is calculated based on an internal assessment of Loss Absorbing Funding (LAF) Supply divided by LAF Demand.

LAF demand constitutes sources of potential losses including under-recovery items (unassigned technology assets, unused office space, and interest expense), as well as impairments (software intangibles, investments in subsidiaries, and deferred tax assets). LAF supply includes the Company's equity and write down debt.

Other indicators

The Company's performance contributes to the Barclays Group and delivery of strategy is primarily measured at a Barclays Group level. The development, performance and position of the Barclays Group is discussed on pages 23-26 and 373-375 of the Barclays PLC 2023 annual report. The Company primarily meets its disclosure obligations in respect of performance indicators through the disclosures included in the Barclays Group report. By providing the overall Barclays Group context, these give the most appropriate picture of the development, performance and position of the business of the Company.

Section 172(1) statement

The Directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of its member as a whole and this section forms our Section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Directors also took into account the views and interests of a wider set of stakeholders, including employees and pensioners; our customers, which consists primarily of entities within the Barclays Group; our suppliers; and our shareholder, Barclays PLC; regulators; the UK Government and non- governmental organisations.

The Directors considered, amongst other matters, the following:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

You can find out more about who the Barclays Group's key stakeholders are, how management and/or directors of Barclays PLC engaged with them, the key issues raised and actions taken on pages 23-36 of the Barclays PLC Annual Report 2023.

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it will not always be possible to deliver everyone's desired outcome.

How does the Board engage with stakeholders?

Depending on the decision in question, the relevance of each particular stakeholder group may differ, and equally the Board adopts a variety of methods of engagement with different stakeholder groups. The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of Barclays Group-wide significance or have the potential to impact the reputation of the Barclays Group.

The Board considers and discusses information from across the organisation to help it understand the impact of the Company's operations on, and the interests and views of, its key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations along with representation on the Board from Barclays Bank PLC and Barclays Bank UK PLC.

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For the year ended 31 December 2023

As a result of these activities and the information it receives, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Engagement in action

The following are some examples of how the Directors have had regard to the matters set out in section 172 when discharging their section 172 duties, and the effect of that on certain decisions taken by them.

Implementing and Embedding the new Financial Conduct Authority ('FCA') Consumer Duty

In July 2023, the Consumer Duty came into force. The Consumer Duty is a new outcomes-based regulation, designed to ensure relevant financial services firms deliver good outcomes for retail customers consistent with the three cross-cutting rules to (i) act in good faith, (ii) avoid causing foreseeable harm, and (iii) enable and support retail customers; and the four retail customer outcomes relating to: (i) products and services, (ii) price and value, (iii) consumer understanding, and (iv) consumer support.

The implementation of, and ongoing compliance with, the Consumer Duty is the responsibility of the operating entities within the Barclays Group, primarily Barclays Bank PLC ('BBPLC') and Barclays Bank UK PLC ('BBUKPLC'). However, given the significance of the Consumer Duty, the Barclays PLC Board also provides relevant oversight of the Consumer Duty across the Group.

A Consumer Duty lens has been applied in the development of the Barclays Group-wide change programme, Consistently Excellent, with the spirit of the Consumer Duty reflected in the 'world-class service for clients and customers. In May 2023, the Barclays PLC Chairman, together with Mary Francis (as BBPLC Consumer Duty Champion) and the BBUKPLC Consumer Duty Champion, visited our contact centre in Wavertree, Liverpool, to experience Consumer Duty in action, meeting with customer-facing colleagues and learning about how Barclays is addressing vulnerable customer needs.

Achieving a consistently excellent standard

Barclays continues to focus on delivering to a higher operating standard via the Barclays Group-wide cultural change programme, Consistently Excellent. This programme challenges colleagues to address five key areas – Precision, Service, Focus, Efficiency and Diversity of thought – to establish a new operating standard.

This higher standard is becoming part of the Barclays culture and collectively, the Group is working hard to equip everyone with the right skills to achieve this, while rewarding progress. Barclays have incorporated this into its existing Values and Mindset behaviours and as part of an enhanced set of leadership behaviours as well as updating its key processes for attracting, retaining and developing talent, planning for succession, and recognising and rewarding performance.

To help create a common understanding across the Barclays Group, Consistently Excellent workshops were held throughout 2023 for senior leaders. In 2024, all colleagues will be invited to attend these workshops.

Third-party operational and reputational risk management

Barclays' expects its suppliers to comply with all applicable laws, regulations and standards within the geographies in which they operate. Supplier relationships are assessed and managed based on the inherent risk posed to Barclays through provision of the services. We expect higher risk categories of suppliers to operate in accordance with our Third Party Code of Conduct ('TPCoC') and framework as part of strengthening our foundations. The Board monitored the Barclays Supplier Control Obligations ('SCOs') refresh to ensure compliance with Barclays' current standards and the latest regulatory requirements.

This report was approved by the Board and signed on its behalf by

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A. Currie
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Director

Date: 2 May 2024

Company number: 01767980