

BARCLAYS SECURITIES FINANCING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

During 2023, the Barclays Group, including the Company, ran a stress test to assess its capital adequacy and resilience under a severe but plausible macroeconomic scenario. This stress test targeted risks such as inflation, financial stress and a shock on demand; with terminal low rates set to test the Barclays Group's vulnerabilities through NII ('Net Interest Income') margin compression. The stress test outcome for macroeconomic tests assesses full financial performance over the horizon of the scenario in terms of profitability, capital, liquidity and leverage to ensure the Barclays Group remains viable.

In addition to a macroeconomic internal stress test, a climate internal stress test was run this year. The exercise confirmed that the Barclays Group is financially resilient to climate risks.

Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the relevant business cluster, which includes the Company, is discussed in the Barclays PLC 2023 Annual Report, which does not form part of this report.

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 Act. The Directors also took into account the views and interests of a wider set of stakeholders.

The Directors considered, amongst other matters, the following:

- the likely consequences of any decision in the long term;
- 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's maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

You can find out more about who the Barclays Group's key stakeholders are, how management and/or the Directors engaged with them, the key issues raised and actions taken in the Barclays PLC Annual Report 2023 and also in the Barclays Bank UK 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 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 Barclays' operations, and the interests and views of our 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.

BARCLAYS SECURITIES FINANCING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

As a result of these activities, 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.

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)(a)-(f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

Engagement in action

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, which includes the Company whose Board receives regular updates on the embedding of Customer Duty.

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'. The Board of the Company has paid particular attention in its meetings to identifying and understanding the needs of customers who may be classified as vulnerable.

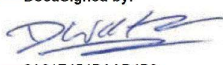
Achieving a consistently excellent standard

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.

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

DocuSigned by:

6A01E454DAAD4B0...
David Waltham

Director
Date: 10/10/2024
Registered number:
Registered number in Cayman Islands: MC-220136