

# Building the 'Go-To' bank



# About this report



## Citizenship Report 2013

Barclays Citizenship Report provides a comprehensive view of performance against our 2015 Citizenship Plan.

We also release supporting information, including our reporting protocol, full independent assurance statement and GRI index.



Visit: [barclays.com/citizenshipreport](http://barclays.com/citizenshipreport)



## Annual Report 2013

Barclays Annual Report includes the Strategic report, the Governance report, Risk review and the Financial report – including our audited financial statements.



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## Basis of preparation

The Citizenship Report (the Report) gives a comprehensive account of Barclays' performance in 2013 across a range of social, ethical and environmental areas. It outlines progress on the priorities and targets identified in our 2015 Citizenship Plan, and how we are addressing issues identified as important to both our business and stakeholders.

The Report comprises a strategic report which includes an overview of key activity and the challenges we faced and detailed information providing in-depth discussion and data. The term 'Barclays' or the 'Group' means Barclays PLC together with its subsidiaries. 'Barclays' and 'Group' are terms which are used to refer to either of the preceding groups when the subject matter is identical.

We disclose non-financial information on a voluntary basis. We adhere to the AA1000 AccountAbility Principles Standard (2008) ('AA1000APS') principles of inclusivity, materiality and responsiveness. We have set out in more detail how we adhere to the AA1000APS principles in our Citizenship Reporting Protocol. The Citizenship Reporting Protocol also provides important information about our reporting boundaries and definitions for the Citizenship data included in this Report.

We engaged KPMG LLP to undertake a limited assurance engagement over the selected Citizenship performance data that has been marked in this Report with the symbol  $\triangle$  or  $\blacktriangle$  and the description of Barclays' adherence to the AA1000APS principles marked with the symbol  $\circ$ . For more information, please see page 49.

We report against the Global Reporting Initiative ('GRI') G3 Indicator protocols and Financial Sector Supplement. We have self-declared our reporting, considering our Citizenship Report, our Annual Report and Accounts and supplementary online information, to be Application Level B. See the Global Reporting Initiative Index online for more information.

## 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 certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results 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 regarding the Group's future financial position, income growth, assets, impairment charges and provisions,

business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs, original and revised commitments and targets in connection with the Transform Programme, deleveraging actions, estimates of capital expenditures and plans and objectives for future operations 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 (IFRS), 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 (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, United States, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued 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 the Group; the potential for one or more countries exiting the Eurozone; the implementation of the Transform Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Additional risks and factors are identified in our filings with the SEC including our Annual Report on Form 20-F for the fiscal year ended 31 December 2012, and in the Form 6-K (Film No. 131097818) dated 16 September 2013, both of which are available on the SEC's website at <http://www.sec.gov>. Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the SEC.

## Chief Executive's introduction



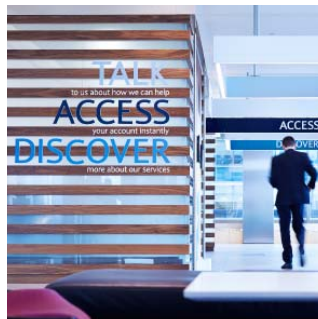
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## The way we do business

Ensure our decisions take account of stakeholder needs in the short and long term.



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## Contributing to growth

Deliver product and service solutions to help more people and society progress in a sustainable way.



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## Supporting our communities

Help five million disadvantaged young people develop the skills they need to fulfil their potential.



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# About Barclays



Barclays is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking, and wealth and investment management. We have an extensive international presence in Europe, the Americas, Africa and Asia.

Barclays' purpose is to help people achieve their ambitions – in the right way. With over 300 years of history and expertise in banking, we operate in over 50 countries and employ approximately 140,000 people. We move, lend, invest and protect money for customers and clients worldwide. Our Retail and Business Banking businesses are organised regionally, delivering products and services to individuals and small businesses. Barclaycard and our Investment Bank, Corporate Banking, and Wealth and Investment Management businesses operate internationally.

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## 50

We operate in over 50 countries

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## 48 million

We move, lend, invest and protect money for 48 million customers and clients

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## 139,600

We employ almost 140,000 people worldwide

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## 300

We have over 300 years of history and expertise in banking

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## £28,155m

Total income net of insurance claims in 2013

Barclays' banking and financial service businesses work together to provide customers and clients with the best offerings across our chosen markets



#### UK Retail and Business Banking (UK RBB)

A leading UK high street bank providing retail banking services and general insurance to individuals and business banking services to small and medium enterprises (SMEs)

#### Europe Retail and Business Banking (Europe RBB)

A local presence for Barclays customers in Spain, Italy, Portugal and France, providing retail banking services to mass-affluent individuals and business banking services to SMEs

#### Africa Retail and Business Banking (Africa RBB)

A leading pan-African retail and business bank serving customers and clients in 12 countries with a range of banking and bancassurance solutions

#### Barclaycard

A leading international payments business, offering payments and lending to individuals, and a range of business services including card issuing and payment acceptance services

#### Investment Bank

A global investment bank serving large corporate clients, financial institutions, governments and institutional investors with financial advisory, capital-raising, financing and risk management services

#### Corporate Banking

A leading provider of integrated cash management, financing and risk management solutions to large corporate clients in the UK and South Africa, and multinationals and financial institutions globally

#### Wealth and Investment Management

A leading global wealth manager and advisor, providing private and intermediary clients with international and private banking, investment management, fiduciary services and brokerage



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# Introductions



**A successful, vibrant finance and banking sector is an essential enabler of social and economic progress, growth and development.**

Ensuring that we consider the needs of all our stakeholders and take decisions which, in the long term, are positive for our customers, clients, shareholders, colleagues and the communities in which we operate is essential to enabling us to fulfil that role. Above all, we must conduct our business in a way that is sustainable, facilitating greater and more inclusive prosperity for current and future generations.

One year on from launching our Purpose and Values, we have taken a number of significant steps to integrate these concerns more fully into the way in which we make decisions and do business. Indeed, it was a pleasure throughout 2013 to see first-hand the commitment of colleagues to embedding our strategy and the progress that we are making on the journey towards becoming a sustainable 'Go-To' bank.

Our Balanced Scorecard demonstrates clearly that success will no longer be measured just by what we do, but also by how we do it. The Barclays Way – our new global code of conduct – will be our compass on this journey. We have also strengthened our 2015 Citizenship Plan, including enhancing the way in which we understand, review and factor emerging societal concerns into our decision making. We remain focused on strengthening our Reputation Risk and Conduct Risk frameworks, at Board level, to ensure we identify and manage them to consistently high standards throughout our business.

Having secured the foundations on which to build, we move into 2014 with our core values – respect, integrity, service, excellence and stewardship – driving everything we do to achieve our ambition of becoming the 'Go-To' bank. I am proud of the work that colleagues across Barclays are doing every day for societies and communities around the world. But there is much more to do and we will continue to work hard to engage more meaningfully both with society and with our peers to ensure that we are in the best possible position to deliver long-term, sustainable value for our shareholders, our clients and customers, our colleagues and society at large.

Sir David Walker, Chairman



**People rightly expect businesses to demonstrate leadership by serving as a catalyst for helping societies to prosper. Barclays is committed to meeting that responsibility.**

The impact that Barclays can have on societies across the world should not be underestimated; and the decisions we make as a business have the ability to deliver positive benefits far beyond the places in which we operate.

Over the past year, we have put the foundations in place to embed citizenship into the fabric of our business and this Report provides a comprehensive view of our progress and the challenges we have faced. We have launched our new Purpose and Values, our new global code of conduct, the Barclays Way, and our Balanced Scorecard. The Scorecard, alongside our Purpose and Values are now integral to how we measure and reward individual and business performance and will align the organisation behind our long-term goals.

We are on track to deliver against many of our targets on our Citizenship Plan. As part of this, I am particularly proud of the work colleagues have done to identify and expand partnerships with clients, government and non-profits to scale positive social impact on issues such as youth employability and entrepreneurship.

Throughout 2013, we continued to engage with our stakeholders across the world to better understand their concerns, explore how we can work together and receive feedback on how we can do more. Society continues to face profound social, economic and environmental challenges. So, we must build on the feedback from our stakeholders, maintain momentum, think more boldly and work with others to truly make a transformative contribution to society far beyond 2015.

Ensuring Citizenship is at the heart of everything we do is essential if we are to help people achieve their ambitions in the right way and become the 'Go-To' bank for all of our stakeholders.

Antony Jenkins, Chief Executive



# Group Chief Executive's review

## Q&A



We have had a number of discussions with stakeholders over 2013 on a range of themes, including our Purpose and Values, views on the financial services industry and specific issues such as conduct, remuneration and tax. In order to summarise our position on these topics and outline our thoughts on the importance of leadership and long-term thinking, we have extracted the material below from a talk by Barclays Chief Executive, Antony Jenkins,

in December 2013. Antony spoke to over 100 students at a Speakers for Schools talk hosted at Brooke House Sixth Form College in Hackney, London on a range of themes, followed by a question and answer session.

Brooke House Sixth Form College has provided permission for the edited transcript to be included in this Report and published in full online on our website.

### Extract from Antony's opening remarks

"Now, the world that you are entering is a world with a lot of challenges and problems. I know most of you are business students, so let me just talk about a few of them. One is demographics – population size and shape. The world's population is continuing to grow. By 2050, there will be 10 billion people on the planet. There are about seven billion today. Why does that matter? Because the more people on the planet, the more resources those people consume. Not just food, which is an obvious thing, but did you know that for every calorie you consume, it takes about a pint of water to grow that food? So we don't just need a lot more food, we're going to need a lot more water, and water's a scarce resource in many parts of the world where population is growing very quickly, particularly in places like India and China.

But the other aspect about population is that the population is ageing. The average age of the population is increasing. The number of people over the age of 100 in the next few years is going to quadruple. So there are going to be fewer people working to provide the resources to help the people who are ageing. Demographics – one problem.

The second problem is climate change. There is no doubt that the climate is warming. As the climate warms, that poses lots and lots of challenges for people who live in places like sub-Saharan Africa where it's too hot or will become too hot to grow food. The water level rises. That creates problems. Temperature switches create more violent weather. And that, most people would agree, is a consequence of the way that developed and developing

nations structure their economies. Lots of carbon dioxide, CO<sub>2</sub>, produced by power stations burning coal. And that's a problem that society has known about for 20 or 30 years.

And the third problem is a problem which is particularly relevant to all of you, and that is youth unemployment.

As I travel around the world – to Africa, Spain, the United States, Portugal, Italy and this country – there are very high and unprecedented levels of youth unemployment. And why is that the case? It's the case because the nature of work has changed fundamentally.

And what these problems all have in common is the same characteristic, and that characteristic is that they are all very long-term, complex, important problems to the societies where we all live at a time when our institutions are geared increasingly to the short-term. People accuse business of being short-term focused. They look at the financial crisis that the banks were involved, that Barclays was involved in, and say correctly that that was the result of short-term focus on profits.

So how do we address some of these very long-term problems with more long-term thinking? We have to deliver in the short term. Of course we do. But we have to have a long-term perspective. And for me, that comes down to leadership, and people who have jobs like mine have a big responsibility to lead their organisations in a way that recognises both the long-term and the short-term."

### Q As you've been in charge of Barclays just recently, where do you want to lead it?

A If you think about what banks do, banks sit right at the heart of the societies where they do business. In some ways, they're different to other businesses because they're so important to the economy.

If you don't have a vibrant and active banking system, you can't have a growing economy, and without a growing economy, you can't have a vibrant and growing society. And I think the essence of what I'm trying to do is run Barclays in a way that delivers for all of the people that we have to serve.

Now historically, businesses would say their job was to make profits for their owners or their shareholders and that's important because if we don't make profits for our owners and shareholders, then we don't have any capital to invest in the business. We also have to serve our customers and clients. We have to make sure that the people who work at Barclays feel motivated and engaged by the organisation, that they can grow their careers. But most importantly, we have to be seen to be a force for good in society.

Now, I recognise there's a degree of cynicism because banks have not been seen as that traditionally. But it's very important that the industry begins to be more proactive in fulfilling its responsibilities to society and rebuilding trust.

# Group Chief Executive's review

## Q&A

Now, this sounds vague and generic, so we'll be publishing eight commitments for the business. There will be two targets for our shareholders, two targets for our colleagues, two targets for society, and two targets for our customers and clients. We will publish those targets and people will be able to hold us accountable for delivering them.

It's about, in essence, doing business in the right way. Is it the right thing to do? Most people know what the right thing to do is intuitively, but because we have 140,000 people in Barclays, we've had to be a bit more specific about that. So we've defined five values for Barclays and they're how I expect people to behave in the organisation. Those values are respect, integrity, service, excellence, and stewardship. You might say the first four are pretty obvious. Of course we want people to treat each other with respect. We want to act with integrity. We want to have high levels of service. We strive for excellence. All of those things may appear to be logical and rational. But the fifth value is the most important and that's the value of stewardship. What that really means is that when you work in an organisation like Barclays, which is 320 years old, you have an obligation when you leave Barclays to leave it in a better condition than when you came.

> See more on the Balanced Scorecard on page 10

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**Q You spoke about shareholders that you had to ask for more money, possibly £6 billion, but I read somewhere that employees get a bonus [of] about £1.6 billion every year. So why don't you just cancel the bonus instead of asking for more money from shareholders?**

A That's a good question. Basically if you want to be in certain types of business, you have to accept the pay structures in those industries.

If I'm in investment banking, I have to be prepared to accept the compensation that goes along with investment banking and that is in the interest of our shareholders. However, it is very important when it comes to pay that, firstly, you pay for performance. In other words, you only pay the good people. And that you pay competitively. In other words, you don't pay more than you have to because of the market in which you operate. So it's always controversial, the amount of money that's paid to certain sectors in banking, not all. Many people who work in Barclays, the vast majority, make about the sort of average salary that most people in this country make.

> See our Annual Report for more information

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**Q What are you trying to implement to stop any further [issues] such as bankers pushing interest contracts in a way that it perpetuates them not thinking about how the contract is laid out, but in terms of just pushing for profit?**

A So that goes back to the values we've set and holding people accountable for doing their work in line with those values.

Every year, we assess people and determine how they've performed in the year, and traditionally, that would be about what you've achieved. But now it's as much about how you've achieved it. In other words, you have to be living the values. You have to be doing business in the right way. You have to be helping your customers, not just selling them a product they don't need so you can make money quickly. The combination of what you do and how you do it determines your overall performance rating: whether you get promoted, how much you get paid, and so on. It's very important because you're right to say, 'Well, what's really going to change?' It's very important that we change the way we run Barclays because if we just run it the way we ran it before, we're not going to get a different result. That's what I'm very committed to doing – to changing Barclays in a way that meets the needs of all of our stakeholders in both the short and the long-term.

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**Q You spoke about achieving this balance between the short run and the long run, but have you ever found yourself in a situation where you had to make a decision which benefits your organisation in the long run, however, has negative implications in the short run?**

A I face these dilemmas every day, actually – perhaps the most visible one is the question of the rights issue which we conducted in the summer. What happens with the rights issue is that you ask your existing shareholders for more money. That tends to be quite a difficult thing to ask shareholders for in the short-term, but it was the right thing to do to position the bank strongly going forward for the medium and long-term. This is why we asked our shareholders for close to £6 billion of extra money to put into the bank.

That is an example of balancing those short and long-term types of decisions. And it's not easy. It's hard enough to run any institution just for short-term success, let alone trying to succeed in the short and the long-term. But it's the responsibility of leadership to take both perspectives and to achieve balance between them.

> See our Annual Report for more information



**Q You say that your staff come in every day and want to serve customers, but then why aren't they honest with the customers when, for example, they open bank accounts? I'm speaking from something that I've been through. When I opened a bank account, I said that I didn't want to arrange [an] overdraft, but then they gave me an overdraft. So how do you deal with that?**

A Most people in big organisations are not badly intended at all. They want to do the right thing. It's sometimes that they perceive the right thing differently. That person may have thought that they were doing you a favour providing you with an overdraft because at some point you may need an overdraft.

But the issue is, if you don't want an overdraft, then you shouldn't be encouraged to take one, and that's the very delicate balance in getting tens of thousands of people who work in branches every day to do the right thing. I emphasise they want to do the right thing. It's up to the leadership of the bank to guide them and help them to identify what that right thing is. And the process of changing the bank does take time.

Barclays is changing. We know that from lots of different data sources. We still don't get it right every day. But we are absolutely committed to getting it right.

**Q I understand that you've stepped into Barclays now and you've changed, shaken up things a little bit, and I've done background research on Barclays, and I found out that in the past, there was something about tax evasion going on. So what are you guys doing with that money now?**

A Firstly, tax evasion is one thing and that is illegal. Tax avoidance is not illegal but may well be outside the spirit of what society expects you to do. And historically, Barclays was quite active in [aggressive] tax avoidance and that is something that we have stopped doing. One of the things I did early on was I closed the part of the business that was involved in that.

> See more on our Tax Principles on page 27

**Q How do you plan to improve the trust that customers have in your bank?**

A Trust is a very easy thing to lose and a very hard thing to win back. In my view, it will take several years, probably between five to 10, to rebuild trust in Barclays. I can only be responsible for Barclays, but I'm hoping in what we do at Barclays we can also begin to rebuild trust in banking. That is about what you do, not what you say. I can sit here and tell you we're running Barclays in a different way, we're not incentivising our colleagues in the branches to sell products to people who don't need them. I can tell you all of that but until people really begin to perceive the change, then the trust won't start to rebuild. That's why there's a lag because firstly we have to get the organisation to do business differently, and that's happening, but then people have to perceive that we're doing business differently, before they give us credit for it, and then ultimately trust will come back.

# Strategy

## Our business

As a global bank with a diverse and integrated range of products for individuals, businesses, institutions and governments, Barclays can make a positive contribution to global economic growth and development.

Our joined-up business model enables us to stay relevant to our customers' needs and help them to achieve their ambitions in the right way: be it raising finance for a major corporate acquisition to helping someone buy their first home. Our international scale and global expertise also enables us to transfer innovation across regions and scale solutions to help address social challenges; for example, using our global financing expertise to raise capital for the South African renewable energy programme or developing mobile banking technology to help increase access to financial services.

At the heart of our strategy is the strong belief that there can be no conflict between good results and good values if we are to build a successful, sustainable business over the long-term. Along with the financial services industry as a whole, we have faced unprecedented challenges and continue to do so. The landscape for banks has fundamentally changed and will continue to evolve in the coming years. We believe these changes represent a structural shift and also create massive opportunity. We have embraced change as a business, with 2013 marking the launch of our Goal, Purpose and Values and the Transform programme.

## Building the 'Go-To' bank

We believe there is a real opportunity to build a customer and client focused, socially useful bank that generates sustainable returns to shareholders and wider stakeholders over the long term. This is a unique chance to build what we have described as the 'Go-To' bank.

Transforming Barclays and the way we do business – becoming the 'Go-To' bank – will be a long, challenging but also exciting journey. The outcome will be worth the effort.

Barclays Strategic Review, commenced in Q4 2012, is part of a long-term programme to transform the culture and performance of Barclays over the next three to five years. The Transform programme is the way in which we will deliver our strategy.

The Turnaround phase of Transform is largely complete, with the implementation of our strategic review leading us to exit certain lines of business and redefine our Purpose, Values and Behaviours.

We are making good progress but also acknowledge there is still much work to be done. Achieving our goal of becoming the 'Go-To' bank will require us to accelerate, collaborate and be resolute in our objectives. For more detail on our strategy and 2013 performance, refer to the Annual Report.



## Transform: delivering our strategy

**Barclays' sustainable success will be assured by becoming the 'Go-To' bank for all our stakeholders. If we understand their needs and priorities and put them at the heart of our decision-making, we will be able to build a bank which is lower-risk, more predictable and higher-performing.**

### The strategic response

In 2013, we launched the Transform programme to deliver the recommendations of the Strategic Review. Transform is the plan that will help Barclays become the 'Go-To' bank. It has three overarching goals: Turnaround, Return Acceptable Numbers, Sustain FORward Momentum.

### Turnaround the business

Turnaround was the immediate task of stabilising the business and maintaining momentum. In the second half of 2012, we delivered our new Goal, Purpose and Values to unite Barclays with a shared sense of direction – how we will do business.

We have put in place a new Executive team whose core focus is focused on delivery. Our 139,600 colleagues have all participated in workshops and training in Barclays' values.

### Return Acceptable Numbers

In 2013, we turned our attention towards the longer-term transformation of Barclays. For our Return Acceptable Numbers phase, we are de-risking and deleveraging the business to make it more sustainable for the long term.

We committed to consolidate core lines of business, to generate £1.7bn of cost savings by 2015, to improve our Risk Weighted Assets (RWAs), funding and liquidity, and to reach a Core Tier One capital ratio of 10.5%.

### Sustain Forward Momentum

Our journey to 'Go-To' depends on continuing to adapt Barclays for the future and ensuring that we do not return to a short-term bias as we execute our plans.

The Board-commissioned Salz Review also prompted us to review our conduct. We are committed to being open and transparent and to regaining the trust of all of Barclays'

stakeholders. To sustain momentum we have integrated our necessary behavioural transformation into our Transform programme. Full details on our response to the Salz Review can be found in the Annual Report.

A strong culture is the first line of defence against repeating the mistakes of the past. To unite around Barclays' Values and Behaviours, we published 'The Barclays Way' to govern our way of working across our business globally. Colleagues are essential to embedding our Purpose and Values and, in 2013, all of our colleagues attended Values and Behaviours engagement sessions.

Reward and incentivisation is a critical enabler of behavioural change. As of 2014, colleague performance will be measured and rewarded not only on 'what' an employee delivers but also 'how' they achieve their objectives. As such, remuneration will align with Barclays' Purpose, Values and Behaviours as well as the Group Balanced Scorecard.

### Focus of efforts in 2014

In 2014, we will continue to build on the progress made in 2013. We will stay alert to the evolving regulatory landscape and aim to improve our regulatory and public disclosures by engaging with our regulators and maintaining greater overall transparency.

The new regulatory and emerging business environment will inevitably call for continued rigorous review and adaption of the mix and structure of the businesses of the bank to ensure we generate sustainable returns.

However, we need to take care to ensure that regulation does not go too far. A healthy banking sector that generates returns above the cost of equity is essential to economic growth. Vibrant economies need vibrant banks. It is therefore important to ensure that the regulator focus on conduct supervision does not inadvertently result in the withdrawal of services and the restriction of choice for our customers.

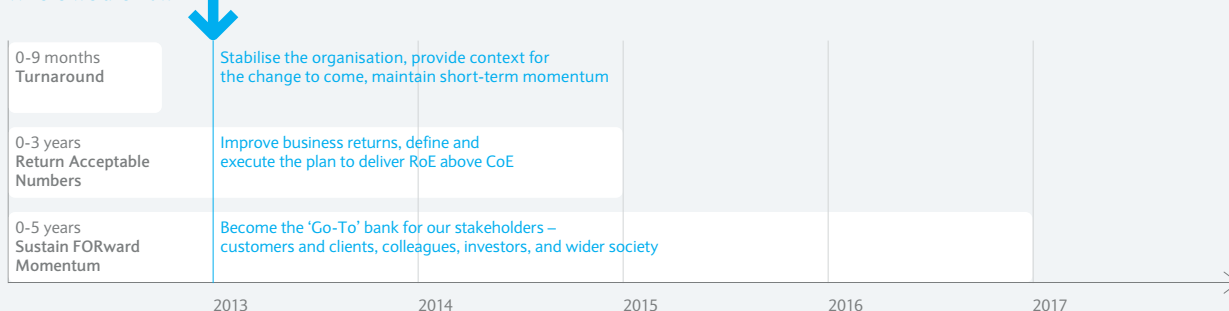
Another key focus over 2013 and the coming year is rebuilding the trust that customers, clients and stakeholders have in our organisation. We have pledged to increase transparency and conduct our business in the right way, as set out in our Values.

## → Transform: delivering our strategy

The quality and commitment of the people at Barclays, combined with our underlying financial strength, means we start our transformation from a good position. The Barclays Strategic Review, commenced in Q4 2012, is a part of a long-term programme to transform the culture and performance of Barclays over the next three to five years.

The Transform programme is the way in which we will deliver our strategy. With the initial 'Turnaround' phase complete, we now look forward to 'Return Acceptable Numbers' and to 'Sustain Forward Momentum'.

### Where we are now




# Balanced Scorecard

‘The Balanced Scorecard is the final crucial piece of our plan – alongside our Purpose and Values – to embed the right culture in our business and become the ‘Go-To’ bank’.

The Balanced Scorecard sets out eight specific commitments across our 5Cs (Customer & Client, Colleague, Citizenship, Conduct and Company) and defines what we need to achieve over the next five years to be well on the way to becoming the ‘Go-To’ bank.

We are committed to monitoring and reporting on our progress annually so that stakeholders can hold us to account. The Balanced Scorecard is supported by strategic initiatives that will drive progress across the 5Cs.

The Balanced Scorecard gives clear strategic context for our colleagues around what becoming the ‘Go-To’ bank will look like and lays out Barclays’ priorities. The Barclays Balanced Scorecard is cascaded into business unit and function scorecards. Together, these provide line of sight to employees to our organisational goal. They also provide a framework and starting point for all employees when setting their individual performance objectives across the 5Cs.

 For more detailed information on the Balanced Scorecard, please see [barclays.com/balancedscorecard](https://barclays.com/balancedscorecard)

## → Our Balanced Scorecard

Becoming the ‘Go-To’ bank for all our stakeholders

Balanced Scorecard: overview








### Outcome Statements

We balance our stakeholders’ needs across the short and long term.

Our activities drive mutually reinforcing outcomes across stakeholders.

### Outcome Statements

 <b>Customer &amp; Client</b>	<ul style="list-style-type: none"><li>■ We are ‘Go-To’ for our customers and clients</li></ul>
 <b>Colleague</b>	<ul style="list-style-type: none"><li>■ Our colleagues are fully engaged</li><li>■ We create a diverse and inclusive environment where colleagues can fulfill their potential</li></ul>
 <b>Citizenship</b>	<ul style="list-style-type: none"><li>■ We positively impact the communities in which we operate</li></ul>
 <b>Conduct</b>	<ul style="list-style-type: none"><li>■ Our products and services are designed and distributed to meet clients’ needs</li><li>■ We act with integrity in everything we do</li></ul>
 <b>Company</b>	<ul style="list-style-type: none"><li>■ We create sustainable returns above the cost of equity</li><li>■ We understand and effectively manage our risks, and continuously improve control</li></ul>

## Metrics and targets

We have agreed eight key measures against which we and our stakeholders can hold us to account. We are committed to monitoring and reporting on our progress annually.

	Metric	Actual 2013	Target 2018
<b>Customer &amp; Client</b>	RBB, Barclaycard and W&IM: Weighted average ranking of Relationship Net Promoter Score <sup>a</sup> vs. peer sets	4th	1st
	CIB Client Franchise Rank: Weighted average ranking of wallet share or customer satisfaction with priority clients	4th	Top 3
<b>Colleague</b>	Sustained engagement of colleagues score	74%	87-91%
	% women in senior leadership <sup>b</sup>	21%	26%
<b>Citizenship</b>	Citizenship Plan – initiatives on track or ahead	10/11	Plan Targets
<b>Conduct</b>	Conduct Reputation (YouGov survey)	5.2/10	6.5/10
<b>Company</b>	Return on Equity (Adjusted)	4.5%	> Cost of equity
	Fully Loaded CRD IV CET1 ratio	9.3%	>10.5%

For further information on Balanced Scorecard Methodology and Data Sources please visit [barclays.com/balanced-scorecard](http://barclays.com/balanced-scorecard) and see the 'Metrics and targets' page

## Delivering our strategic targets: Example Strategic initiatives

Here are some examples of strategic initiatives that will drive progress across the 5Cs and support our goal to become the 'Go-To' bank.

<b>Customer &amp; Client</b>	<ul style="list-style-type: none"> <li>■ We are using technology to improve our customers' and clients' experience and to be responsive to their changing needs, such as through Barclays Mobile Banking, BARX, PayTag and Barclays.Net</li> <li>■ We are making our most important customer and client interactions as simple and instant as possible – putting power in their hands to transact when, where and how they want to</li> <li>■ We are simplifying our products and services and improving what we offer to match customer needs with the right service model</li> </ul>
<b>Colleague</b>	<ul style="list-style-type: none"> <li>■ We have launched our Purpose and Values, and we are embedding them into all our HR processes including: recruitment, promotion and performance management</li> <li>■ We are developing and training leaders through the Barclays Leadership Academy and Barclays Global Curriculum</li> <li>■ We are driving a consistent global diversity and inclusion plan resulting in a more visibly diverse talent pipeline</li> </ul>
<b>Citizenship</b>	<ul style="list-style-type: none"> <li>■ We are ensuring the way we do business reflects broader societal and environmental considerations</li> <li>■ We are contributing to growth through financing, supporting businesses and ensuring our products and services support sustainable progress</li> <li>■ We are supporting the communities where we operate by helping five million young people to develop enterprise, employability and financial skills</li> </ul>
<b>Conduct</b>	<ul style="list-style-type: none"> <li>■ We are following a rigorous and transparent framework on conduct risk reporting and management</li> <li>■ We are using material conduct risk assessments to effectively identify, assess and manage conduct risk</li> <li>■ We are exercising sound judgements to avoid detriment to customers, clients and counterparties or to market integrity</li> </ul>
<b>Company</b>	<ul style="list-style-type: none"> <li>■ We are delivering the initiatives across the strategic quadrants: Invest and grow, Reposition, Transition, and Exit</li> <li>■ We are managing costs (rightsizing, industrializing, innovating) and delivering our leverage and capital commitments</li> <li>■ We are improving our controls through the launch of "The Barclays Guide", which covers how we organise, manage and govern ourselves and includes a new risk management framework</li> </ul>

### Notes

a Net Promoter, Net Promoter Score, and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.

b Senior leadership represents the Managing Director and Director corporate grades combined, a population of over 8,000 employees. Under the Companies Act 2006 we are also required to report on the gender breakdown of our 'senior managers'. For this purpose, we have 988 senior managers (179 female and 809 male) who include Officers of the Group, certain direct reports of the Chief Executive, heads of major business units, senior Managing Directors, and directors on the boards of subsidiary undertakings of the Company.

# Balanced Scorecard: Citizenship



## Citizenship

**Citizenship is a critical part of becoming the 'Go-to' bank for all our stakeholders. And, for society, it means we can serve as an enabler for greater, inclusive prosperity for current and future generations. This means taking into account the needs of all our stakeholders and making decisions which, in the long term, are positive for our customers and clients, shareholders, colleagues and the communities in which we operate.**

The Barclays Citizenship Plan (the Plan), launched in June 2012 and updated in July 2013, is an evolving set of global commitments organised around three areas where we believe we can have the most impact: The way we do business, Contributing to growth and Supporting our communities.

### Engaging with stakeholders

Establishing an on-going dialogue with key stakeholders is an important part of our approach. We connect with stakeholders to share information about our business and strategy, to develop our Citizenship priorities and provide updates on performance, as well as open doors for collaboration and pursuit of common goals. We want to focus on areas that are important to our stakeholders and are strategically aligned to both our business performance and broader social impact.

We recognise there may be stakeholders who still have concerns about the role of banking and Barclays. Striking a balance between the views and needs of all of our stakeholders is a challenge and we may not always get it right; but we are committed to listening and collaborating with all our stakeholders and putting it right when we don't.

In 2013 we launched a number of platforms to listen and engage with our internal and external stakeholders. We held structured dialogues in London, New York and Johannesburg to better understand their concerns, gather input on Barclays' Citizenship strategy and performance, and identify opportunities for further dialogue and collaboration. Key themes from the dialogues included the need to define an ambitious vision that reflects the scale of the challenge and the role Barclays will play. In addition, stakeholders are keen to see more evidence of integration into our core business and stressed the importance of leadership and collaboration. Further detail on stakeholder engagement in 2013 is available in our reporting protocol and on our website.

### Looking forward

We have taken on board the challenge from stakeholders to build our ambition longer term, and are currently developing our strategy beyond the current 2015 Citizenship Plan.

While we have made progress, we recognise we have much more to do and that our 2015 Plan is about foundational activity. We recognise that to be the Go-To bank for all our stakeholders, we must better understand the challenges and opportunities society will face in the long term – looking towards 2020 and beyond.

## The global context...

### 46%

Levels of trust in financial services globally, the lowest across major industry sectors

### 60%

Percentage of UK business leaders who rate short-termism as a major impediment to growth and development

### 29

Global Systemically Important Financial Institutions (G-Sifi's) in 2013

### \$2.1-\$2.5tr

Total unmet need for credit by all formal and informal micro-SMEs in emerging markets (in 2010)

### £84-£191bn

Forecast shortfall in funding required to UK SMEs (2012-2017) to fund working capital and expansion needs

### \$500 bn/yr

Estimated global annual spending needed on clean energy (to 2020) to restrict global average temperature increase to 2°C

### 73.4m

Estimated number of young people out of work globally in 2013 (12.6 % or 1 in 8)



While we can't predict the future, we do know that the world is facing a number of influential shifts – from imbalanced population growth to increased pressure on cities and natural resources to the growing gap between the rich and poor. Addressing these issues will involve trade-offs and require new levels of leadership and collaboration.

That is why in late 2013, we began to engage a wide range of stakeholders with many different perspectives to better understand the challenges society will face in 2020 and begin to build an ambitious vision. As part of this process, we are bringing together people to discuss the future of the socially valued organisation – to share views, challenge and explore underlying drivers of change, debate regional perspectives and begin to build a collective view.

In 2014, we will continue this dialogue, report on progress and continue to develop a bigger, bolder ambition in line with the needs of future generations. This shift to long-term thinking will equip our organisation to be a truly sustainable 'Go To' bank for all our stakeholders.

### Citizenship governance

#### Board-level accountability

In 2013, the Board Citizenship Committee's remit was broadened to include reputation and operational risk and the way we conduct our business. It was renamed the Board Conduct, Reputation and Operational Risk Committee and retains responsibility for oversight of our Citizenship strategy. See the Annual Report for more information.

### Executive and management oversight

Our Executive Committee is responsible for managing the delivery of our Citizenship agenda. During 2013, we significantly enhanced our governance structure with the expansion of the Citizenship Leadership Council (CLC), which is comprised of senior leaders from every business and function.

The CLC supports the Executive Committee in fulfilling their objectives and meets monthly to monitor progress against our strategy, oversee the development of new initiatives and drive the integration of Citizenship in day-to-day decision-making.

We have also significantly increased activity across every business and function, including new Steering Committees that have implemented specific business or regional Citizenship strategies. This includes Corporate and Investment Banking and Wealth and Investment Management, as well as an African Leadership Council.

We have a network of experts throughout the organisation to support, monitor and ensure the delivery of our Citizenship objectives in specific areas; for example, our Environmental Risk Management team is part of the overall Risk function. A central Citizenship team works collaboratively with divisional Citizenship leaders, environmental managers, procurement professionals and specialist commercial teams.

## ...and key stakeholder concerns

### Topics raised during our engagement in 2013

- Conduct issues and culture change
- Financial performance
- Capital and leverage
- Remuneration
- Customer experience
- Banking reform and systemic risk
- Restructuring
- Transparency
- Access to lending and financing
- Tax
- Financial inclusion
- Public Policy
- Environmental and social impacts
- Youth unemployment and the skills gap

## ...shape our approach

### Barclays Citizenship Plan is focused on three key pillars

#### The way we do business

Ensure our decisions take account of stakeholder needs in the short and long term

#### Contributing to growth

Deliver product and service solutions to help more people and society progress in a sustainable way

#### Supporting our communities

Help five million disadvantaged young people develop the skills they need to fulfil their potential

# Balanced Scorecard: Citizenship

## Citizenship in the Balanced Scorecard

In 2013, we embedded delivery against the Plan into the Balanced Scorecard. We track overall performance against 11 metrics based on our 2015 Plan commitments.

We introduced three new targets in 2013: attestation to the Barclays Way, our new code of conduct; a global stakeholder survey; and prompt payment for our suppliers. We also committed to a new carbon reduction target of 10% by 2015, against a 2012 baseline.

The Scorecard covers most of our Plan commitments but there are two areas where we do not yet have appropriate metrics and targets – transparency and reducing systemic risk. These are complex themes that are difficult to measure using clear high-level indicators. We will continue to explore options to develop suitable metrics for these objectives in the future.

The dashboard below summarises 2013 performance against our targets. We are on-track to deliver 10 out of 11 targets in 2013 and are making progress against our

Plan commitment	Metric	2012	2013	Status	Plan Target 2015 (cumulative)
<b>The way we do business</b>					
1. Implement a global Code of Conduct to set clear and consistent expectations of behaviour	'Barclays Way' Code (% employees attested)	New	85%	⊗	97%
2. Ensure material business decisions reflect stakeholder considerations	Citizenship Reputation (YouGov survey)	New	4.9/10	☑	6.5/10
3. Proactively manage the environmental, social & governance impacts of our business	Global carbon emissions (tonnes CO <sub>2</sub> % reduction y-o-y)	New	-5.2%▲	☑	-10%
	% suppliers paid on time (45 days, by value)	New	83%	☑	85%
4. Be market leading on transparency – being as open as possible about how we do business	No suitable metrics available				
5. Minimise our broader systemic risk to the economy and society	No suitable metrics available				
<b>Contributing to growth</b>					
6. Leverage our products, capital, networks and expertise to drive sustainable progress	New and renewed lending to households (£bn)	£33.4bn	£34bn	☑	£150bn
	New and renewed lending to SMEs (£bn)	£11.1bn	£13.4bn	☑	£50bn
	Assist in raising financing for businesses and governments (£bn)	£830bn	£840bn	☑	£2000bn
7. Help more businesses to start-up and grow	Number of SMEs supported with seminars, tools and training	36,000	59,000	☑	120,000
8. Improve youth employability	Number of apprenticeships at Barclays	486	667	☑	2000
<b>Supporting our communities</b>					
9. Deliver £250 million of investment in community programmes	Investment in community (£m)	£64.5m	£72m	☑	£250m
10. Help build the enterprise, employability and financial skills of five million 10 to 35 year olds	Number of 10-35 year olds supported in building skills	1.21m	1.22m	☑	5m

▲ Within KPMG's limited assurance scope. Please see page 49.

2015 goals. Further detail on performance is available in the following sections of this report.

We are keen to enhance our approach to measuring performance and adopt more innovative ways to measure the wider outcomes and impacts of our activity.

However, we also need to strike a balance between innovative metrics with the ability to credibly gather and verify data. We need reliable tracking mechanisms with robust controls.

### Definitions and reporting processes

Reporting on non-financial metrics does not yet have the same rigour and standardised definitions that apply to financial reporting.

We publish a reporting protocol, which sets out definitions and assumptions for our key metrics, and outlines data collection and verification processes.

### Commentary

Off-track against our full completion target, we will aim to improve attestation rates in 2014

85%

Employees attested to the Barclays Way

On-track against our 2018 goal based on surveys run in 2013

4.9/10

Score based on global stakeholder survey

On-track to meet 2015 target to reduce by 10% against a 2012 baseline

5.2%

Reduction in global carbon emissions

On-track to meet 2015 target, currently only tracked for UK spend, expanding global coverage

83%

Suppliers paid on time

We have increased disclosures on key topics and will continue to explore suitable metrics

We have developed Resolution and Recovery Plans and will continue to work with relevant authorities

### Cumulative 2012 and 2013 performance against 2015 commitments

On-track against target, expect increases in 2014 and 15



On-track to meet 2015 target, lending grew in 2013



Ahead of target, total volume raised relatively stable year-on-year



Ahead of target due to increased activity in Africa and the UK



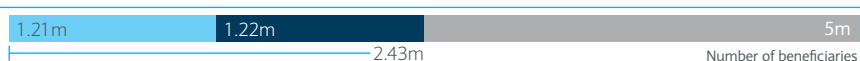
On-track for meeting 2015 commitment on 2,000 apprenticeships in the UK



On-track, improved data quality and inclusion of South African donations in 2013



On-track, improved data quality and tracking of beneficiaries from key programmes



2012

2013

2014

2015

Progress update

# The way we do business

Ensure our decisions take account of stakeholder needs in the short and long term



Code of conduct

85%

of our employees attested to the new Barclays Way code of conduct

[See page 18](#)

Stakeholder survey

4.9/10

Barclays average score on a global survey of over 2,000 stakeholders

[See page 20](#)

Carbon emissions

5.2%

Reduction in Barclays' global carbon emissions year-on-year

[See page 22](#)

Suppliers

83%

We paid 83% of our suppliers on-time in 2013 and aim to improve this going forward

[See page 22](#)

Transparency

Public Policy

New disclosure initiative on our public policy engagement

[See page 26](#)

# The way we do business

## 1. We will implement a global code of conduct

Why is this important?

As a global business operating in many jurisdictions and cultures, it is imperative that Barclays has a clear, accessible and well-communicated code of conduct. This ensures that all colleagues know and understand what is expected of them at work beyond their specific job responsibilities. While we respect cultural differences among our workforce, we also require consistently high standards of behaviour across the bank. The code is key to achieving this, while also giving our stakeholders an insight into how we approach our business every day.

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Key performance measure

85%

Percentage of full-time employees attested to Barclays Way as at end December 2013

The Barclays Way was launched in 2013, replacing a number of existing codes with one unifying document. This is in accordance with the Salz Review recommendation to publish and maintain a global code of conduct, and that all employees attest to it annually. It is much more than a standard rule book. Building on our Purpose and Values, it explains what we mean in terms of desired behaviours at work and how they link to the mandatory compliance policies and practices (those on financial crime prevention, for example).

The Barclays Way has been translated into five languages and communicated to all colleagues. It will be reviewed, updated and re-communicated annually as part of our colleagues' mandatory training. Attestation rates contribute formally to the Balanced Scorecard.

We launched the Barclays Way in October 2013 and set a stretching target to have all our employees attest to the code by the end of December 2013. Our target is 97%, which reflects full completion when taking into account individuals who might be on maternity leave or absent for other reasons such as illness. We achieved an attestation rate of 85%, which was below our target. A primary cause of this was that a substantial number of colleagues had a shorter than planned window in which to complete the attestation due to technical challenges in some regions. We are committed to meeting this target in future years and will continue to aim for full completion. As of February 2013, 94% of employees had attested to having read and understood the code.

Ownership of the code of conduct rests with our Chairman and the main Board. The document has introductory messages from both Sir David Walker and CEO Antony Jenkins, providing a direct and supportive tone from the top. Throughout the document there is a particular focus on the need for colleagues to speak out if they experience or see practices they believe do not adhere to the Barclays Way.

Open and honest conversations should be held with colleagues in team meetings that address and challenge any behaviours, decisions or actions which may be inappropriate and not in keeping with our Values. The Barclays Way explains the importance of honesty and candour, and fostering an environment where colleagues at every level are encouraged to contribute their opinions and concerns.

In addition, we have a formal whistleblowing policy and process, supported by an independent advisor, should any colleague not wish to raise the issue with Barclays directly. This provides a confidential line for colleagues to report issues in good faith, without fear of repercussions.



“Developing The Barclays Way was a vital first step in the Bank’s journey in bringing its purpose and values alive. The next stage is more important though and challenging, which is to embed The Barclays Way with every member of staff so it is lived day to day.”

Philippa Foster Back CBE, Director, Institute of Business Ethics

The selected mandatory policies and procedures referenced in the Barclays Way are of key importance to global ethical conduct. These include our: anti-money laundering, anti-bribery and corruption; data protection and conflict of interest; diversity and inclusion; discipline and grievance; health and safety; and environmental policies. Policies can be downloaded from our website.

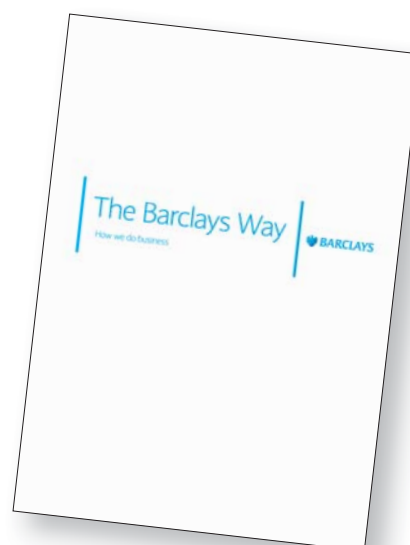
The Barclays Way code of conduct is different from Conduct Risk. The code uses the term conduct in a generic behavioural sense, while Conduct Risk has a regulatory focus in terms of detriment to customers.

 Visit: [www.barclays.com/annualreport](http://www.barclays.com/annualreport)

## Developing the Barclays Way

Development and launch of the Barclays Way was carried out in consultation with a number of different stakeholder groups. As well as gathering the views of the relevant internal departments (for example – human resources, legal, financial crime, compliance) we sought feedback from thought leaders such as the Institute of Business Ethics (IBE). Dialogue with unions in the UK, Europe and Africa was also a key part of the process. We reviewed current perceptions of best practice and aligned content 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 will be subject to an on-going annual review process. We will continue to involve stakeholders in this process to ensure that content is refreshed and updated appropriately. A dedicated internal email address has been set up to receive feedback from colleagues on the Barclays Way and ask any questions on its application. The code is available on our website.



# The way we do business

## 2. We will ensure material business decisions reflect stakeholder considerations

### Why is this important?

As a global business it is important that we consider the needs of all our stakeholders in our core business decisions in the short and long term. We are increasing our capacity to engage, understand and identify stakeholder views and develop tools to help us consider the wider impacts of our decisions. This is essential to the way we do business and we believe it will deliver greater value to our stakeholders.

### Key performance measure

# 4.9/10

Score based on global stakeholder survey response to five questions

#### Global stakeholder survey tracker

The 2013 Citizenship score is an average index score from two surveys conducted for Barclays during 2013, among an audience of global stakeholders (Politics, Media, Business, NGOs and others). The surveys were carried out across the summer period, and from October to December, using telephone and online methods. Around 2000 respondents across key geographies completed each survey. Aggregation across geographies is performed using weightings based on Barclays' income. The citizenship index has a number of components, which carry equal weight in the index calculation. They include whether Barclays takes social, environmental and stakeholder considerations into account when making commercial decisions; whether it has high ethical and moral standards; as well as broader areas, such as operating transparently and contributing to the local economy and community. Targets have been defined to position Barclays as Best In Class by 2018. The surveys were conducted by YouGov, an independent market research agency.

We need to understand the views and opinions of key stakeholders and to evaluate broader societal impacts when making business decisions. This will enable us to enhance our decision-making and improve our ability to deliver returns for all our stakeholders over time. This will require more engagement with our stakeholders on an ongoing basis. It also means that we need to engage on specific issues even where our views may differ significantly from those of our stakeholders.

We have established planning frameworks and analytical tools to manage our core business impacts and have significantly enhanced our approach to managing conduct and reputational risk during 2013. Conduct risk refers to risk of detriment caused to our customers, clients, counterparties, or the Bank as a result of the inappropriate execution of our business activities. Reputation risk is the risk of damage to Barclays brand arising from any association, action or inaction which is perceived by stakeholders to be inappropriate or unethical. The Annual Report has more information on how we manage these risks.

#### Integration into strategy

We are embedding this approach into strategic decision-making at all levels of the business, from our overall strategic review process through to specific decisions on products or initiatives.

The strategic review of the business in February 2013, explicitly considered reputational risk. The focus was on how we deliver returns, as well as on what returns may be delivered. The analysis assessed each business against a range of criteria, including market attractiveness, competitor positioning, regulation, and reputational risk – which was assessed using the lens of Barclays' Purpose and Values. This incorporated the earlier review of reputation risk associated with Corporate and Investment Banking business lines and resulted in Barclays' exit from some businesses, including the Structured Capital Markets tax-related business unit. The view was that, while many tax services provided to clients are not controversial, there were some that relied on sophisticated and complex structures where transactions were carried out with the primary objective of accessing the tax benefits. Although this activity is legal, it was considered incompatible with the Group's purpose and published Tax Principles (see page 27 for more information).

#### Challenges during 2013

Barclays experienced a number of events negatively impacting our reputation in 2013, some of which arose as a result of decisions and behaviours which occurred in previous years. For example, with interest rate hedging products, Barclays recognises that we have not met the standards expected of us by our regulator and customers in some cases concerning small and medium-sized enterprises.

Barclays also took the decision to exit client relationships in the Money Service Business (MSB) sector because of financial crime and regulatory risks in the sector. Although we consider this decision to have been necessary from a regulatory perspective, unfortunately it has impacted on businesses in this sector and the customers they serve.

Identifying and managing the broader social impacts that may arise as a result of our business activity can be challenging, especially where impacts are diffuse, difficult to isolate from other factors and may be the subject of considerable debate. In 2013, one of these issues arose from on-going concerns raised by some stakeholders about the potential impact on food prices of speculation in agricultural commodities, particularly food staples such as wheat, rice, maize (corn), soybean. We recognise that there is external concern and are actively engaging with both internal and external stakeholders to further develop our understanding and approach to this complicated issue.

As a proactive measure, we have ceased trading food staples with entities for speculative purposes as this has been cited as a potential cause of food price inflation. This does not mean however that we have exited all agricultural commodities related activities. We continue to provide risk management products and services to food producers and consumers and investors.

More broadly, we are supporting the growth of sustainable commodities through our membership of the Banking Environment Initiative, which has partnered with the Consumer Goods Forum (CGF) to develop a 'Soft Commodities Compact'. This initiative explores how the banking industry can help CGF members achieve the goal of zero net deforestation in their supply chains by 2020.

Remuneration continues to be a topic of stakeholder concern across the industry. Determining the 2013 incentive pool was the most difficult decision that our Board Remuneration Committee had to make. We were acutely aware of the difficulty of presenting shareholders with an increased pool in a year where profits had fallen. The dilemma faced by the Committee in making our 2013 incentive decisions was to protect the health of the franchise with the aim that Barclays remains true to its policy of paying competitively. Total compensation costs decreased 1% to £9,616m. Total compensation costs in the Investment Bank were broadly flat at £4,634m (2012: £4,667m). On a pre-risk adjusted basis, the 2013 incentive awards of £2,492m have reduced 18% from 2012. After making appropriate risk adjustments for conduct and other events, total incentive awards granted increased to £2,378m, up 10% on 2012.

As part of the Transform programme, we are driving structural cost efficiencies across Barclays. In particular, the increasing use of technology is changing the way in which customers choose to do their banking, creating opportunities for Barclays to offer services in new ways at lower cost. A consequence of this is a planned reduction in our overall levels of employment.

During 2014 we expect to remove 10-12,000 roles globally through restructuring. We are working closely with employee representatives to avoid compulsory redundancies where possible and to ensure that employees leaving Barclays are treated with respect. In the UK, we consult with Unite where required as early as possible on proposed redundancies. Outside the UK we consult with recognised unions, works councils or through employee forums. In addition, where the proposals would have a trans-national impact, we also consult with regional employee forums in Europe and Africa.

## Enhancing our decision-making

**During 2013, we developed and piloted a 'Citizenship Lens', a values based decision-making tool which is being applied alongside other decision-making tools, to help colleagues move beyond legal, regulatory and compliance requirements, to consider broader societal impacts and opportunities in our key business decisions.**

In applying this Lens, we will seek to ensure that we are taking into account the interests of our customers, clients, shareholders and communities in the decisions we make every day.

The Lens is designed to serve as a guide in the first stage of the decision-making process in order to help facilitate a discussion about our impact as well as the potential to create sustainable value for wider society – in the short and long term.

The Lens covers the following five high-level questions:

1. How are we making a profit (directly or indirectly)?
2. How are we being transparent and clear in our communication and dealings with customers and stakeholders?
3. How are we creating long-term value?
4. How are we creating shared value, where win-win occurs to Barclays, the customer and society at large?
5. Is this the right thing to do?

The Lens is being integrated into our core decision-making processes and governance structures, including new product approval. In 2014, we will launch training for key colleagues involved in areas such as new product development.

# The way we do business

## 3. We will proactively manage the environmental, social and governance impacts of our business

### Why is this important?

Businesses are expected to manage environmental, social and governance issues relevant to their activities, including ethical and reputational concerns. This includes our direct environmental footprint, our supply chain and our business lines.

#### Key performance measures

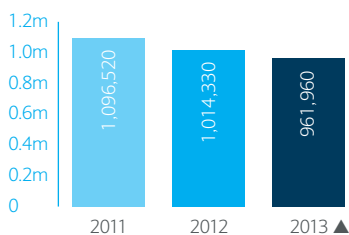
# 5.2%

Reduction in global carbon emissions year-on-year (2012 5.8%) ▲

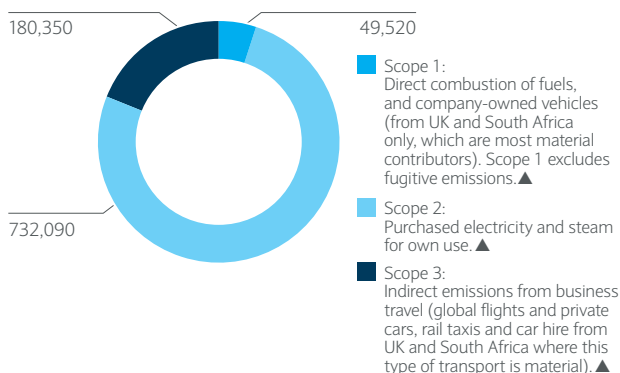
# 83%

Suppliers paid on time (New metric)

#### Total carbon emissions tonnes CO<sub>2</sub>e



#### Total emissions by scope 2013 tonnes CO<sub>2</sub>e



#### Managing our environmental impacts

Our environmental management activities are focused on several key areas, the most crucial being the way we use our buildings and carry out our business travel.

While carbon management remains a key priority, in 2013<sup>1</sup> we expanded the scope of our environmental management programme to include water, waste and paper. We made good progress in improving our ability to report data for these metrics and we achieved increased coverage for paper. Our water coverage is reported as a decrease between 2012<sup>2</sup> and 2013. This is primarily due to the change in the reporting period and restatements for 2012 associated with more accurate data now being available and exclusion of certain Africa data. Over the next year we look to expand coverage<sup>3</sup> and also work towards disclosing waste information when data becomes more robust.

In 2013 we committed to a new carbon reduction target of 10% by 2015, against a 2012 baseline. We reduced our carbon emissions<sup>4 5</sup> by 5.2%. Of this, savings from real estate contributed the most to the overall reduction by 4.2%, primarily through savings from energy efficiencies initiatives. Data centres and travel contributed 0.2% and 0.8% respectively to the overall reduction.

#### Key initiatives in 2013

We exceeded our in-year target for carbon reduction through the implementation of programmes and policies that improved our operational energy efficiency and effectiveness of our business travel. Some examples are shown below:

- We ran a global energy efficiency programme in our real estate portfolio that led to carbon savings of 35,360 tCO<sub>2</sub>e (3.5% of total reduction). The programme focused on lighting efficiency projects, optimisation of heating/cooling systems and implementation of more energy efficient desktops.
- We ran key energy efficiency initiatives in our data centres that led to carbon savings of 1,932 tCO<sub>2</sub>e (0.2% of total reduction). These initiatives included airflow and variable frequency drive projects in the USA and chiller optimisation and BMS upgrades in the UK.
- For travel, savings of 7,690 tCO<sub>2</sub>e (0.8% of total reduction) were delivered through the implementation of a new global travel policy and more robust approval processes

<sup>1</sup> 2013 Reporting Year covers Q4 2012 and Q1, 2, 3 of 2013 due to changes made to the reporting period to meet Mandatory Carbon Reporting Regulations requirements in the Directors Report. The carbon reporting year is not fully aligned to the financial reporting year covered in the rest of the Citizenship Report.

<sup>2</sup> 2012 Reporting Year covers January – December 2012 and is in line with the financial reporting year covered in the rest of the Citizenship Report.

<sup>3</sup> Coverage represents the proportion of property portfolio for which data is reported

<sup>4</sup> Excludes fugitive emissions

<sup>5</sup> The methodology used to calculate our CO<sub>2</sub>e emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the operational control approach on reporting boundaries. This covers the properties where Barclays have operational control and are financially responsible for the utility supply. Barclays also report for 3rd party sites where direct metering or billing is in place for utilities consumed by Barclays operations.

▲ Within KPMG's limited assurance scope. Please see page 49.

Barclays offsets our carbon emissions from core banking operations. In 2013, we continued to invest in carbon credits from a range of projects around the world.

We also helped the South African electricity service provider, Eskom, through an agreement to assist the country 'on-demand' during hours of peak energy usage. By using our Energy Centre in Johannesburg we are able to reduce the potential for load-shedding and Eskom is able to provide power to the equivalent of over 5,200 households per year. We also offset the carbon emissions (3,000 tCO<sub>2</sub>e) associated with the illuminated sign in Towers Main from our Johannesburg office through the installation of a 400kWp PV plant in our Towers North building and a water heater replacing project for our customers.

### Additional Environmental and energy use data

Indicator <sup>1</sup>	2013		2012 <sup>2</sup>	
	Data	Coverage (%)	Data	Coverage (%)
Paper (tonnes)	4,224	85%	4,253	75%
Water (m <sup>3</sup> )	1,302,745 ▲	39%	1,391,901	44%
Energy (GWh)	1,461,831 ▲	100%	1,504,774	100%

### Recognition for our performance

Our environmental performance was recognised by a number of certifications and awards.

- Our Barclays properties in India, Pune 2.2 (Barclays Technology Centre) & Pune 2.3 received Platinum certification for Leadership in Energy and Environmental Design (LEED) and Pune 3, Noida 3 & Chennai 4 – Level 6 received Gold LEED certification recognising excellence in environmental design and performance.
- We had our UK operations recognised for carbon reduction activity through achievement of the Carbon Trust Standard.
- We improved accuracy of our electricity consumption measurement in South Africa (our biggest contributor to the global carbon footprint) through installation of smart meters and effective bill validation process. This is an industry leading initiative in South Africa.

### Future priorities

Our carbon reduction target is aligned to our business objectives and we have committed to a number of initiatives that will help deliver on this objective, such as:

- Optimisation of our global property portfolio.
- Energy efficiency programmes in our buildings.
- Optimisation of our internal travel.

In addition to this, we will continue to enhance our performance management and reporting systems for water, waste and paper through more robust data collection processes and collaboration with our suppliers. We will also continue to engage employees in our environmental programmes.

<sup>1</sup> Indicators definitions are covered in the Group Reporting Protocol – Environmental Technical Disclosure

<sup>2</sup> Restatements to 2012 data are covered in the Group Reporting Protocol – Environmental Technical Disclosure

### Managing our supply chain

#### Paying our suppliers on time

To maintain healthy working relationships we aim to ensure there is no delay in paying our suppliers. We understand the importance of cash flow and if, for some reason, there is a delay in payment we aim to quickly identify the cause and put it right immediately.

The on-time payment of suppliers was included as a metric in the Balanced Scorecard in 2013. To facilitate paying our suppliers on-time we introduced a consistent approach to all payments in 2013 using the strategic Accounts Payable solution. At the moment, we are only reporting spend through our strategic system (circa 70% of our global total) and we will expand global coverage going forward. In Q4 2013, we achieved 83% on-time payment by value. With this system now in place, in 2014 we will concentrate on educating our suppliers to help reduce the number of mismatched invoices, as well as identify new ways of improving our supplier payment performance.

#### Onsite audit update

As a business we strive to communicate openly with our suppliers, particularly in regards to new policies and our code of conduct. Those suppliers identified as being high-risk from both a commercial and sustainability perspective are given contracts with specific 'minimum control requirements' (MCR); this relates to the management of areas such as: health and safety, diversity and inclusion, human rights and the environment.

The Barclays Supplier Controls Assurance team rely on a combination of self-attestation and on-site reviews to evaluate supplier compliance with the Barclays MCR. While we have 100% coverage through self-attestation of those suppliers identified as being high-risk from a commercial and sustainability perspective, we aim to perform an on-site review once every three years for all high-risk suppliers. We have so far covered 63% of the total population.

#### Supplier Code of Conduct launch

Our suppliers are an extension of our business and an integral part of helping us become the 'Go-To' bank for our stakeholders and customers. In 2013 we launched our Supplier Code of Conduct (SCoC) to ensure the highest standards of conduct across all areas of: Environmental Management; Human Rights; Diversity and Inclusion; and Living the Barclays Values.

To effectively communicate the SCoC, suppliers were directed to read the content on our newly launched vendor portal. In 2014, we will launch an assurance programme where suppliers will be assessed based on requirements set out in the SCoC; this will include a combination of annual self-certification questionnaires and onsite assessments to ensure continued focus.



# The way we do business

## Supplier diversity

In 2013 Barclays formally launched its supplier diversity initiative by appointing a dedicated Global Supplier Diversity team. With coverage in the US, UK, Asia and Africa, this team, working within our Global Sourcing and Supplier Management function, will lead the drive to increase spend with diverse suppliers in these regions.

We will continue to build upon recent successes in the UK, US and South Africa. Our partnership with business incubator Tech Hub in Manchester, and our hosted events such as the Barclays Open Innovation day in London and Silicon Valley in the US, have demonstrated our ability to tap into innovation clusters to attract 'best-in-class' SME suppliers to our businesses. In South Africa, we have partnered with the South Africa Diversity Council to identify and contract with the right local companies.

In 2014, we will build upon our relationships with external partnerships such as Minority Supplier Development UK (MSDUK) that identifies ethnic minority suppliers that may not have had consistent access to Barclays' supply chain. We will also partner with other similar organisations, representing the target underrepresented entrepreneurial groups in the US, UK, Asia and Africa, as well as partner with our larger suppliers to expand opportunities for diverse suppliers.

## Managing environmental and social risk

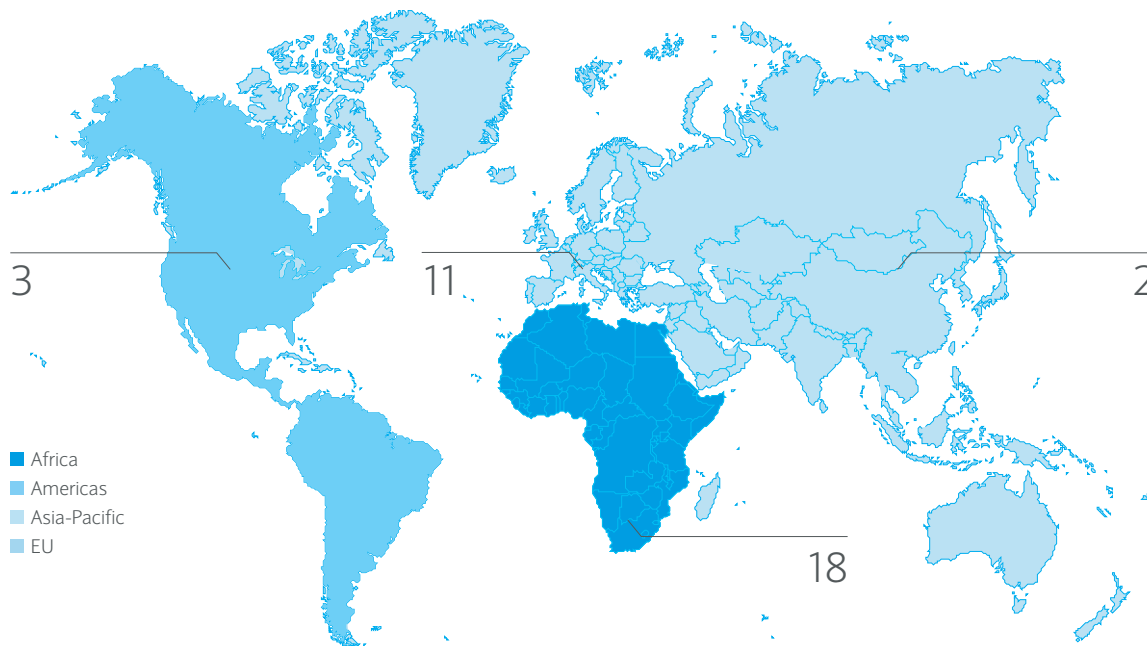
Our dedicated Environmental Risk Management team ensures that environmental issues form part of credit risk assessment, and that environmental risk policies are clearly referenced in our credit sanctioning standards.

### There are two broad categories of Environmental Risk Management: Direct Risk and Indirect Risk.

Direct Risk arises when the Bank holds commercial land as collateral. Business loans in the UK provided by the Corporate Bank and Barclays Business, part of UK Retail Banking, are assessed for environmental risk by our Relationship and Credit Risk Teams, supported by Barclays Environmental Risk Management.

Our panel of property and land valuers can use our bespoke environmental screening product, Barclays SiteGuard, to assess the commercial history of a piece of land and its potential for environmental contamination, as well as the operational implications of a site's current or intended commercial use. Where appropriate, cases are then referred to Barclays Environmental Risk Management for review. In 2013, 4,177 commercial properties were screened using SiteGuard, with 1,348 cases referred. Lending Managers also have access to a dedicated intranet which provides comprehensive information and guidance on managing environmental risk factors.

## Project finance transactions by geography





Indirect Risk can arise when environmental issues affect the viability of our borrowing corporates; for example, when costs are incurred to upgrade a business' operations to meet emerging environmental regulations. Environmental considerations affecting our clients are wide and varied, and can include anything from shifts in market demand to changing supply chain pressures.

To keep track of environmental risks we have developed a series of briefing notes, covering ten broad industry headings, ranging from Oil and Gas to Waste Management. These are available to colleagues in business development and credit risk teams across the organisation as a reference for environmental and social risks. In 2013, there were 236 transactions reviewed in the central team, of which 34 were subject to scrutiny against the Equator Principles due diligence framework. During the course of the year, there has been increasing awareness of weather-related impacts, such as access to water, where this is a critical resource in longer-term financing.

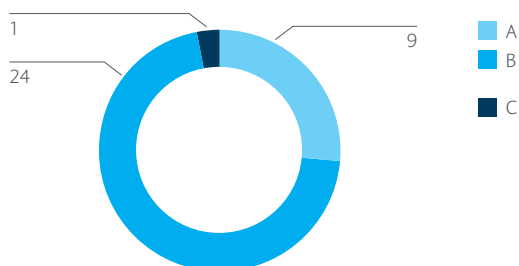
Barclays fulfils the requirements of the Equator Principles by adhering to the Group Environmental and Social Impact Assessment (ESIA) policy. These Principles are an internationally recognised framework for environmental and social risk due diligence in project finance. Barclays was one of four banks to collaborate on developing the Principles ahead of their launch in 2003. There are today over 70 banks worldwide that have adopted the Equator Principles. (See [www.equator-principles.com](http://www.equator-principles.com)).

Our continued and active contribution to the Equator Principles was recognised by the wider EP Association when we were re-elected to membership of the EP Association's Steering Committee. We have also been a long-term supporter of the United Nations Environment Programme Finance Initiative, and are a member of the Global Steering Committee and our Head of Environmental Risk Management was elected onto the Board of the UNEP FI Banking Commission in 2013.

### Transactions screened by sector

Sector	Project finance	Other transactions
Infrastructure	1	13
Mining and metals	6	56
Oil and gas	2	26
Power (fossil fuels)	4	9
Other	0	12
Agriculture, fisheries, forestry and logging	0	8
Manufacturing	0	26
Chemicals and pharmaceuticals	0	5
Power (non-fossil fuels)	19	42
Utilities and waste management	2	5
<b>Total</b>	<b>34</b>	<b>202</b>

### Project finance transactions by risk category



#### Notes

Category A – Projects with potential significant adverse social or environmental impacts which are diverse, irreversible or unprecedented.

Category B – Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Category C – Projects with minimal or no social or environmental impacts.



Credit: Wyke Farms Biogas Digester Vessel, Somerset, Richard Clothier, MD, Wyke Farms Ltd, Colin James, Relationship Director, Barclays

# The way we do business

## 4. We will be market leading on transparency – being as open as possible about how we do business

Why is this important?

We aspire to run our business in an open and transparent manner with consistent engagement and clear disclosure for all our stakeholders. Our focus includes improving transparency for our customers and clients and the markets we participate in, as well as corporate transparency, including our financial reporting and disclosures on areas such as tax and public policy.

### Enhanced Disclosures

#### Financial Reporting

The Enhanced Disclosure Taskforce (EDTF) was formed by the Financial Stability Board with a remit to broaden and deepen the risk disclosures of global banks. Barclays has welcomed the recommendations made by the EDTF and have further enhanced disclosures in our Annual Report.

We believe that disclosures will continue to evolve in light of ongoing engagement with the banking sector by investors and other stakeholders. We are committed to engaging and responding to this feedback in order to meet the information needs of our stakeholders.

#### Remuneration

Barclays has increased the transparency of our remuneration disclosures. The Annual Report includes our remuneration policy, details on Director remuneration and a question and answer section.

We also provide voluntary disclosures agreed with the UK Government on levels of remuneration for our eight most highly paid senior executive officers. In addition, we provide additional remuneration disclosures (including voluntary disclosures) about levels of remuneration of employees in the Barclays Group and Barclays Code Staff. See the Annual Report for more information.

### Improving transparency for customers and the markets we operate in

We are implementing a series of initiatives to enhance transparency for our retail customers. These include technological solutions, changes in the way we develop product propositions through to more disclosures on our customer service and complaint levels.

#### Responding to customer needs

We are determined to rebuild trust in Barclays and demonstrate day-in day-out that we are changing, and doing the right thing for customers. In September, we launched Your Bank – the online platform that allows us to continually listen, respond, anticipate and learn from our customers in the UK. We are committed to undertaking a formal review of our overdraft charges in 2014, with a view to making them simpler and more transparent. We have already started pilots with the launch of text alerts in June to customers that have exceeded their overdraft limit, which would traditionally incur a £22 charge. The alerts give them a one-day grace period to add cleared funds and avoid the charge. In the first three months, over 65,000 customers avoided charges totalling over £1.4m, a response rate of 27 per cent. We are now looking at where else we can implement text alerts as a next step. Of course this is a cost to us, but it's the right thing to do.

#### Customer onboarding

In order to improve the ability of customers to access their accounts as quickly and conveniently as possible, we have improved the account opening process by sending customers text alerts to advise them of despatch of debit cards and PIN codes and provide immediate registration for mobile banking. Further improvements this year mean that, for the first time, we will be able to offer customers the choice of receiving their account opening documentation digitally rather than in paper format. We also introduced an online tool so that customers can view the progress of their cases, such as mortgage applications, in real-time at their convenience.

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“We welcome greater transparency from Barclays about how it tackles its top customer complaints. This is an important way to demonstrate it is listening to customers and acting on their concerns.

We hope this encourages all banks to raise their game on complaints handling, and we’d like to see them all go further by publishing complaints broken down by product and setting clear targets to reduce the proportion of complaints upheld by the Financial Ombudsman Service.”

Richard Lloyd, Which? Executive Director

## Complaints

In August 2013 we took the decision to commit to publishing complaints data quarterly, twice as often as required by the regulator, and practised by other banks. For the second half of 2013, total complaints excluding PPI were down 31% to 91,812 (H2 2012: 132,520, H1 2013 91,215). Complaints including PPI were down 26% to 317,041 (H2 2012 427, 334, H1 2013 381,740). Alongside this, we published an in-depth Spotlight report on improvements we are making to current account security, which was welcomed by Get Safe Online as a significant contribution to helping customers understand how to keep their details safe.

Complaints data is available on our website.

## Market transparency

In 2013, Barclays confirmed its commitment to reporting volumes and other aggregate data in its dark pool, LX®, on a monthly basis. Dark pools are networks where large trades can be made without the volume or price being openly visible to anyone until the trade is done. Dark pools protect traders by allowing them to buy or sell without running the risk of other traders knowing what is happening and putting the price up, or down, to take advantage of the order. This underscores our belief that greater transparency not only benefits our customers but the industry overall.

## Our Tax Principles and approach to tax planning

We recognise that a balance is required between the needs of our different stakeholders in determining how we manage our tax affairs. These stakeholders include our customers and clients, the communities we serve, employees, shareholders, governments and regulators. Like other companies, we have a duty to manage our tax affairs responsibly.

In articulating our Tax Principles last year, we set out to explain our revised approach to tax planning. Over the last 12 months those Tax Principles have proved an effective framework, enabling us to support our clients and manage tax planning on our own account responsibly.

Our Tax Principles ensure that any tax planning must:

- support genuine commercial activity;
- comply with generally accepted custom and practice, in addition to the law and the UK Code of Practice on Taxation of Banks;
- be of a type that the tax authorities would expect;
- only take place with customers and clients sophisticated enough to assess its risks; and
- be consistent with, and seen to be consistent with, our Purpose and Values.

Should any of these principles be threatened, we will not proceed – regardless of the commercial implications.

In delivering on those principles, we take into account whether tax planning is aligned with, and a natural part of, the business or activities carried out by Barclays or our clients.

Tax influences decisions about how we organise and run our business, and about where we base our operations or hold assets. Making these decisions is an integral part of running a commercial organisation, and when tax is a factor in deciding where or how we do business, we ensure there is genuine substance to the activity we conduct in each country.

Equally, where we are aware that a client is undertaking tax planning that requires our involvement for it to be effective, we consider a number of factors including the purposes of the transaction. In addition, we seek to ensure that our clients understand the implications of, and any risks inevitably associated with, tax arrangements, which by their nature can be both complex and long term. These checks are helping to ensure that our involvement in tax planning always supports genuine commercial activity.

We are sometimes required to make decisions that affect our tax position but have no other impact on our business – for example, choosing to make claims or elections under tax law, or choosing between different forms of legal entity. Such decisions must comply with all of our Tax Principles.

In delivering on our commitment that all tax planning must comply with generally accepted custom and practice, and be of a type that tax authorities would expect, we maintain transparent and constructive relationships with tax authorities around the world. Over the last year we have confirmed our continuing adherence to the UK’s voluntary Code of Practice on Taxation for Banks. In doing so, we have reasserted our commitment to applying the spirit, as well as the letter, of the law and to an open and transparent relationship with HM Revenue & Customs.

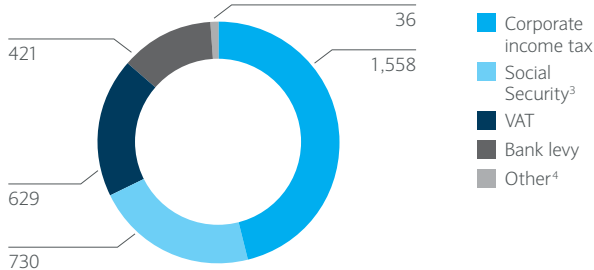
Tax can be complex, particularly for a large organisation such as Barclays with a diverse client base, and there will always be an element of judgement in determining the right approach. The introduction of the Tax Principles has made a real change to the way we approach tax, and they provide a framework for managing that complexity. They help us as an organisation to approach tax planning in a way that is consistent with our Purpose and Values.

## Taxes paid

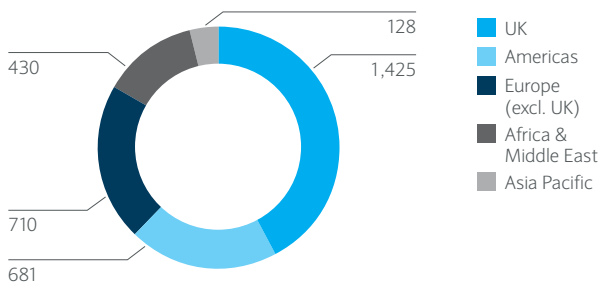
One measure of our contribution to society is through the total amount of tax we pay each year on our activities. We paid £3,374m<sup>1</sup> of tax in 2013 relating to our own business, including £1,558m<sup>2</sup> on our income and profits. To be clear,

# The way we do business

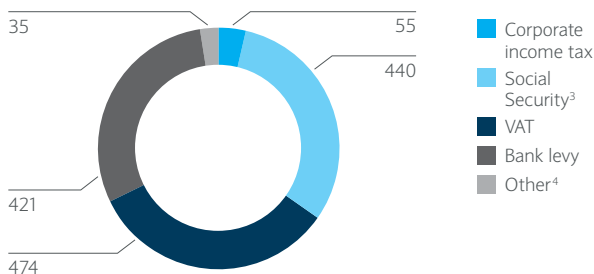
## Tax paid globally (£m)



## Tax paid by region (£m)



## Tax paid in the UK (£m)



The charts above show the different types of taxes paid in 2013 and the regions in which they were paid.

this excludes tax collected on behalf of governments from payments made to customers, clients and employees; for example, tax on our employees' income such as PAYE in the UK. In 2013, Barclays collected £3,044m of taxes on behalf of governments.

Many commentators compare the corporate income taxes paid in a year, in a specific geography to the profit generated in that geography as a means of testing if the tax paid is 'fair'. However, it is not possible to make this direct link between profits and taxes paid in any given year. The tax due on profits generated within a calendar year is very often paid across multiple years; therefore, the taxes paid in a year do not necessarily relate to that year's profits. What's more, the tax law in most jurisdictions allows losses to be carried forward to reduce future profits.<sup>5</sup> As a result of these and other factors, there is usually a difference between accounting profits and taxable profits, and also between the accounting tax charge and the amount of corporation tax paid.

The tax we pay is an important measure of our contribution to society; but for the reasons noted above, it should not be compared to our global profit figures that we report that are measured under international accounting standards. The accounting tax charge, being the amount of tax accrued under those international accounting standards, is the appropriate tax amount to compare to global profit before tax. In our case, the tax charge of £1,571m in 2013 is the relevant amount to be compared to the profit generated of £2,868m in 2013 (as shown in the 2013 Barclays PLC Annual Report), giving an effective global tax rate of 55%. For a large multinational group like Barclays, there are many influences on the accounting tax charge which can cause it to vary greatly relative to accounting profits and result in an unexpected effective tax rate. See the 2013 Barclays PLC Annual Report for further detail and explanation of the effective tax rate in 2013.

We make significant tax payments in developing countries, which are often a major contributor to the overall tax revenue in these countries. In 2013, we paid taxes of £426m in Africa (including corporate income tax, social security and VAT) and through our African operations continue to contribute to the local economies both by providing essential banking services and as a significant employer.

## Tax paid in the UK

Our profits are taxed at the local tax rate in the country in which the profits are earned. For example, a significant proportion of the profits we earned in 2013 were from our operations in the US and South Africa and were subject to tax in those countries, respectively, at the local tax rates.

## Notes

1. Unless otherwise stated, 'tax paid', refers to 'cash' taxes paid to governments in a given period, as opposed to the tax 'charge' for that period shown in Barclays' accounts
2. Includes corporation tax and withholding taxes, in accordance with International Accounting Standard 12 (IAS12). Withholding taxes comprise the tax charged on dividends or other income received which is typically paid at the point of a distribution of profits or other income from one territory to another and forms

part of the corporate income tax charge

3. Social Security – includes employer national insurance contributions

4. Other – includes, for example, property taxes

5. Accounted for as deferred tax under IAS12

6. This arises because banks, unlike non-financial services companies, can only recover a small amount of the VAT incurred on the products and services they buy

In the UK tax system, these foreign profits generally are not subject to further tax in the UK. Therefore, the amount of UK corporation tax we paid cannot be compared against our overall global statutory profit before tax of £2,868m in 2013. In 2013, we made a tax loss in the UK and paid £55m in UK corporation tax. We also paid £1,370m of other taxes to HMRC including £440m of employer's social security payments, principally relating to National Insurance contributions, £474m in respect of irrecoverable VAT<sup>7</sup> and £421m for the bank levy charge<sup>7</sup>.

### Activities and taxes in offshore financial centres

Barclays operates under the laws of low tax jurisdictions for valid business reasons. In many of these jurisdictions, we have substantial businesses. For example, we operate full-service retail and corporate banking businesses in both Mauritius and the Seychelles. In both cases we are one of the leading banks in the country, having operated there for more than 50 years. Closer to the UK, we also have operations in offshore financial centres, which are based principally in the Isle of Man, Jersey and Guernsey, where our Wealth and Investment Management division is a long-term major local employer.

We have also historically incorporated companies under the laws of jurisdictions, such as the Cayman Islands, because local company law makes it easy and cost-effective to set up and manage companies. Virtually all of the profits generated in these companies are subject to corporate tax at the UK corporate tax rate. The total amount of profit not taxed in the UK, in respect of all our entities incorporated in low tax jurisdictions where we do not have a substantial business, was less than £3m in 2013. We continue to have an objective of reducing the number of entities that we operate in low tax jurisdictions, but recognise that many such companies have commercial purposes consistent with our Tax Principles. The total number of companies that are incorporated under the laws of low tax jurisdictions has been reduced to 205 as at the end of 2013 (from 253 in 2012). As at 31 December 2013, we had 109 companies incorporated under the laws of the Cayman Islands (with 10 of these in liquidation). We will still continue to do business in tax jurisdictions which support genuine commercial activity, with clients and counterparties able to assess the risks, and where activity complies with generally accepted custom and practice, for example in Luxembourg, where we conduct some of our group and client funding activities and manage equity financing operations.

We welcome constructive debate on taxation policy, as the payment of tax is an important element of the overall economic contribution that responsible banking can make. We believe governments should work together to adopt a consistent global approach on tax reporting, which establishes disclosure requirements and thresholds that are proportionate. Any such requirements need to remain focused on the ultimate objectives, both for governments and for companies: clear and consistent tax policy, accountability, transparency, and the fight against corruption.

7. The amount of bank levy paid in the year does not equate to the accounting charge for UK bank levy, in particular because some bank levy payments are due after the end of the accounting period.

## Public policy engagement

### Rationale

As a bank with a physical presence in multiple locations we recognise that we have a responsibility to engage with policymakers, including governments, regulators and industry groups. We engage in dialogue on issues where we have a legitimate interest and where public policy directly affects our business. We aim to ensure that any communication undertaken is honest, comprehensive and accurate.

For example, in Great Britain we meet with Members of Parliament locally or in Westminster, and those in England and Wales are provided with periodic updates on financial and economic metrics relating to their constituency. At a national level we engage with Government representatives on a wide range of issues. Later this year, we will begin publishing a numerical breakdown of our meetings with UK Ministers on our website.

Also this year, as part of our new disclosure policy, we will begin publishing a range of content online, including executive summaries of our responses to UK and EU governmental consultations and position papers. On occasions where these contain commercially sensitive information, we will make necessary redactions.

### Political donations

Barclays is a politically neutral organisation. In the UK we do not make party political contributions. Barclays Africa Group Limited (BAGL), in which we have a majority stake, does make political donations to the major South African political parties as part of its Democracy Support Programme, although these will cease in 2014.

In the United States, Barclays does not make corporate political contributions, although does provide administrative support to a federal Political Action Committee (PAC) funded by voluntary contributions of eligible Barclays employees. All contribution decisions are directed by an independent steering committee comprised of employees.

### Agencies

Barclays retains the services of public affairs agencies in a number of locations. They are employed for the purposes of political monitoring and strategic advice. They are not used to make representations to governments or policy makers. This year, information on the firms we retain will be made available on our website.

### Trade associations

Barclays is represented on a large number of trade associations globally. These associations work to represent their members and shape industry's response to issues and interactions with Governments. We seek to be a supportive and influential member of all associations we are members of. However, given the breadth of many associations' memberships, there are instances where we may take a different perspective from that of the broader industry.

A summary of the key associations we are involved in globally will this year be made available on our website.



# The way we do business

## 5. We will minimise our broader systemic risk to the economy and society

Why is this important?

We must ensure that problems at any one individual bank never again pose a significant threat for the entire financial system. Regulatory authorities around the world have been introducing reforms aimed at increasing the resilience of the banking sector and the wider financial markets and also putting in place the powers, tools and capabilities to allow any institution to fail without creating systemic repercussions for the broader economy and financial system. The term they use for this is 'resolution'.

The significant impact of the bank failures worldwide resulting from the financial crisis clearly demonstrated the need for a global approach to reforming the banking system. There is still much work to be done but significant changes have already been introduced to ensure a safer and more robust banking system.

The Financial Stability Board (FSB) has been designated by the G20 as the body responsible for coordinating the delivery of the global reform programme. It has focused particularly on the risks posed by globally systemically important financial institutions (G-SIFIs). A key element of this programme is that G-SIFIs should be capable of being resolved without recourse to taxpayer support. Barclays has been designated a G-SIFI by the FSB. G-SIFIs will be subject to a number of requirements, including additional loss absorption capacity above that required by Basel 3 standards.

### **Resilience**

The banking sector is considerably more resilient than it was a few years ago. Several reforms and changes in regulation have been made to lessen the chances of bank failure. Banks have taken significant steps to strengthen their capital ratios and increase their liquidity to weather any financial storms in the future.

### **Resolution**

Aside from mitigating risk, other reforms have been aimed at isolating and managing the impact if a bank does fail. A certain number of international responses have been taken to reform banks without recourse to the taxpayer.

The Financial Services (Banking Reform) Act 2013 enhances the legislative framework for structural reform in the UK. Retail banking will be ring-fenced from investment banking activity, with the ring-fenced entity meeting capital and liquidity requirements on an independent basis. It also introduces to the UK (ahead of similar legislation expected in Europe) a critically important resolution tool: 'bail-in'.

In the event that a bank needs to be resolved, there would be an initial stabilisation period in which liabilities could be written down or converted into equity; this is known as 'bail-in'. It is therefore expected that in a 'bail-in', any losses in excess of those borne by shareholders would be imposed on certain classes of sophisticated creditors instead of the bank turning to taxpayers for support.



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Barclays has also been at the forefront of the industry in developing a Recovery and Resolution Plan (RRP): step-by-step measures to deal with financial stress, or ensure an orderly resolution in the event that the bank reached the point of failure. We continue to work with all relevant authorities on these plans, and the detailed practicalities of the resolution process. This includes the provision of information that would be required in the event of a resolution, in order to enhance the Group's resolvability. We made our first formal RRP submissions to the UK and US regulators in mid-2012 and continue to work with the relevant authorities to identify and address any impediments to resolvability. The second US resolution plan was submitted in October 2013 and we anticipate annual submissions hereafter.

In the UK, the Prudential Regulatory Authority (PRA) published its RRP rules and guidance in December 2013 (effective 1 January 2014) and recovery and resolution planning is now considered part of continuing supervision. Removal of barriers to resolution will be considered as part of the PRA's supervisory strategy for each firm, and the PRA can require firms to make significant changes in order to enhance resolvability. These include, among others, the powers to require a group to: make changes to its legal or operational structures (including demanding that the group be restructured into units which are more readily resolvable); limit or cease specific existing or proposed activities; hold a specified minimum amount of liabilities subject to write down or conversion powers under the bail-in tool.

### Consistency and coordination

Barclays has been closely involved in developing the measures above and remains steadfast in implementing any outstanding reforms. We look forward to receiving greater clarity on the detail of some reforms so that implementation can move forward.

Globally, there is consistency in objectives: all jurisdictions share the goals of aiming to make financial services more resilient and resolvable. In the context of bank resolution, the FSB showed helpful leadership through publication of its Key Attributes for effective resolution regimes in November 2011, and these are in the process of being adopted across the G20 (in Europe through the Recovery and Resolution Directive, which is expected to be implemented in 2015). Consistency on structural reform is still emerging across the different jurisdictions:

- Section 165 of the Dodd-Frank Act in the US
- The Vickers / ICB Ring-fence in the UK (as part of the Financial Services (Banking Reform) Act 2013)
- The EU Bank Structural Reform proposals (following the Liikanen report), published in January 2014

We are optimistic that, in 2014, the banking reform agenda will have reached a place where – implementation timelines aside – the major objectives, as set out by the G20 nations, will have largely been achieved.

Banks will then require clarity of detail to implement reforms effectively and in a timely and efficient manner. This will give the banking sector the structure it needs to fulfil its responsibilities in supporting economic growth.



Progress update

# Contributing to growth

Deliver product and service solutions to  
help more people and society progress  
in a sustainable way



Lending to households

£34bn

New and renewed lending to households

[See page 34](#)

Lending to SMEs

£13.4bn

New and renewed lending to small and medium sized enterprises

[See page 34](#)

Financing for businesses and governments

£840bn

Assist in raising financing for businesses and governments

[See page 34](#)

Supporting small businesses

59,000

SMEs supported with seminars, tools and training

[See page 38](#)

Youth employability

667

Apprentices at Barclays in the UK

[See page 40](#)

# Contributing to growth

## 6. We will leverage our products, capital, networks and expertise to drive sustainable progress

Why is this important?

By supporting our customers and clients and working in partnership with other stakeholders we can create an environment in which individuals, institutions and governments are able to invest in sustainable progress and enable growth.

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### Key performance measures

# £34bn

New and renewed lending to households (2012: £33.4bn)

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# £13.4bn

New and renewed lending to SMEs (2012: £11.1bn)

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# £840bn

Assist in raising financing for businesses and governments (2012: £830bn)

To achieve long-term sustainable economic growth, a number of policy challenges must first be addressed, including: raising employment, improving access to housing and supporting families in planning for their futures. All of these goals rely on access to appropriate and responsible finance.

In addition, new solutions to help tackle social and environmental challenges also need access to appropriate financing to help innovate, develop, commercialise and scale deployment.

### Supporting households and businesses

We are on-track against our Citizenship Plan commitments to deliver £150bn of new and renewed lending to households and £50bn to SMEs by the end of 2015.

More broadly, we continue to be a major provider of personal and housing finance and have helped deliver the UK Government's policies to improve the lending environment. We delivered £1.4bn of net new lending in Q4 2013 under the Funding for Lending Scheme (FLS), with a total of £8.1bn in net new lending delivered since the scheme's inception. We provided £88bn of FLS-eligible gross new lending to UK households and businesses in 2013.

Barclays' Cashback for Business scheme offered to pass on the funding benefits of the FLS to our customers. During 2013, we provided £1.7bn in lending with a total cashback of nearly £36m. We held a number of meetings between credit officers and SME clients, which were supported by nearly 63,000 hours of training delivered to 3,000 colleagues to build confidence on lending.

In October 2013, we were the first bank to offer business customers 'pre-approved' overdraft facilities and loans. This service helps businesses to manage cash-flow issues, largely seen as one of the main catalysts behind the closure of small businesses in the UK. We know that small businesses face a number of challenges, including access to finance, managing late payments, and understanding regulatory obligations.

The FLS, and the wider interest rate environment, has supported the personal lending and mortgage markets with lower borrowing costs for customers. We welcome this support but believe it must be matched with reforms to the supply of housing across the country.

We listened to the problems faced by first-time buyers and launched the Family Springboard Mortgage in January 2013. As an inter-generational mortgage, it lets relatives use their savings to help family members make that important first step on the property ladder. We have also offered some of our lowest ever fixed rate mortgages to pass on the benefits of current low interest rates to customers.



We also joined the UK Government-backed Help to Buy mortgage schemes to help customers get onto, or move up, the housing ladder. The first part of Help to Buy is an equity loan scheme which went live in April 2013; it allows customers in England with smaller deposits to buy a new-build property with the assistance of an equity loan from the government. Since then, Barclays has also been the first to join similar equity loan schemes that have been launched by the respective governments in Scotland and Wales.

From January 2014, we have offered products under the mortgage guarantee side of Help to Buy, allowing first-time buyers and home movers, who are unable to raise the larger deposits needed, to purchase a new-build or an existing property across the whole of the UK.

Another positive trend this year has been the increased transparency in the lending markets. Barclays is part of a wider industry project to share data on lending activity by postcode. This project, focusing on SME lending, mortgages and personal finance, has carefully balanced the importance of protecting individual customers' data with offering an overview of where finance is most used.

We are increasingly optimistic about the next few years in the economy. We will continue to contribute to economic growth and work hard to offer responsible lending, innovative services and skills support to help our customers achieve their ambitions.

### Increasing access to financial services

We are committed to increasing access to financial services in our core markets in Africa and the UK. In Africa, we implemented a branchless banking model to expand access and pioneered remote account opening and servicing. In 2013 we continued to innovate towards an efficient and affordable banking experience which is comprehensive and easy to understand for low-income individuals, micro-enterprises and those who have limited or no access to formal financial services. We look to deliver an inclusive offering through our existing banking channels. Our in-store banking service at over 1,000 merchant partner sites allows customers to deposit and withdraw money, check balances, obtain mini-statements and buy pre-paid airtime.

## Developing innovative products

### Barclaycard Ring

Ring is the first 'crowdsourced' credit card based on a simple, transparent and fair business model. With a low APR and financial stats published monthly for the community, it's a product that empowers cardmembers to participate in the community, learn about financial health, submit and vote on new ideas, get involved in charity campaigns and share in the product's success through the Giveback programme.

### Creating new products for sustainable investors

Barclays and analysis firm MSCI Inc. have launched a global family of Environmental, Social and Governance (ESG) Fixed Income Indices – the first of its kind. The indices are designed to serve as benchmarks for the growing number of bond investors who want to buy debt from companies and governments that are seen to be environmentally and socially responsible. The indices will fill a critical gap in the market by providing investors who have ESG commitments, such as United Nations Principles for Responsible Investing signatories, with a comprehensive series of performance benchmarks.

### Ethical fund for charities

In 2013, we launched a Charity Fund designed for UK charities. The Fund accesses some of the world's leading investment managers and has an ethical investment

strategy; for example, it does not have direct exposure to companies that generate more than a small proportion of their turnover from tobacco, arms, pornography and gambling. Aimed at long-term investors, with a time horizon of ten years plus, the Fund seeks to provide a sustainable level of income, together with the prospect of growth in both capital and income through investment in a diversified portfolio of assets.



# Contributing to growth

We developed the Barclays Motshelo account in 2012. This product was developed for informal and household savers and recognises group savings as an easier savings option towards achievement of a common goal. The account has been very popular, registering more than 1500 accounts (15,000 customers).

We are also partnering with other stakeholders on a Charter for Financial Inclusion. Please see the Banking on Change case study on page 45 for more information.

In the UK, we offer the Barclays Cash Card Account as a basic bank account. We have been working closely with government and consumer stakeholders to agree minimum standards for basic bank accounts, such as: customers to manage their account online, in branch or over the phone; set up direct debits and standing orders; have full LINK ATM access; and have a debit card.

We also support the community finance sector to grow and become more sustainable; for example, by providing more affordable loans in communities where there is a strong reliance on illegal loan sharks and high cost credit. The Barclays Community Finance Fund has awarded funding of up to £50,000 each to 26 projects since 2010, helping increase the capacity of existing community finance providers to provide more products and services to reach a larger number of vulnerable people.

In order to improve accessibility, we are working with organisations such as Royal National Institute for the Blind, Action on Hearing Loss and Alzheimers Society to get insight into the needs of the groups they represent and to test our ideas. The Business Disability Forum named Barclays best service provider and overall winner of the Disability Standard 2013. We were the first bank to commit to accessible ATMs for blind and visually impaired customers.

## Raising capital for businesses and governments

We provide financing, risk management and advisory services to help corporate clients create jobs and grow their businesses, institutional clients to meet the investment needs of an ageing population, and governmental clients to fund public services and infrastructure.

We raised over £840bn in financing for businesses and governments in 2013, including £240bn for governments and public sector entities.

Banks play a key role in enabling the flow of capital towards environmentally or socially beneficial activity. A range of business lines across our firm are actively involved in delivering solutions across product groups, geographies and industry sectors.

## Financing social projects

The Public Sector Group raises capital for governments, supranationals, development banks and other public sector entities to provide solutions to governance, social and environmental issues, among others. The team financed over US\$230bn in 2013, including US\$6bn via a two- and seven-year dual tranche benchmark for the World Bank, €3bn 20-year benchmark bond issuance for the European Investment Bank and £5bn 55-year Inflation Linked bond for the UK Debt Management Office.

Our US Public Finance team provides essential financing to higher education, infrastructure, healthcare, housing and public power issuers. In 2013, the team financed over US\$12.5bn, including a landmark US\$2.5bn bond offering for the University of California and a US\$2.3bn bond offering for Foothill/Eastern Transportation Corridor Agency.

Barclays' securitisation team acted as Structuring Advisor in a first-of-its-kind, credit-rated US\$152m bond securitisation for Social Finance Inc. (SoFi). SoFi is a peer-to-peer lender that refinances loans for graduates of approximately 100 of the most prestigious colleges and universities in the United States.

A growing number of one-person households means that the demand for social housing continues to outstrip supply in the UK. Barclays is committed to supporting the sector and helped arrange £639m<sup>△</sup> of bond financing for social housing providers in the UK in 2013.

## Financing environmental and clean energy projects

In 2013, we helped direct £4bn<sup>△</sup> of financing in the clean energy and clean technology sectors globally. We delivered landmark transactions that will build the future financing landscape, including diversifying the investor base and improving access to the bond markets for financing clean energy projects. For example, Barclays acted as joint book runner on a landmark US\$1bn senior secured notes offering in June 2013 for Solar Star Funding, the largest ever single-tranche renewable energy project financing in history. We also helped a number of other firms issue debt, including a US\$613m senior secured notes offering for Continental Wind, an owner of several wind generation projects in the US, and a US\$319m senior secured notes offering for CSOLAR IV South, LLC.

We were also active in helping list clean energy and clean technology companies on the public markets. This included the £244m initial public offering (IPO) for Infinis Energy, a leading independent renewable energy generator in the UK and the £252m IPO for Greencoat UK Wind, an infrastructure investment fund managing a portfolio of onshore and offshore wind farms in the UK. This transaction represented the largest ever UK IPO in the renewable energy sector.

<sup>△</sup> Within KPMG's limited assurance scope. Please see page 49.



Our Corporate Bank provides a range of financing facilities for clients active in the sector. Transactions in 2013 included loan facilities to help finance a number of solar PV parks based in England and a 22.5 MW wind project in South West Wales.

Working in partnership with our Social Innovation Facility (see case study), the Corporate Bank also provided a £1m loan to Azuri Technologies, a UK-based company that distributes pay-as-you-go solar power units in sub-Saharan Africa, helping to transform the lives of thousands of people

in rural areas. Azuri has combined solar and mobile phone technologies, enabling users in off-grid markets to avoid unaffordable upfront costs and, instead, pay for their solar electricity as they use it.

As the African clean energy revolution gathers pace, we have worked with project sponsors, investors and government agencies and provided 5 billion Rand (£328m) of debt funding for four projects announced in the South African government's renewable energy procurement process.

## Social Innovation Facility

**The Barclays Social innovation Facility, launched in 2012 with a £25m commitment, exists to accelerate the development of commercial solutions that directly address social challenges. Uncovering, developing and scaling these solutions often requires challenging the way we think about our business models, investing in new technology or testing new, often unconventional partnerships and distribution channels.**

The Social Innovation Facility has currently committed over £9m to support the development of new propositions across seven countries, representing the full spectrum of business areas. The current portfolio of 12 projects is developing and testing market based solutions that address a range of social challenges, working in collaboration with clients, NGOs and other stakeholders.

### Affordable healthcare in Africa

Barclays and GSK are investing up to £7m over three years to help remove financial barriers to healthcare access, while supporting small business development and job creation in Zambia. By combining our skills, expertise and resources, we hope to tackle the challenges of last mile delivery and create a model that could be scaled across Africa to help more people access affordable healthcare.

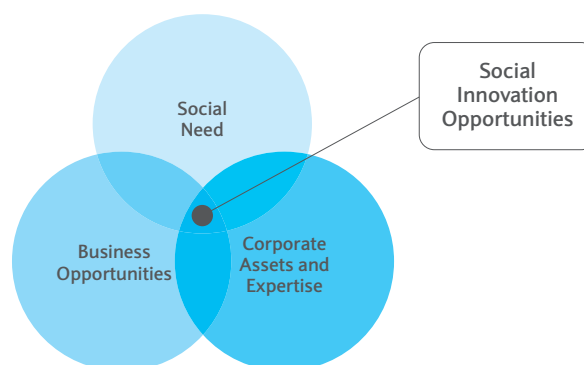
### Access to education in the United States

Insufficient planning and saving for college presents a significant barrier for many students, particularly those from low-income households. In response, Barclaycard US is collaborating with public and private partners to help students access college resources, connect with mentors and advisors, and establish a college savings account.

### Extending access to basic financial services

Barclays in Uganda has partnered with non-profit organisations Grameen Foundation and CARE International to create innovative technologies and mobile phone-based financial products that are relevant and accessible for disadvantaged communities.

Using in-depth research and on-the-ground testing, the partnership leverages the expertise of the Grameen Foundation Application Laboratory, to develop mobile applications that help connect the informal community finance groups to the mainstream financial sector through commercially viable and scalable propositions.



# Contributing to growth

## 7. We will help more businesses to start up and grow

Why is this important?

Small and medium enterprises (SMEs) are vital to the economy. By helping these businesses to start up and grow, we can contribute to wider prosperity. We will work to better understand the needs of start-up and small businesses that we serve and support them with access to markets, suppliers and expertise.

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### Key performance measures

# 59,000

SMEs supported with seminars / tools and training  
(2012: 36,000)

As a major bank we are committed to identifying and nurturing the highest potential businesses, those most able to deliver growth and jobs, while still ensuring the wider SME community has the support they need to grow and prosper.

#### Patient capital

We are working with the Government to identify ways of enhancing the UK's risk finance sector, to create a world-leading environment for funding innovation and start-ups. We believe that traditional bank lending will be improved by proper equity support for these companies.

#### Exporting

Barclays' research suggests the average business must begin exporting after four years in order to achieve significant growth; this is largely a result of over-saturated domestic markets and could be a catalyst for the stall in business growth in the UK. We have created a range of support and finance products to help companies gain a foothold in overseas markets and begin their journey as an exporter.

#### Products to help small businesses

Over 120,000<sup>△</sup> start-up businesses began a banking relationship with Barclays in 2013, up from 112,000 in 2012. In addition, Barclaycard launched an initiative to help smaller businesses and start-ups access payment solutions in the UK. This is a simple, commitment-free proposition that enables small businesses to trial the solution and return it free of charge within the first six months should it not work for their business. By designing the service around small business needs, we have seen strong results, with the conversion of interested businesses to customers more than doubling.

#### Supporting SMEs with seminars and training

In order to help businesses gain confidence we have provided more than 59,000 people with business advice and support through seminars, tools, clinics and workshops. This consisted of over 24,000 people in the UK and more than 25,000 attendees at small business support seminars, trainings and workshops in South Africa. Additionally, over 20,000 SMEs are registered on our Procurement Portal in South Africa, which is designed to make SMEs visible to corporate buyers. Corporates can search for specific suppliers in a particular region, of a certain profile and with a particular capacity. The Procurement Portal also encourages corporates to buy more services and products from SMEs, facilitates financial independence and offers a range of non-traditional funding solutions.

#### Building alternative financing options for high-growth firms

We believe that long-term risk finance outside the traditional banking sector, such as equity, is fundamentally

<sup>△</sup> Within KPMG's limited assurance scope. Please see page 49.

“Our partnership with Barclays has not only enabled us to expand but it has also enabled us to help hundreds of other SME businesses to thrive and grow in the last year”

James Layfield, Co-Founder of Central Working

important to supporting high-growth businesses. We are working with the government and wider industry to identify ways of growing alternative sources of finance, and establish a funding environment as diverse as the growth businesses it supports.

In 2013, we helped Cambridge Innovation Capital (CIC) raise £50m through an equity private placement in the UK. CIC will support the growth of innovative businesses based in the Cambridge Cluster by investing long-term equity finance to help companies bridge the critical middle stage of commercial development, the so-called ‘valley of death’.

Barclays also has around £600m of existing investments designed to support growth companies in the UK. This includes Business Growth Fund (BGF), which invests long-term capital in growing SMEs; our £50m investment in Big Society Capital, which is helping build the social investment sector; and smaller investments in a range of Regional Venture Capital Funds.

We are also collaborating to increase insight about the SME sector. The Barclays and BGF Entrepreneurs Index analyses a number of data sets to provide a snapshot of

entrepreneurial activity in the UK - from start-up, through growth, to the point of liquidity where wealth is created. Results showed that the number of start-ups and high-growth companies has climbed in the past year in the UK.

### Supporting social enterprise

Barclaycard has been working in partnership with Leaders in Community (LIC) for almost two years, providing a range of support activities, including business planning, marketing and board restructure to name a few. LIC have set up a commercial and social enterprise consulting arm, with the purpose of employing the young people they train through the charity. They also offer community based services to housing associations and other government departments based on their experience of working with young people. Since work began, the team has created a self-funding mechanism for the business and now understand what they need to recover each year to break even. We have also developed a pricing model to help them eliminate the risks of undertaking projects at a loss and outlined a structure for their bid proposals to increase the chances of winning tenders.

## Supporting the next generation of technology start-ups

Barclays has established a hands-on partnership right in the heart of London’s Tech City. As the first financial services organisation to support this start-up eco-system – the partnership is defined by its long-term commitment through a five year collaboration with Central Working. This provides a club tailored to the needs of start-ups and inbound overseas businesses. In addition to infrastructure and support, the businesses have access to the knowledge and expertise of Barclays’ employees and to business banking advice. The aim is to support innovative start-ups by providing a collaborative working environment to support rapid business growth.

In the first year of the partnership, nearly 300 new businesses have joined Central Working and 230 new jobs have been created with member companies demonstrating economic growth. A series of events have been led by Barclays, including free seminars on a range of business topics and a ‘hackathon’ to develop innovative technological tools that support accessibility requirements. Through the partnership, Barclays has also procured young, innovative small businesses into its own supply chain, furthering its commitment to supplier diversity.

James Layfield, Co-Founder of Central Working, said: “We have been incredibly impressed at just how true a partnership we have with Barclays. The most powerful part has been the openness of the relationship, we really are a partner to Barclays. That such a vast organisation can work so collaboratively with an SME, Central Working, is testament to something very special happening inside that bank.”



# Contributing to growth

## 8. We will improve youth employability

Why is this important?

Youth unemployment has become a global issue. In the UK alone, those not in employment, education or training (known by the acronym NEET) is at a record high. As a global employer, we can help equip young people for the workplace and give them the skills they need to succeed. We can achieve this by offering opportunities at Barclays and working with partners to support wider employability initiatives.

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### Key performance measure

# 667

apprentices<sup>1</sup> at Barclays in the UK (2012: 486)

### Apprenticeship programme

Barclays currently delivers an industry leading Apprenticeship programme.<sup>1</sup> The programme extends across our UK operations and aims to support the most disadvantaged young people into work. Having already surpassed our goal to deliver 1,000 apprenticeships by 2013, we now aim to deliver a further 1,000 apprenticeships by 2015, and launch the programme across the UK to include specialist roles such as Digital, HR and Marketing.

The 'Grow with Barclays' framework builds on this success by providing a clear development journey for apprentices, while opening up structured learning opportunities for existing colleagues early in their careers. Grow with Barclays will provide continued training and support for early career development with recognised professional qualifications and lead onto other existing Barclays programmes, such as the Future Leader Development Programme (FLDP).

### LifeSkills programme

LifeSkills is our free, curriculum-linked education programme launched in March 2013. A growing consortium of schools, students and businesses are collaborating to give young people the employability skills and opportunities to realise their full potential.

LifeSkills is divided into three modules – People Skills, Work Skills and Money Skills – taught both in school and online. Work experience is also an important part of the programme. Students between 14-17 who complete LifeSkills in school or who earn points online are eligible for work experience opportunities at Barclays and other participating businesses in the UK.

As part of the LifeSkills programme, Barclays is also partnering with the British Hospitality Association (BHA), to support its goal of creating 60,000 new jobs in the sector by 2015. Together we will use our collective power to help young people get ready for work, and find quality apprenticeships and job opportunities.

Since May 2013 the programme has been taught to over 250,000 young people. Thousands of teachers and hundreds of organisations have signed up and the feedback so far has been extremely positive. We are currently working with The Work Foundation to thoroughly measure the impact of the programme and pinpoint areas for growth and further development.

1. This includes all participants to our early careers programmes (apprentices and trainees) where the goal is to support youth employment in the markets in which we operate and providing skills, access and career paths for young people who may previously have been excluded from the workplace.

“I found the CV workshop very useful, the Barclays Team helped me a lot and I feel more confident now creating a CV and writing a covering letter”

Feedback from a student at Duston School, Northampton

## AFTER programme

Now in its third year, The Barclays Armed Forces Transition Employment and Resettlement (AFTER) programme aims to help Military Service Personnel transition into civilian employment upon medical discharge or retirement. The programme was set up as a partnership with the MoD and four service charities: ABF – the soldiers charity; Help for Heroes; Parachute Regiment Afghanistan Trust; and The Royal British Legion. By the end of 2013, the programme had supported 1,864 service personnel.

Barclays has invested £1m in education and vocational courses and pledged to raise a further £1m through colleague fundraising by the end of 2014. Our Money Skills

programme held 39 workshops for 390 injured personnel. Skills Bank, delivered by Barclays volunteers, benefitted a further 100 injured personnel with a two day CV and interview skills workshop.

Beyond the skills training and investment, we are committed to helping military personnel transition into civilian employment by offering work experience and hiring the most dedicated candidates. There were 76 military personnel placed or hired in 2013. In November, we launched a pilot military work placement scheme and are now actively seeking early service leavers for apprenticeships and degree programmes, with 200 applications received so far.

## Jane Forster

### Apprentice

**“Barclays treats us all really fairly and I would definitely be looking to progress in the future!”**

The opportunity of an apprenticeship became available within our branch networks at the Durham Branch in the North of England.

Jane is visually impaired and chose to apply to Barclays directly rather than through any charity she had previously worked with.

The Early Careers Team Operational Specialist for the region, the Reasonable Adjustments team, and Solutions Trainers worked closely with the business area to discuss practical aspects of the day to day procedures of the banking hall, such as keeping access routes clear, and remembering to inform Jane if things had been moved. Reasonable adjustments such as electronic magnifying glasses and computer systems screens were amended to assist Jane as much as possible in her day to day business. AXA continue to be informed throughout to ensure that all of Jane’s needs are met throughout her career and that we keep up to date on any changes in Jane’s disability.

Both the assessment and on-boarding was aligned as closely as possible to our standard process. Arrangements were made to ensure that Jane had easy access to the interview room and that she was fully assisted within the building throughout. For the on-boarding, all ‘Welcome to Barclays’ documents and training material were enlarged to ensure that Jane could see them using her electric magnifying glass.



Visit: [www.barclays.com/annualreport](http://www.barclays.com/annualreport)

## LifeSkills

### External Advisory Council

The success of LifeSkills depends to a large extent on how well the programme is able to unite different stakeholder groups. To ensure that the programme is both informed and led by the needs of these groups, the LifeSkills Advisory Council was created. Meeting bi-annually, the Council brings together key influencers in education and business to identify and examine the issues young people face when moving from education into employment, and crucially, to make recommendations for improvements within the LifeSkills programme and beyond. A broad range of viewpoints leads to effective discussions on the best way to develop and deliver activity. The Council has met twice since the programme’s launch. Representatives from the CBI, FSB, Education and Employers Taskforce and the Association of Teachers and Lecturers sit alongside businesses such as McDonald’s and Centrica and charities Transformation Trust and Free The Children.

Key Council recommendations that have been delivered so far, include; the programme providing external recognition for young people participating in LifeSkills through a City & Guilds endorsement; the extension of the programme to FE colleges; and the development of materials to promote the work of participating schools and businesses in Barclays branches, which will be delivered later in 2014.



Progress update

# Supporting our communities

Helping five million disadvantaged young people to develop the enterprise, employability and financial skills they need to fulfil their potential



Credit: Jon Spaul/Banking on Change



Investment in the community

£72m

Invested in our communities around the world

[See page 44](#)

Beneficiaries

1.22m

10 to 35 year olds reached through our programmes

[See page 44](#)

Employee participation

49%

Employees involved in Barclays' volunteering, fundraising and giving activity with Barclays' support

[See page 44](#)

Volunteer hours

447,000

Hours employees have volunteered in Barclays' community programmes

[See page 44](#)

Fundraising and giving

£35m

Donated to charities through Barclays' matched fundraising and giving programmes (this includes both the funds raised and donated by employees as well as Barclays' matching contribution)

[See page 44](#)

# Supporting our communities

## 9 & 10. We will help build the enterprise, employability and financial skills of five million disadvantaged young people

### Why is this important?

Almost 75 million young people around the world were estimated to be out of work in 2013 (one in eight). With a global network of approximately 140,000 employees in 50 countries, we can play an active role in addressing the needs and challenges of the communities we serve. We are helping to build the enterprise, employability and financial skills of five million disadvantaged young people.

### Key performance measure

# £72m

Invested in our communities (2012: £64.5m)

### Invested in our communities %



As part of our 5 Million Young Futures ambition we are working alongside leading charity and NGO partners to help disadvantaged young people develop the skills they need to fulfil their potential. We have committed to invest £250m by 2015 and encourage colleagues to volunteer their time and skills. Since 2012, 2.43million young people have benefitted from our programmes and we have invested £136.5m.

Our community programmes fall into three categories:

- Enterprise skills: Equipping young people with the knowledge and support to set up their own business or income-generating activity
- Employability skills: Teaching young people valuable work skills to enhance their future job prospects through job training, literacy and numeracy programmes
- Financial skills: Helping young people to manage their money more effectively and make sound financial decisions

The direct efforts of our employees ensure that the positive impact of our community investment goes beyond our financial contribution. In 2013, more than 70,000 colleagues around the world invested their time, skills or money to help our communities.

Thousands of employees also unite every year during our annual volunteering campaign 'Make a Difference Day'. This year colleagues at all levels from around the world took part in many ways, sharing their skills and knowledge. Activities included reviewing CVs, running mock interviews and advising young entrepreneurs.

Employee participation in community programmes	2013
Total of unique employees participating in Barclays' volunteering, fundraising or giving programmes	71,000
Total number of volunteering hours	447,000
Total amount raised through fundraising and giving	£35m
Total number of events receiving matched fundraising	21,000

# 1.22m

10-to-35 year olds reached through our programmes (2012: 1.21m)

2013 highlights	
221,000	supported in receiving enterprise skills training
77,000	received employment skills or job training
9,000	secured work placements or internships
235,000	helped with literacy and / or numeracy support
893,000	receiving financial skills support
20,000	started a business or income generating activity
6,400	achieved employment

## Global

### Banking on Change Enterprise and Financial skills

Banking on Change, a Clinton Global Initiative Commitment made by Barclays, Care International UK and Plan UK, gives people in some of the poorest communities the skills to take control of their financial future. Through informal savings groups, they can manage their money effectively, increase their assets and invest in their own small businesses, as well as afford better access to education and healthcare. More than 50,000 young people have received financial skills training since the launch of phase two of the programme in 2013. Following an investment of £10m between 2009 and 2012, Barclays has pledged a further £10m between 2013 and 2015. The programme operates in Egypt, Ghana, India, Kenya, Tanzania, Uganda and Zambia and aims to link 5,000 groups to formal banking services by 2015.

Former US President Bill Clinton visited a village savings group in Tanzania and saw first-hand how members had benefited from Banking on Change. In addition to gaining financial skills, many community members took part in small business training, giving them skills and knowledge to establish and sustain their own micro-enterprises.



Photo credit: Max Orenstein / Clinton Foundation

#### Zainabu's story

**Banking on Change helped Zainabu Rashid, 22, save up enough money to rent her hair salon in Tanzania. Through the savings group, she was able to take out a loan and buy the equipment she needed. She said: "I'd always dreamt that I would have my own salon and even my own chain of two, three or four and employ other people to work in them. Now I believe that could be possible. I feel that I am now the mistress of my own destiny."**

## Africa

### TechnoServe, South Africa Enterprise skills

Barclays has invested more than £330,000 in TechnoServe since 2012. The partnership works with enterprising people to promote the growth of South Africa's SME sector through agri-enterprise programmes. In addition to providing technical and enterprise training, it creates tangible business opportunities for farmers and other

entrepreneurs, linking them to finance and markets. TechnoServe is currently working with 100 agri-enterprises with the aim of creating 300 sustainable jobs. Barclays' employees also provide mentoring support to the farmers, with a particular focus on strategic and financial planning.

#### Ephraim's story

**With just ten hectares of land and no access to funding or advice, Ephraim Tsatsi struggled as a self-sufficient farmer. He began working with TechnoServe in March 2012 and quickly received advice to help run his business more efficiently. "The commitment of the advisors has really helped motivate me and the AgriPlanner training also contributed a lot in terms of improving my skills in farming. I employ people from my community and they also buy vegetables from the project. This project will benefit me with marketing of the produce we grow, production support from Absa and technical and business support from the TechnoServe programme. I can only see myself growing from this."**



# Supporting our communities

## Americas

### Endeavor

#### Enterprise skills

Endeavor works with entrepreneurs in growth and emerging markets to build a vital support network to help their businesses succeed. It has already helped nearly 1,000 entrepreneurs create approximately 225,000 high-wage jobs. It plans to add at least 1% to the Gross Domestic Product in every country where it has a presence.



Barclays has invested £1.2m in Endeavor since the partnership began in 2010. Senior leaders across the organisation have selected candidates to become Endeavor Entrepreneurs at selection panels throughout the year. They also serve as mentors and speak at various Endeavor summits and events.

#### Bedriye's story

**Bedriye Hülya, who was selected as an Endeavor Entrepreneur in 2009, established the country's first chain of female-only gyms. She has steadily grown the business – franchising exclusively to other women – creating over 200 gyms. Joe Gold, Barclays Managing Director, held a mentoring session with Bedriye at Endeavor's Global Acceleration Panel in 2012. Joe advised her on business strategies including leasing the equipment instead of purchasing it to free up capital. Taking this advice Bedriye was able to add 40 new gyms to her franchise. She was named Schwab Social Entrepreneur of the Year in 2013.**

## Asia Pacific

### Asian Women's Welfare Association (AWWA), Singapore

#### Employability and Financial skills

Since 2012, Barclays has invested over £120,000 in Asian Women's Welfare Association (AWWA) EXCErerate Services. The programme aims to equip disadvantaged young adults with vocational education and training. Barclays invited beneficiaries to our Singapore office to be



mentored by Barclays' employees, which included career preparation and savings planning workshops. In 2013, more than 81 beneficiaries were supported through the programme, with more than 40 young adults gaining successful employment.

#### Lalitha's story

**The AWWA EXCErerate programme, and her mentor Rali, provided Lalitha with the motivation, support and goal-setting strategies she desperately needed. Lalitha said: "It propelled me forward which helped me to overcome the challenge, with the support from my family and loved ones. I've looked up to [Rali] as a special person who I could really open up to, without having to feel uncomfortable. I know that I can look for her if I needed help". Lalitha is now on track to complete her coursework and realise her career ambitions.**

## Europe

## Faz-Te Forward, Portugal

### Employability skills

Since 2012, Barclays has invested £65,000 in Faz-Te Forward, a partnership between Barclays and Associação para o Desenvolvimento, which aims to tackle the growing problem of youth unemployment in Portugal. The programme is designed to give underprivileged young adults, who have either completed education or had a professional qualification, the best chances of securing employment.

#### Mariana's story

**Mariana Burguette struggled to find employment due to low self-confidence. Faz-Te Forward provided Mariana with public speaking techniques, time management and networking skills, as well as interview coaching from Barclays' employees. These experiences helped to build her confidence and secure an internship at Barclays.**

**Mariana said: "Faz-Te Forward completely changed my life. My mentoring relationship allowed me to participate in an internship at Barclays, where I can put to work the advice given by my mentor and experience the working world in an area I would like to pursue."**

Providing a unique combination of soft skills training, coaching and job shadowing, Barclays' employees support the delivery of skills workshops as well as provide work experience opportunities. After a year-long course, there were 60 beneficiaries that significantly improved their employment prospects. At the end of 2013, 16 young people successfully found jobs or internship opportunities.



## UK

## Street League

### Employability skills

Street League's mission is to 'Change Lives through Football' by engaging underprivileged young people, aged 16 to 25, in the classroom and on the field. This intensive eight-week Academy programme develops communication, teamwork and goal-setting skills, while offering nationally recognised qualifications.

#### Will's story

**Will, 20, struggled to find permanent work, drifting in and out of temporary jobs and so he joined Street League's eight-week programme. When Barclays' employees visited the Academy, they were so impressed with Will, they invited him to an interview. In May 2012 he was appointed a full-time role at Barclays, and recently helped deliver a Barclays Money Skills course to the Street League Academy in Croydon.**

**"To anyone joining the Street League programme, I would just say that you are getting a great opportunity so make the most of it and go the extra mile. It is amazing what is achievable in such a short space of time at the Academy."**

In addition to the £825,000 investment since 2011, Barclays' volunteers have engaged in Street League activities across the UK to support young people with limited access to training or education, including offering CV support, mock interviews and confidence building techniques.





# Benchmarks

We participate in a number of performance indices, benchmarks and Environmental, Social and Governance (ESG) research, including:

- Dow Jones Sustainability Index
- Business in the Community Corporate Responsibility Index
- Carbon Disclosure Project
- FTSE4Good Index
- RiskMetrics
- Bloomberg Markets' world's greenest banks ranking
- Sustainalytics
- Vigeo
- oekom research

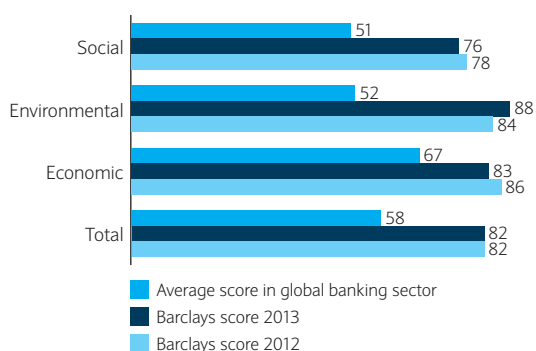
Highlights of our performance are given below

## Dow Jones Sustainability Index



The Dow Jones Sustainability Index (DJSI) tracks the financial performance of the leading sustainability-driven companies worldwide.

In 2013, we maintained our membership of the DJSI World Index, which represents the top 10% of the leading companies in the Dow Jones Global Total Stock market Index. Our score remained at 82% overall.



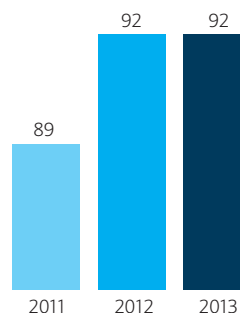
## Carbon Disclosure Project



The Carbon Disclosure Project (CDP) assesses organisational management of greenhouse gas emissions, climate change strategy, mitigation and adaptation.

In 2013, Barclays has achieved an 'A' rating for our performance.

We have also achieved a position on the CDP supplier climate performance leadership index (SCPLI) 2013. This is a new list of the best performing suppliers on climate change action who disclosed to the CDP supply chain program in 2013.



## FTSE4Good



The FTSE4Good Index Series is designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards. We have been a member of the FTSE4Good index since its inception in 2001.

In March 2013, we scored 90 out of 100 on the Environmental, Social and Governance Rating (relative to other companies in our sector).

## CommunityMark

BITC's CommunityMark is the UK's only national standard that publicly recognises excellence in community investment. We are a CommunityMark pioneer, one of the first companies to achieve the CommunityMark in 2008.





## Business in the Community (BITC) Corporate Responsibility (CR) Index



The BITC CR Index is widely considered the leading UK benchmark for corporate responsibility. In 2013, Barclays achieved a score of 95% and maintained its 'Platinum Big Tick' rating – the highest possible ranking.

## Bloomberg Markets' World's Greenest Bank ranking

The Bloomberg Markets' World's Greenest Bank ranking assesses financial services institutions on their environmental performance and their investment in clean technology.

We maintained our 10th place in the 2012 Bloomberg Green Ranking, published in March 2013.

## Independent assurance process

by KPMG LLP

We engaged KPMG LLP to undertake a limited assurance engagement, reporting to Barclays Bank Plc only, using the International Standard on Assurance Engagements ('ISAE') 3410: 'Assurance Engagements on Greenhouse Gas Statements' over the selected Citizenship performance data that have been marked within this Report with the symbol ▲; and ISAE 3000: 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' over the selected Citizenship performance data that have been marked in this Report with the symbol Δ and the description of Barclays' adherence to the AA1000 Accountability Principles Standard ('AA1000APS') (2008) principles of inclusivity, materiality and responsiveness marked with the symbol ○. The principles set out in AA1000APS (which is available at <http://www.accountability.org/standards/aa1000aps.html>) are intended to drive reporters to take action to: establish a strategy based on a comprehensive and balanced understanding of and response to material issues and stakeholder issues and concerns; establish goals and standards against which the strategy and associated performance can be managed and judged; and disclose credible information about strategy, goals, standards and performance to those who base their actions and decisions on this information.

KPMG LLP have provided an unqualified opinion in relation to the selected Citizenship performance data and the

description of Barclays' adherence to the AA1000APS principles and their full assurance opinion is available in the Citizenship section of our website at [www.Barclays/Citizenship/downloads/assurance opinion.com](http://www.Barclays/Citizenship/downloads/assurance%20opinion.com).

The level of assurance provided for a limited assurance engagement is substantially lower than a reasonable assurance engagement. In order to reach their opinion, KPMG LLP performed a range of procedures which included interviews with management, examination of reporting systems and documentation, as well as selected data testing at a site and Head Office level. A summary of the work they performed is included within their assurance opinion.

Non financial performance information, greenhouse gas quantification in particular, is subject to more inherent limitations than financial information. It is important to read the selected Citizenship performance information contained within this Citizenship Report in the context of KPMG LLP's full limited assurance opinion; Barclays reporting guidelines for the selected Citizenship performance data available on our website at [www.Barclays/Citizenship/downloads/reporting protocol.com](http://www.Barclays/Citizenship/downloads/reporting%20protocol.com); and the GRI reporting principles for defining report quality for the description of adherence to AA1000APS, which is available at GRI.