

IdealRatings[®]

Enabling Responsible Investment

SRI Performance Report

Barclays PLC



October 2019

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About this Report

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Environmental KPIs

75/100



Social KPIs

80/100



Governance KPIs

72.5/100

Business Involvement

No Involvement

Countries of Concern



Russia



Zimbabwe

Barclays PLC at a Glance

Company Description



Barclays PLC is a global financial service holding company. The Company is engaged in credit cards, wholesale banking, investment banking, wealth management and investment management services. The Company's segments include Barclays UK and Barclays International. The Barclays UK segment includes the local consumer, small business, the United Kingdom wealth and credit cards business.

Nation



United Kingdom

Primary Exchange



London
Stock Exchange

London Stock Exchange

Industry



Banking

ISIN

GB0031348658

Website

<https://home.barclays/>

ESG Performance Drivers for Banking Industry

The Key Performance Indicators (KPIs) relevant to the Banking Industry and their weighted contributions to the E, S and G pillar scores are described and illustrated below. Each pillar has a maximum score of 100, and the sum of the three pillar scores becomes the company's overall ESG Score.

Environmental Pillar

Although environmental issues are perceived to be irrelevant to the banking industry, banks are now highly considering their environmental impact coming mainly from their customers' activities. Since the banking sector is one of the major sources of financing to many industries known to have severe environmental damages, banks are considered partially responsible and accountable for such environmental problems. Therefore, air emissions and environmental management are considered vital for this industry in order to offset those negative impacts. Environmental Sustainability must be embedded in banks' daily activities and operations. Air emissions should also be controlled and monitored for continuous improvements. Emissions from banks' buildings and transportation vehicles should be managed and reduced as well.



Social Pillar

The human capital is significantly important to the Banking industry. As this business segment deals with large number of customers who share highly sensitive data, excellent calibers with high level of professionalism and integrity are required. To do so, banks must regularly train their employees on their job-related responsibilities and survey them ensuring their high level of satisfaction. As customers are a major success factor for this field, like the case in many industries, banks must focus on customers' satisfaction and loyalty. To ensure so, regular surveys must be conducted receiving their feedback for further improvements. A data privacy statement should be developed and maintained clarifying how customers' information is collected, when it is used and to whom it might be disclosed.



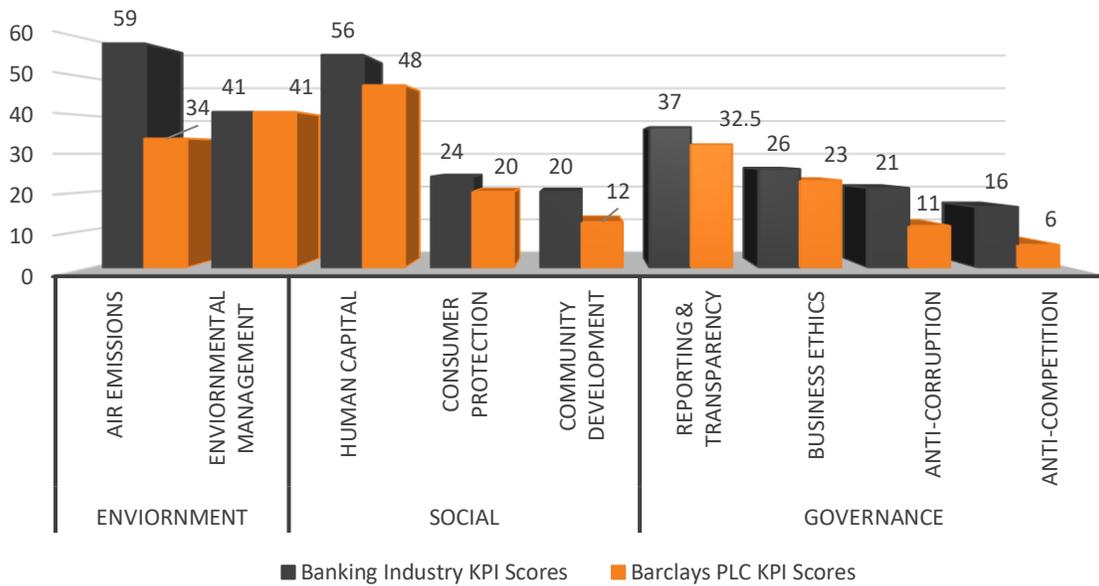
Governance Pillar

From the governance viewpoint, aside from the essential standards such as reporting & transparency and general business ethics, anti-corruption policies come as an integral KPI in this industry. Given that banks deal with huge amount of public money, ethics must be highly embedded in their daily activities and operations. Therefore, combating corruption in the banking industry is a central concern of law enforcement agencies, central banks and financial regulators. A solid code of conduct must be set by banks as a guideline for ethical behaviour and training on the code must be conducted. The banking sector is currently witnessing a fierce competition arising from both inside and outside the industry mainly from non-bank financial intermediaries, market-based finance and from the financial technology companies. To maintain their market position and ensure their fair dealing and competition practices, banks should set solid anti-trust policy and communicate it to its employees via training.



Barclays PLC ESG Performance Details

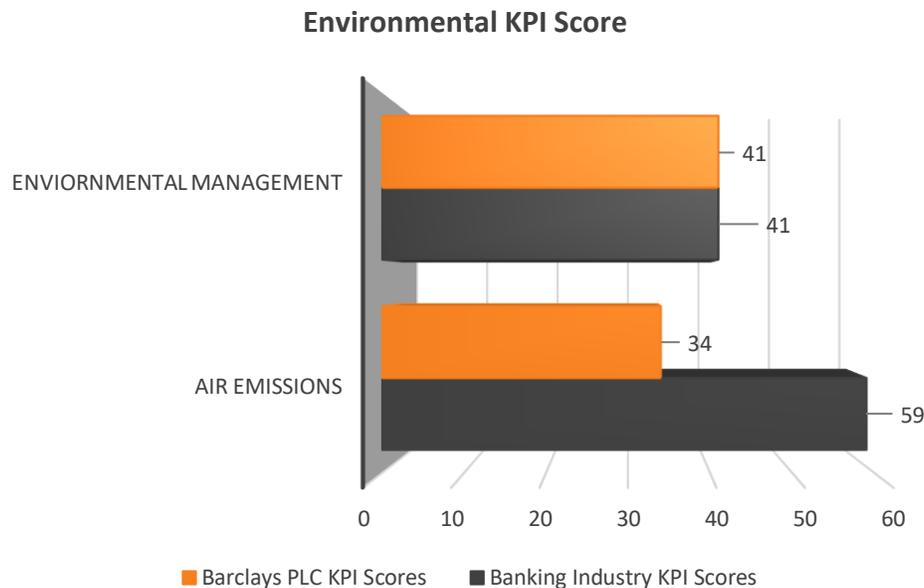
The chart below illustrates the company’s score for each Key Performance Indicator compared to the maximum score achievable by a company in the Banking Industry. A more detailed breakdown of the individual E, S and G pillars, how the KPI scores are combined to derive the pillar scores, and a description of how Barclays PLC performed (and why) follows.



Barclays PLC KPI scores compared to the maximum achievable KPI scores for the Banking Industry

Environment

Barclays PLC Score: 75/100



Air Emissions

In this KPI, Barclays PLC has achieved a score of **34/59**. All the bank's greenhouse gases were transparently disclosed in its ESG report where it was mentioned that Barclays PLC succeeded in reducing its emissions by 38%, exceeding by that its set goal of 30% carbon reduction from 2015 baseline. The bank has set further carbon reduction of 80% for scope 1 & 2 by year 2025. To achieve its set target, Barclays PLC has focused on managing its buildings' emissions as till date the bank has 21 construction projects recognized with LEED (Leadership in Energy Efficiency and Design) accreditation. The bank's Piscataway Data Centre has also achieved Energy Star rating for the fifth year in a row for demonstrating best practice in energy efficiency. To offset the CO₂ emissions from the bank's buildings and business travels, Barclays PLC has purchased what is called "Carbon Credit" known as a permit issued by a government or other regulatory body that allows its holder to burn a specified amount of hydrocarbon fuel over a specified period. Companies or nations are allowed a certain number of credits and may trade them to help balance total worldwide emissions. Aiming to decrease its energy use and increase its efficiency, Barclays PLC has committed to satisfy 100% of its power needs from renewable sources by year 2030 with an interim target of 90% by year 2025. Through its managed energy efficiency program, the bank has saved 44 million KWH of energy in 2018.

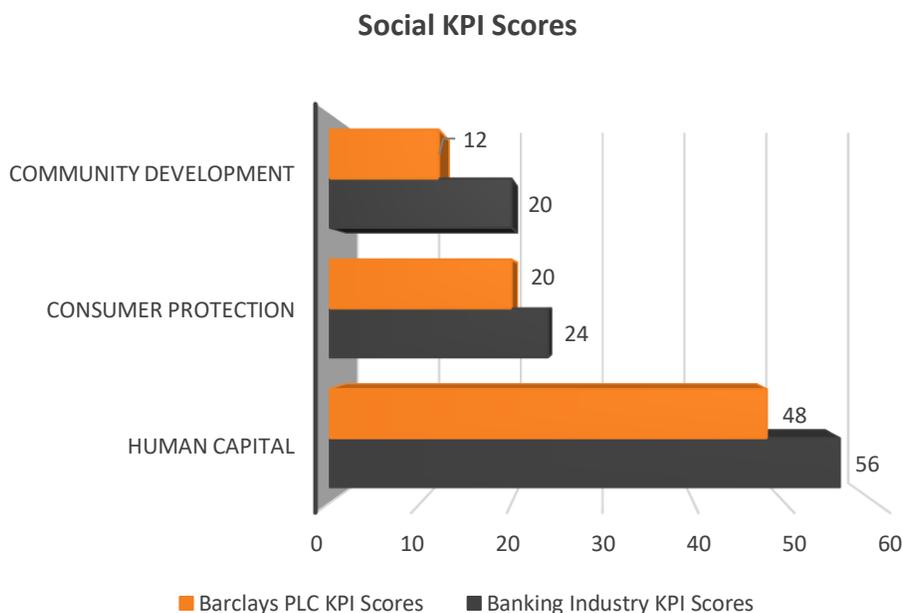
The bank, however, hasn't developed any plans for managing emissions from its vehicles used in operations which has negatively affected its score in this KPI. To improve its score, Barclays PLC is recommended also to participate in Carbon disclosure project (CDP).

Environmental Management

Barclays PLC achieved a perfect a score in this KPI; 41/41. As stated in its ESG report, Barclays PLC work on integrating sustainability in its core business strategies and activities given the increasing interest in environmental issues from a range of stakeholders whether clients, investors, policy makers or others. To do so, the bank has developed its environmental policy where it has tackled carbon emissions, water usage, energy consumption and other issues. In this policy, Barclays PLC has set criteria, targets and goals to manage and reduce its environmental impact. The bank has also engaged a wide range of stakeholders taking into consideration their valuable feedback and insights into sustainability matters. Related grievance mechanisms were set as well for the occurrence of any negative incidents.

Social

Barclays PLC Score: 80/100



Human Capital

The bank's score for the Human Capital KPI was **48/56**. Barclays PLC is a strong supporter for the labor standards of International Labor Organization (ILO) as well as the Universal Declaration of Human Rights (UDHR), and ensures they are embedded in its daily activities and operations. To ensure employees and directors' awareness and adherence to such international norms, Barclays PLC provide them with human rights training which outlines how the bank manages its impacts across four key areas; employees, suppliers, local communities and clients. Managers and directors are guided on how to integrate human rights issues into the bank's daily activities and their assessment of financial transactions. The bank regularly monitors the proper implementation of its human rights policies though not disclosing any results of conducted related inspections. To avoid occurrence of any negative incidents, grievance mechanisms were developed by Barclays PLC. It is worth noting that the bank isn't involved in any human rights' legal proceedings. The Bank however isn't a United Nations Global Compact (UNGC) signatory which could have also supported its score for this KPI.

To satisfy its employees, Barclays PLC ensures they are fairly and equally treated disregarding their nationalities, age, gender, sexual orientation, disability etc. This was clearly stated in its developed diversity policy aiming to foster a culture where diverse individuals feel confident and comfortable empowering them to effectively contribute to Barclays PLC's goals and vision.

Diversity was reflected in the bank's female representation of 26 % in the board of directors. The bank has declared its goal of increasing female representation to 33 % by year 2020. However, no information was mentioned about female figures in the total workforce which has negatively affected this KPI score.

Aiming to encourage employees and guarantee their loyalty, Barclays PLC offers a wide range of policies globally for employees to balance their professional and personal lives such as parental support, part-time and temporary offers. In most of its locations, Barclays PLC offers maternity, paternity, adoption and shared parental entitlements which even exceeds legal requirements. The bank has also part-time and temporary jobs as in 2018, 11% of Barclays PLC' employees worked on part-time basis. All employees' benefits were transparently disclosed in the bank's annual report in addition to the medical insurance. To build its calibers and enhance their skills, Barclays PLC provide its employees with job related training as an average of 12.53 training hours was given per employee. For continuous improvements, regular employees' surveys named "your vision" are conducted allowing employees to give their feedback and ensuring their high level of satisfaction. In 2018, the bank's turnover was 12.6 % compared to 14 % in 2017.

Consumer Protection

A score of 20/24 was achieved by Barclays PLC in this KPI. The bank has developed a customer privacy policy where it has clarified how Barclays PLC collects, stores, protects and uses personal information and has clearly stated that customer's data won't be disclosed to third parties. To evaluate the quality of its services and monitor customer satisfaction, Barclays PLC has implemented a follow-up program aiming to reach large number of customers and receive their feedback. In 2018, the bank succeeded to reach 13,000 customers and receive 280,000 feedbacks. It is worth noting that no related legal proceedings were found against the company. To improve the consumer protection KPI, Barclays PLC should seek to obtain ISO certification which is considered essential for its success and stability.

Community Involvement

Barclays PLC received 12/20 in this KPI. As a mean of giving back to the society the company has created several philanthropic initiatives in education, healthcare and housing access specifically. To oversee its charity programs and achieve community targets, a "reputation committee" was set responsible for reviewing, advising and approving Barclays PLC's approach to citizenship, environmental and social matters. In the education field, the bank has developed a variety of programs among which are "LifeSkills" aiming at providing millions of people with employability skills and connecting participants with businesses to help them secure jobs and apprenticeships. To date, more than 7.5 million people have participated and benefited from this program. The

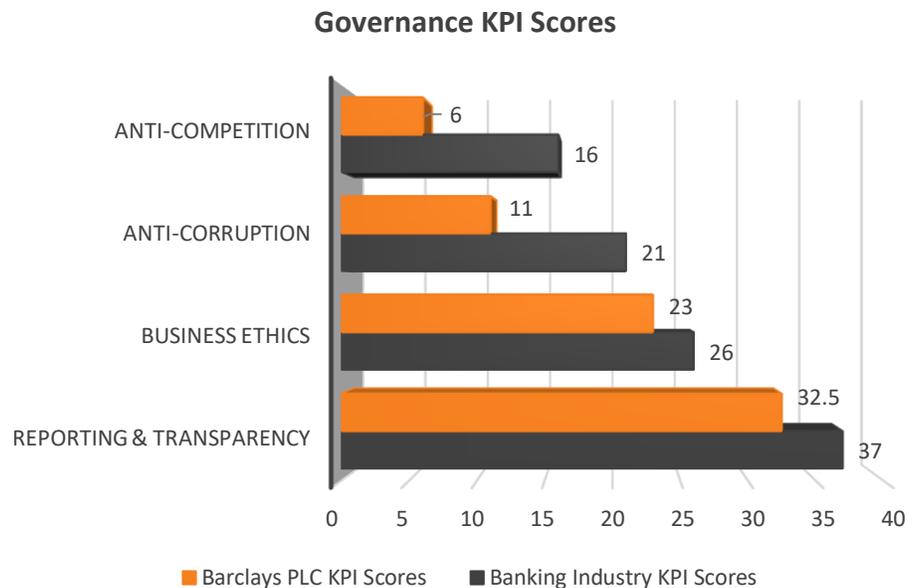
October 2019

bank received several positive feedbacks about the LifeSkills; where 88 % of participants felt more positive about the future and 86% were motivated to perform better in academic and vocational studies. Currently, this program is actively used by 76% of secondary schools and by 67% of universities. The bank was active in the healthcare segment as well where it has raised 1.47 bn through the bond offering by ProMedica Health Systems for the acquisition of HCR ManorCare. Housing access was also among the Banks' community programs as in 2018, Barclays PLC has launched a 1bn housing delivery fund to help housebuilders access the funds needed to build more homes. The bank achieves per year an average of 447,000 hours of volunteering

For a perfect score in this KPI, Barclays PLC could broaden the scope of its community programs to include financial services and food access for disadvantages people.

Governance

Barclays PLC Score: 72.5/100



Reporting and Transparency

The bank scored **32.5/37** in this KPI. To maintain compliance and transparency, Barclays PLC has set an Audit Committee to assist the board to follow up on financial reporting and accounting records compliance, assure efficiency of operations, safeguard bank's assets, and comply with applicable laws. Members of this committee were all found to have financial background expertise. Moreover, a remuneration and nomination committee were assigned to take responsibility of deciding the board members' compensation structure and nominating new board members. Barclays PLC fully disseminates the compensation of its directors including shares ownership in its annual report.

The bank's chairman and CEO positions are filled by two separate individuals; John McFarlane as Chairman while Jes Staley as CEO, to enhance the overall integrity of the Group.

Additional considerations that helped the company achieve its high score for the Reporting & Transparency KPI include:

- Publishing its sustainability report annually
- Externally verifying its sustainability report. Though it is recommended to expand its scope to be a full assurance instead of a limited one.

- Most of directors are independent. The chairman is recommended to be an independent director to enhance the company's transparency.
- Tying its executives' incentive scheme with achieving ESG related targets.
- Financial Statements are prepared in accordance to the international financial reporting standards (IFRS).

Business Ethics

The company's performance in this KPI was perfect **23/26**. Corporate governance policy is outlined on the website covering main aspects related to the board of directors from their composition, responsibilities, committees, communication, etc. Moreover, employees are encouraged to report any suspected unethical behavior through its whistle blowing procedures that ensures the anonymity of the reporter. In addition to this, political contributions and insider trading policies are clearly stated in the company's code of conduct. The bank has also developed a "Responsible Investment forum" composed of main stakeholders from across the bank responsible for providing insights and guidance for responsible investment. To achieve a perfect score in this KPI, a code of conduct for senior executives must be developed from the side of the bank.

Anti-Corruption

Barclays PLC has achieved a score of **11/21** in this KPI. The bank has developed anti-bribery and corruption policy designed to ensure compliance with laws and regulations in countries of operations. Through this policy, Barclays PLC has clearly stated that it won't tolerate any breach of related laws and regulations and that it seeks to run its business in an open and transparent manner. Regular compliance trainings are conducted to avoid the occurrence of any related incidents. Despite that, the bank was found involved in several corruption legal proceedings. In 2017, a civil lawsuit was raised against Barclays PLC alleging breach of a contractual indemnity fraudulent misrepresentation and breach of warranty arising out of the sale of a portfolio of credit cards. The case was settled between related parties. Another case was raised against the bank by PCP Capital Partners LLP and PCP International Finance Limited seeking compensation for damages caused by fraudulent misrepresentation and misleading statements made by Barclays Bank PLC to PCP concerning the terms on which securities were to be issued to potential investors of which PCP is a part.

Anti-Competition

A score of **6/16** was achieved in this KPI. In its code of conduct, Barclays PLC has acknowledged that free and fair competition is good for business, customers and clients as it drives innovation

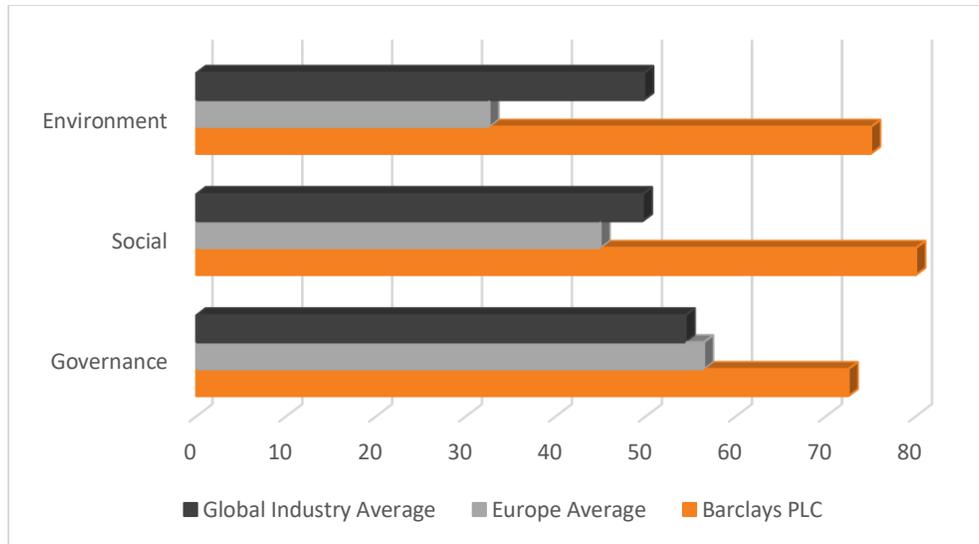
and improvements in service. However, the bank failed to maintain good competition practices as several anti-trust lawsuits were raised against it. Complainants alleged that Barclays Bank PLC and other members of The London Gold Market Fixing Ltd manipulated the prices of gold and gold derivative contracts in violation of the Antitrust Act, consumer protection laws and other laws. Another lawsuit was filed against the bank together with other financial institutions that act as market makers for interest rate swaps (IRS) known as “an exchange of a fixed interest rate for a floating rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally lower interest rate. The complaints alleged that Barclays PLC and the other defendants conspired to prevent the development of exchanges for IRS causing plaintiffs including investors to suffer damages with respect to Credit Default Swaps market.

Industry comparisons for Barclays PLC

Barclays PLC ESG score and rating compared to industry averages

Banking Industry  Global Average	153.83	BB
Banking Industry  Regional Average	133.98	B
 BARCLAYS	227.5	A

Barclays PLC ESG rating of “A” is higher than the Banking industry’s global and regional averages; BB and B respectively. Even when breaking down the company’s industry comparison into individual E, S and G pillar scores, it is noted that Barclays PLC pillars’ scores are much higher than industry averages from both a global view and a regional view. The company especially stands out from its peers when it comes to the social aspect of the ESG performance evaluation, this was clear in its detailed section above.



Barclays PLC E, S and G pillar scores compared to industry averages

Sample of Industry Peers

Name	Nation	ISIN	Rating
Banco do Brasil SA	Brazil	BRBBASACNOR3	A
United Overseas Bank Ltd	Singapore	SG1M31001969	A
Oversea-Chinese Banking Corp. Limited	Singapore	SG1S04926220	BBB
State Bank of India	India	INE062A01020	BBB
Banco Bilbao Vizcaya Argentaria SA	Spain	ES0113211835	CCC

Barclays PLC Business Involvement, Revenue and Countries of Concern Screening Results

In addition to providing ESG scores and ratings, IdealRatings also screens companies for involvement in controversial certain business activities and/or products as well as for involvement in countries of concern. The business involvement screening includes activities such as tobacco, alcohol, gambling, firearms and defense (a full list can be found in the IdealRatings Responsible Investing and ESG Research Product Guide).

Barclays PLC wasn't found involved in any controversial activities given the nature of its business activity. The bank has four main divisions: personal banking, corporate banking, wealth management and investment management.

The company was, however, found involved in two countries of concern; Russia and Zimbabwe. Barclays plc tapped the Russian market in 1974 with the permission of the Soviet authorities to open a representative office in Moscow. This office was managed by Barclays Tozer Ltd, a subsidiary company established specifically for this project, whose remit was to 'foster trade and economic development between the USSR and its associated countries and the rest of the world, including developing countries.' In 2008, Barclays acquired Expobank; a leading Russian retail and commercial bank. Later that year, the first Barclays-branded branch opened in Moscow and renamed in 2009 as Barclays Bank LLC. In the same year, Barclays Russia launched its first premier banking product.

Barclays is a shareholder of Barclays Bank of Zimbabwe, which has lately changed its name to First Capital Bank Limited. In 2018, Barclays plc sold 42.7% of its shares and retained only 10% shareholding.

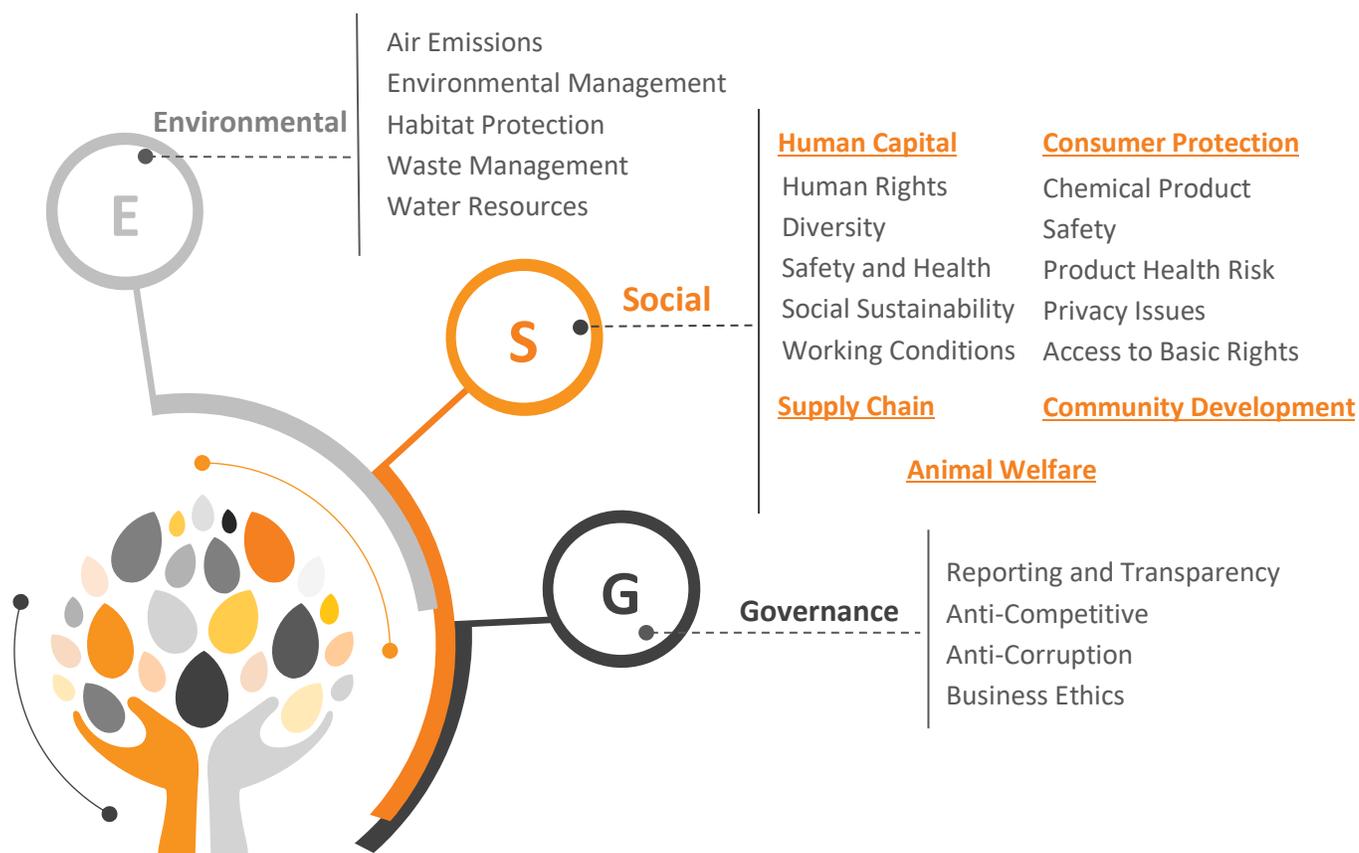
IdealRatings ESG Model & Scoring Methodology

IdealRatings ESG Model

Due to increased global climate and resource risks, shifting demographics, regulatory changes and increased investor awareness, incorporating ESG considerations into investment decisions has become increasingly popular among all types of investors.

It is also important for the companies themselves to consider ESG factors and risks. Companies that are aware of their ESG-related performance and opportunities will not only attract ESG-conscious investors — they will also be better situated for future success.

The IdealRatings ESG model is comprised of three main pillars (Environmental, Social and Governance). Each pillar is divided into subcategories called Key Performance Indicators (KPIs), and each KPI contains a series of inputs (detailed in the IdealRatings Responsible Investing and ESG Research Product Guide).



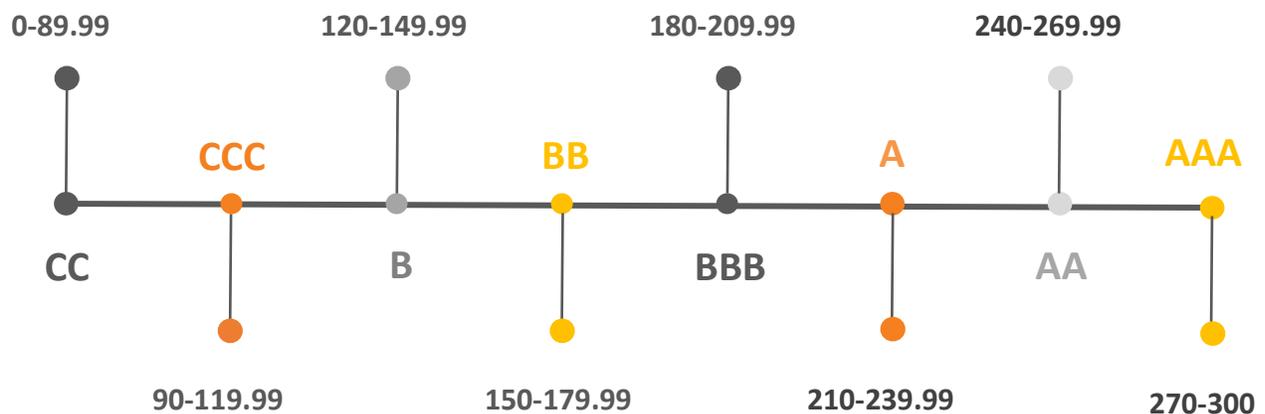
IdealRatings ESG scoring Methodology

IdealRatings determines a company's ESG rating by researching and documenting answers to a series of questions (or inputs) for each of the three pillars (E, S and G). There are over 150 inputs captured during the research process.

Each pillar has a maximum score of 100, and the weight each KPI contributes to a company's overall pillar score is based on an industry-relative model. For example, inputs under the Waste Management KPI of the environmental pillar could have a weight of 0% (meaning the inputs have no effect on a company's score) for a company in the Chemicals Specialty Industry, yet a weight of 15% (meaning the KPI contributes 15% to the overall numerical score for the environmental pillar) for a company involved in energy production.

The sum of the three pillar scores becomes the company's IdealRatings ESG score, which can be converted to a letter grade as shown in the table.

Users can also build their own rating and scoring methodology by selecting to include only certain ESG KPIs and/or inputs and weighting them according to their own scale.



Data sources

The IdealRatings research team collects comprehensive information from a variety of sources, including but not limited to:

- Sustainability or CSR reports
- Financial/Annual reports such 10-K filings, 10-Q filings, proxy statements, etc.
- Chairman/CEO letters
- Credible news sources such as Bloomberg and Reuters
- Carbon Disclosure Project (CDP) reports
- Law dockets
- United Nations Global Compact Principles signatory lists
- ISO certification reports
- Carbon Tracker
- Company surveys and direct contact with the companies where appropriate

