

BARCLAYS PRINCIPAL INVESTMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Business review and principal activities

The principal activity of Barclays Principal Investments Limited is to act as a holding company.

Business performance

The results of the Company show a loss after tax of £177,204,000 (2019: profit of £47,303,000) for the year. The loss during the year was driven by an impairment on the cost of investment in Carnegie Holdings Limited that the Company held on its balance sheet. The Company has net assets of £430,867,000 (2019: £828,502,000). The value of the FVOCI investments at the end of the year was £ 755,015,000 (2019: £1,016,960,000) and the FVOCI reserve was at £(417,600,000) (2019: £155,655,000). The decrease in the value of the investment and the reserve is on account of the decrease in the share price and the depreciation of the ZAR. Net cash flow from operating activities for 2020 was £ 8,778,000 (2019: £ 74,828,000). The Directors are satisfied with the financial position of the Company at year end.

Future outlook

The Company will continue to act as a holding company.

Financial Risk Management

The financial risk management objectives & policies which are followed by the company and the exposure to various financial risks are set out in notes to accounts.

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 2020 Annual Report, which does not form part of this report.

Section 172(1) statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of Barclays Principal Investments Limited 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:

- 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 to act fairly between members of the Company.

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

How does the board engage with stakeholders?

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.

BARCLAYS PRINCIPAL INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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.


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 principal activity of which is to act as a Holding Company. During the reporting period, the Company has increased its investment in subsidiaries, new entity acquisitions and increased borrowings as disclosed in the notes to the financial statements, the transaction has been entered in wider interest of the Company and its parent company Barclays PLC. In approving the transaction, the Directors have duly considered all the matters set out in section 172 of the Companies Act 2006.

Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business segment basis, which includes the Company. 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 Barclays Head office functions, the relevant business segment for the Company, is discussed in the Barclays PLC annual report which does not form part of this report.

This report was approved by the board and signed on its behalf.

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? Director Gavin Chapman
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