

Barclays PLC
2009 Responsible
Banking Review
barclays.com/sustainability



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Front cover

Financing affordable homes
 – see page 8 for a case study on Waterloo Housing Group

“Our stakeholders count on us to meet their expectations and demonstrate that we are a responsible bank. We do not and should not separate our sustainability activity from our daily business. This Review summarises the progress we have made in 2009 and details our aspirations and targets.”

John Varley
 Group Chief Executive

Online

The full Responsible Banking Review can be viewed online with further details and updated information throughout the year, including:

- Detailed case studies
- Global Reporting Initiative (G3) performance statement
- Progress on our 2010 Responsible Banking strategy
- News throughout the year.

To read the Review, visit www.barclays.com/sustainability



Overview

Issue	Our response	Highlight
The role of banks in society	See page 04	
<p>The severity of the financial crisis and level of public support has led to debate about the role, scale and usefulness of banks.</p>	<p>This Review discusses the value banks bring to the economy, the regulatory landscape and our approach to running a responsible business.</p>	<p>8.3%</p> <p>Financial services sector contribution to UK Gross Domestic Product</p>
Stakeholder engagement	See page 06	
<p>To engage with key stakeholders to identify the issues that matter most to them.</p>	<p>We do not have all the answers and recognise that we need to do more to engage with our stakeholders. Listening, responding and working in partnership are key elements of how we do business.</p>	<p>82%</p> <p>Of employees surveyed believe Barclays is a socially responsible company</p>
Responsible finance	See page 08	
<p>Supporting customers in difficulty has never been more critical. Providing access to credit must be based on the ability to repay and is an important part of the banks' job.</p>	<p>We remained 'open for business' during the economic downturn, providing access to credit and supporting our customers and clients.</p>	<p>£35bn</p> <p>Gross new lending to UK households and businesses</p>
Financing the future	See page 15	
<p>Banks can play a part in helping society address global challenges such as climate change and poverty by creating innovative financial solutions.</p>	<p>We increased renewable energy financing and funding for social infrastructure such as hospitals and schools.</p>	<p>3.5bn</p> <p>Tonnes of carbon traded to date, with a notional value of £45bn</p>
Citizenship	See page 16	
<p>Businesses need to act as responsible corporate citizens and take responsibility for their impact on society.</p>	<p>We look to invest in the communities where we do business, support our people and manage our operations responsibly.</p>	<p>£55m</p> <p>Invested in our communities in 2009</p>
Measuring progress	See page 32	
<p>Stakeholders require credible and transparent information on responsible performance.</p>	<p>We publish the results from a number of external indices such as the Dow Jones Sustainability Index and the Carbon Disclosure Project.</p>	<p>83%</p> <p>Overall score in the Dow Jones Sustainability Index</p>

Group Chief Executive's introduction

John Varley



The success of a bank mustn't come at the expense of society.”

We have named this review 'Responsible Banking'. We intend in the future to use this nomenclature because we believe that the words 'Responsible Banking' summarise succinctly what our stakeholders expect of us.

The reputation of the banking industry has suffered greatly as a result of the credit crunch, and the consequent transmission into the real economy of the crisis in the financial economy. Banks must reconnect with their stakeholders in ways which those stakeholders value. If a bank is to serve society; if its activities are to be regarded as socially useful and contributing to the well-being of the households and businesses that it serves: then the standard to which it will be held is one of responsibility.

Stakeholders that I speak to as I travel the world of Barclays want to know what banks can do to help them make progress; to put the worst effects of the recession behind them; to move forward. These are reasonable and understandable questions.

We have considerable resources in Barclays and we understand, clearly, our obligation to use them wisely. Our owners expect us to generate good returns from them. And so we must. But we can, and should, do this in ways that are seen as responsible by those we serve. Indeed the quality, dependability and sustainability of

Year in review

January	February	March	April	May	June
<ul style="list-style-type: none"> The integration of the North American businesses of Lehman Brothers into Barclays Capital is completed, four months after the transaction was announced Barclays share price drops 25% on 16 January from £1.30 to £0.98 as a result of volatile market sentiment The share price increases by 73% on 26 January to £0.89 after Barclays confirms the bank made a profit in 2008 and did not need to raise fresh capital 	<ul style="list-style-type: none"> Barclaycard freezes credit card rates for three million UK customers £4.3m is committed to the Horizons project to help lone parents and children deal with financial hardship John Varley appears before the UK Treasury Select Committee, stating that profitable banks are vital to the economy and must maintain their appetite for taking the right risks 	<ul style="list-style-type: none"> Barclays passes the stress test of its balance sheet and profit and loss account conducted by the UK Financial Services Authority (FSA) Barclays announces that it will not be participating in the UK government's Asset Protection Scheme 	<ul style="list-style-type: none"> Barclays makes a commitment to provide additional lending to UK businesses and households of £11bn 	<ul style="list-style-type: none"> Barclays launches its <i>Green Guide for Business</i> handbook, a practical guide for companies of all sizes on saving money by making operations more resource-efficient 	<ul style="list-style-type: none"> Barclays launches a review of the pension schemes in the Barclays Bank UK Retirement Fund

Key facts

Group profit before tax was £11.6bn, 92% up on 2008

300+ years of history and expertise in banking

48 million customers worldwide

returns that we generate for our shareholders will be intimately affected by how we look after our customers and clients. So there is no contradiction between responsible banking and profitable banking.

Indeed, society, and the economies that form part of it, directly benefit from the translation of good service of customers into profit. With profit goes the ability to employ, in our case, 144,200 people around the world. With profit goes the ability to invest in our business. A profitable bank is a bank that can lend confidently and extensively – our loan book exceeds £450bn. A profitable bank is a bank that can pay dividends; the pension funds that are the principal institutional shareholders of banks look after the livelihoods of millions of retired citizens, to whom it matters whether or not the bank pays dividends. Lastly, with profit goes an obligation to pay tax. Barclays alone has paid over £16bn of direct and indirect tax over the last three years.

But the success of a bank mustn't come at the expense of society. And as we think about how we can play our part in the regeneration of confidence in the banking system, we believe that we will mostly be judged by how we lend, and by how we pay. In this Review, we cover both those subjects, so that our stakeholders can form their own judgement about whether the decisions that we've taken in 2009 in relation

to lending and remuneration show us to have been acting responsibly.

I am only too aware that remuneration is, and will continue to be, a topic receiving much attention from the public, from Governments, from investors and indeed from the boards of banks. At Barclays we are very conscious that, despite having not received direct support from the UK Government, we too have benefited from the actions taken by Governments to stabilise the financial system. Our Remuneration Committee was clear about this in making its decisions with respect to 2009 and also ensured that discretionary pay awards for 2009 were compliant with the FSA Compensation Code and the Financial Stability Board Implementation Standards endorsed by the G20.

More generally, we know that what we do is important to our stakeholders. The core functions of banking are all essential ingredients of a modern and efficient economy. Our job, put simply, is to help our customers and clients achieve their financial goals.

How we conduct our business is, however, just as important as what we do. The 'how' list is a long one for a bank. It covers managing the environmental impact of how we invest, lend, and run our businesses. It covers how we price, the fairness of our terms of trade, transparency, and the basis upon which we employ people, and how much we pay them. It includes the

governance framework which we apply to decision making, and the operation of the Board and of the Board committees which protect the interests of our shareholders. It covers the balance we must strike between capital formation and dividend distribution.

The judgements relating to these 'how' choices are sometimes complex and difficult. This Review looks in some detail at the choices we made during 2009, and shows how we will measure our performance in 2010.

I hope it reveals a bank which is honest about its successes and failures, in touch with the public mood, and sensitive to the expectations of our stakeholders.

Despite the uncertainty of the economic outlook, and despite, also, the cataclysmic events of the last three years, the people of Barclays are motivated to help with these challenges. I'm proud that thousands of my colleagues in Barclays were involved in volunteering and fund-raising throughout this period. And that we continued to invest in supporting community projects.

We will try to ensure that 2010 is another year of substantial delivery to our stakeholders.

John Varley

Group Chief Executive

July	August	September	October	November	December
<ul style="list-style-type: none"> Barclays commits £500,000 to help increase the availability of credit unions and alternative forms of finance across the UK Maria Ramos, Group Chief Executive of Absa, majority-owned by Barclays, is named Outstanding Businesswoman of the Year at the 2009 African Business Awards 	<ul style="list-style-type: none"> The proposed sale of Barclays Global Investors to BlackRock Inc., one of the world's largest publicly-traded investment management firms, is approved by 99.9% of Barclays shareholders 	<ul style="list-style-type: none"> Barclays achieves 94% and Gold status in the Employers' Forum for Disability Standard Barclays commits to implementing the principles on remuneration agreed by the G20 	<ul style="list-style-type: none"> Barclays is named by <i>The Times</i> newspaper as one of the top 50 places in the UK where women want to work for the fourth consecutive year Cathy Turner, Barclays Human Resources Director appears before the UK Treasury Select Committee – as part of its inquiry into Women in the City. The inquiry examines the proportion of women occupying senior positions in major financial institutions and the extent of 'glass ceilings' in the industry 	<ul style="list-style-type: none"> Barclays broadens its Executive Committee from 4 to 11 to include leaders from Business Units, governance and control functions 	<ul style="list-style-type: none"> Barclays achieves carbon neutrality in its global banking operations

Addressing the issues of today

Our industry has faced a number of significant challenges over the past 12 months. These issues are of importance to our stakeholders and in this extract from *The Sunday Telegraph*, John Varley provides a summary of how we have responded.

The role of banks and banking in society

The severity of the current financial crisis and magnitude of public support channelled into the financial sector have prompted a heated debate about the role of banks. That is understandable. But the discourse is often unhelpfully clouded by hyperbole and misrepresentations. We must move past that.

The causes behind the financial crisis are complex. What is clear is that, without decisive and significant action by authorities around the world, the banking system would have collapsed. Even banks that did not take capital from governments benefited from these actions.

Governments, regulators and banks must now learn the lessons of the last two years and ensure that nothing like this happens again. Considerable change has already occurred, but there will be more.

That change must not lose sight of the five core activities through which banks contribute to society: providing reliable and efficient payment systems; delivering safe storage (for deposits and savings); maturity transformation (or the conversion of savings into loans); asset management; and what is loosely referred to as investment banking. The discussion on the latter has been particularly troubling; it is worth dwelling on it for a moment.

The core activities of an investment bank

Investment banks undertake three activities – advice, execution and funding. Providing advice means working with clients to design solutions for their needs. Execution means helping clients put in place whatever solution has been designed, irrespective of who designed it. Banks take risks here to help their clients absorb and manage their own risk. Funding means maintaining the efficiency of markets for new issuance by ensuring secondary markets are efficient and effective. Secondary market activity (daily dealing in the stock market) signals investor appetite for different types of transactions; provides clear benchmarks for pricing and lowers the cost of issuance. ‘Market makers’ (like Barclays Capital) play a critical role in maintaining the efficiency of traded markets by ensuring that clients can always get access to a price and the individual markets required.

All three are critical to real economy health, because they help clients generate investment, trade, wealth generation, and employment – all real economy outputs. If you switch off investment banking, you switch off a fundamental supply of credit to companies and governments; of savings and investment products to support the privatisation of welfare provision; of financing resource in the areas of health provision and infrastructure; and of trading skills in the area of the management of carbon emissions. Investment banks are vital intermediaries in the

economic system – connecting sources of funds with investment opportunities.

Regulation in banking

Going forward, banks will need to hold more capital and more liquidity. Products must be simpler and more transparent. And incentives and compensation must be better aligned to delivery, must take account of risk, and must be paid out over time. Good performance should be rewarded. Bad performance should not. This is something we have always believed.

At Barclays, we have worked on reforming our remuneration practices through 2009. We aim to field the best people we can across all of our businesses. We compete in global markets, and labour is highly mobile. Our objective is to pay the minimum compensation consistent with competitiveness and performance.

Regulation is not a substitute for sound judgement or a sense of personal and corporate responsibility. The primary obligation to ensure these are in place lies with bank boards. Executive management must focus on what our customers expect of us (helping them achieve their financial goals and take appropriate risk); and on what our owners expect of us (that we will use well the resources generated by running a profitable business). Those two things are the essence of responsible banking. They require investment in the future.

Success in banking

A successful banking sector creates good things for society – the facilitation of wealth creation by customers; the generation of direct and indirect employment; payment of dividends and tax; economic stabilisation and growth. But we understand that success creates responsibilities.

The strands of responsible banking and successful competition are intertwined. We are at our most productive if we compete successfully. The capacity of banks to support economies depends on the international rules being kept level. Our ability to safeguard existing jobs and create new ones, and to lend supportively to householders and businesses (thereby helping create jobs beyond those which exist directly in the banking industry), ultimately depend on our being allowed to compete on equal terms with the best banks in the world.

Responsible banking

Barclays strategic priorities 2009

Staying close to our customers

Managing our risks

Maintaining strategic momentum

Our approach to Responsible Banking

Responsible Banking means meeting the broader needs of all our stakeholders. We cannot and should not separate our sustainability activity from our daily business. Nor can we separate this activity from our brand. That is because the people we seek to reach with our brand expect us to be responsible.

In order to achieve this, we must listen and respond to our stakeholders. In 2009, the message from our stakeholders was clear: they want a bank that offers a strong, safe and responsible service and which contributes to the economic progress of society as a whole.

We have reviewed our strategic themes and have developed a more focussed Responsible Banking strategy centred around three key pillars:

Responsible finance

We are working to develop our range of products and services with fair and transparent pricing and promotion. Supporting customers in difficulty, and providing access to credit based on customers' ability to repay are ongoing goals

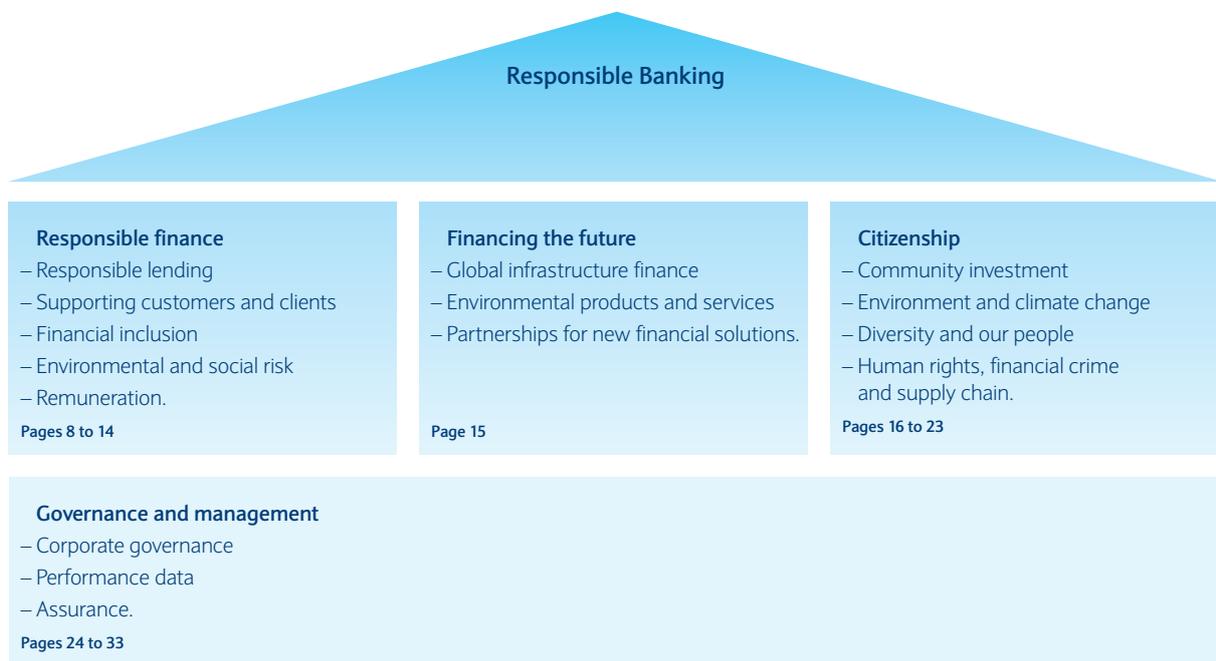
Financing the future

Barclays is playing its part in helping society address global challenges such as climate change and poverty by creating financial solutions across our businesses. This includes investing in social infrastructure such as schools and hospitals and providing financial services to support the transition to a lower carbon economy

Citizenship

We are investing in the communities where we operate around the world, minimising our impact on the environment and working towards a sustainable supply chain. We aim to attract, retain and develop a talented pool of colleagues from diverse backgrounds.

We endeavour to focus our colleagues' energy and our corporate investment in local communities where our customers live and work. If we do that well, we can use our resources constructively to make positive and lasting impacts on the lives of those we serve.



Stakeholder engagement

We do not have all the answers. Listening, responding and working in partnership is an important part of how we do business.

Our approach to Responsible Banking is to manage and report progress on the topics of greatest significance to our business and our stakeholders. Our stakeholders' insight and feedback on our programme help shape its future direction and encourage us to be open and transparent.

Engaging with stakeholders

The majority of our stakeholder dialogue is driven by Business Units, engaging with their specific stakeholder groups. As a universal bank operating in more than 50 countries, we have a wide range of stakeholders with different views, which are best managed at the Business Unit or country level. We aim to strike a balance between local and Group-level engagement. For instance, our community investment programme has global themes but also allows local businesses to invest in line with the needs of their local communities. Our global diversity programme is focussed on gender but businesses in the United States or South Africa are responsive to local issues such as the employment of minorities or Black Economic Empowerment. Where appropriate, we use multiple methods to strengthen stakeholder relationships. For example, with large international charities, we typically have a Group relationship which is enhanced by regional dialogue and support.

Key fact

82% of surveyed employees believe Barclays is a socially responsible company*

*100,000 employees surveyed across Global Retail Banking, Barclays Corporate and Group Centre.

We have several established mechanisms to gather stakeholder views, ranging from large-scale quantitative opinion surveys to small, local sessions on particular issues. We hold regular dialogue with representatives from the media and Non-Governmental Organisations (NGOs), as well as consultations with consumer groups and contributions to industry-wide discussions. We look to increase the effectiveness of the mechanisms for engagement with each of our key stakeholder groups. Although it is impossible to provide a full picture of stakeholder engagement across all our businesses and geographies, the table below provides an overview of the engagement mechanisms and key issues for our main stakeholders at a Group-level.

Identifying material issues

We prioritise issues based on their importance to our business and our stakeholders. Information from a wide range of sources, including stakeholder dialogue, is used to assess and rank issues.

Issues that are of interest to key stakeholder groups and are important to our business are ranked as the most material and form the focus of our Responsible Banking strategy and communications (see page 7).

In 2009, we completed the sale of Barclays Global Investors, our asset management division, to BlackRock Inc., maintaining a 19.9%

Group-level stakeholder engagement

Stakeholder Groups	Customers and clients	Consumer groups	Employees
Engagement mechanisms	<ul style="list-style-type: none"> – Direct feedback through customer service teams – Customer engagement – Advice forums and training – Complaint management centres 	<ul style="list-style-type: none"> – Bilateral consumer group engagements – Money Advice Sector – Confederation of British Industry (CBI) – Consumer Affairs Panel 	<ul style="list-style-type: none"> – Employee Opinion Surveys – Senior management presentations – Champions networks
Issues identified	<ul style="list-style-type: none"> – Customer service – Financial crime – Financial difficulty – Selling and lending practices – Cost of credit 	<ul style="list-style-type: none"> – Customer support – Responsible lending – Financial capability – Financial inclusion – Financial difficulty – Small business support 	<ul style="list-style-type: none"> – Operational performance – Pensions – Pay and benefits

International commitments

- Organisation for Economic Co-operation and Development (OECD)
- International Labour Organization (ILO) core Conventions
- Universal Declaration of Human Rights
- United Nations Environment Programme Finance Initiative (UNEP FI)

stake in the enlarged BlackRock Inc. As a result, we have reduced the prominence of responsible investment issues to the Group as a whole.

We have sought to deepen and engage with our stakeholders and enhance our contribution to the debate on rebuilding trust in the banking industry, both as an institution and in collaboration with industry groups.

Reputational research which we commissioned gathered views and perceptions of the banking industry and Barclays in the UK, US and Spain. Using surveys, interviews and focus groups, we tested messages on a range of sustainability issues, including responsible banking, financial inclusion, environment, and community investment.

Identifying the most material responsible banking issues

The issues which are most material to our business and stakeholders are assessed throughout the year. Below is an aggregation of responsible banking issues across our sector in 2009.



Shareholders	Suppliers	Government and regulators	Charities	NGOs	Industry associations
<ul style="list-style-type: none"> – Annual General Meeting – Meetings with institutions and analysts – Surveys of institutions – Socially Responsible Investment (SRI) engagement 	<ul style="list-style-type: none"> – Financial Services Purchasing Forum – Bilateral meetings with suppliers 	<ul style="list-style-type: none"> – Meetings with MPs and Ministers – Responding to consultations and working with Whitehall – Representation with trade bodies and consumer groups 	<ul style="list-style-type: none"> – Strategic review of community investment programme – Product consultation 	<ul style="list-style-type: none"> – Regular meetings and discussions – Collaboration on projects – Ad hoc engagement – Partnerships 	<ul style="list-style-type: none"> – Active contributor to industry-wide discussions
<ul style="list-style-type: none"> – Performance trends – Impairment outlook – Managing leverage – Return on equity targets – Pre-emption – Compensation 	<ul style="list-style-type: none"> – Environment and climate change – Diversity and inclusion – Timely payment 	<ul style="list-style-type: none"> – Financial services and banking reform – Consumer issues – Tax – Remuneration 	<ul style="list-style-type: none"> – Financial inclusion – Community investment strategy – Product insights 	<ul style="list-style-type: none"> – Environment and climate change – Responsible lending – Sector lending and project finance – Human rights 	<ul style="list-style-type: none"> – Responsible lending – Regulation – Environment and climate change

Responsible finance

Supporting customers and clients

We remain focussed on lending responsibly to our customers and clients around the world. In 2009, we committed to make an additional £11bn of credit available to the UK economy. By the end of 2009, we had lent an additional £35bn to UK households and businesses.

Supporting individuals and households

Banks need to strike a balance between providing access to credit and lending only to those who can repay. We are focussed on matching loans with the ability to repay. In line with our commitment to explore ways to help customers in financial difficulty, we have established specialist teams to engage with customers who have concerns about meeting future financial commitments. Early intervention is beneficial to both the customer and the bank.

We responded to the economic downturn with a series of changes to the way in which we operate our credit card business. These include lower initial credit limits for new customers, a price freeze for three million UK customers in 2009 and a new helpline for customers with financial difficulties. In the US, we are working to

comply with the new Credit Card Accountability Responsibility and Disclosure Act (CARD) which requires several critical changes in how issuers manage credit card accounts.

Our UK mortgage book has an average Loan-to-Value (LTV) ratio of 43% on a current valuation basis. While remaining conservative in our approach to risk, we have remained competitive in the mortgage market and increased our lending by 7% to £88bn at the end of 2009.

Barclays believes that the repossession route should only be followed as a last resort. In 2009, we had 7% of the total mortgage market but had 0.42% of all repossessions in the UK. We also support UK government initiatives, such as the Homeowner Mortgage Support Scheme, to help financially-stressed customers.

Treating Customers Fairly (TCF)

Our TCF Forum monitors progress across our retail and wholesale Business Units worldwide. We maintain robust control frameworks which include role-specific training for sales advisers, policies and performance monitoring. When incidents arise, we work to identify the root cause and resolve the issue as rapidly as possible. The business areas have made

good progress in delivering improvements to their operations and addressing root causes.

In the UK, the Financial Ombudsman Service (FOS) publishes at six-monthly intervals a report on customer complaints data which compares customer complaint handling data on volumes of new cases and percentage changes in outcomes across the financial services sector. In the most recent publication, Barclays Group had the second highest number of customer complaints. We recognise we have far more work to do in addressing customer concerns, reducing the level of 'preventable' complaints and speeding up complaints resolution.

We are working with the FOS to ensure that we operate a streamlined process for handling complaints that have been referred to them. One of the major actions we have taken in 2009 was to open a central FOS complaints handling unit in Cardiff. In addition, to aid effective working relationships, we have regular contact with the FOS at both an operational and executive level.

Working with business

In the UK, we launched a Credit Support Helpdesk for Local Business customers experiencing difficulty with obtaining finance.

Financing affordable homes

The UK housing sector is under pressure to deliver high quality homes and services at an affordable cost

Barclays provided Waterloo Housing Group with £100m in new debt finance which will enable the construction of 2,000 affordable homes

Waterloo Housing Group is a major new housing organisation for central England formed in October 2008 when Eastern Shires Housing Group and Waterloo Housing Association joined forces to create one of the largest housing groups in the region. The group manages more than 17,500 homes across central England.

Barclays is committed to working with clients in this important sector which delivers real benefits to local communities. As the sector embarks on its five-year plan to create sustainable communities and homes for all, we will continue to develop products to meet changing requirements and add to our

existing solutions to meet the needs of our current and future clients. ●



In South Africa, Absa has set up Enterprise Development Centres and established a dedicated Small and Medium Enterprise (SME) fund to offer development funding, mentorship and business support.

We actively supported UK government funding schemes, including Enterprise Finance Guarantee (EFG), arranging almost one in four EFG loans to viable businesses that did not have enough security to access finance. We also worked to help clients recover – more than 80% of struggling businesses which undertook a turnaround programme with our Business Support Unit were returned to good health. In 2009, our 'Let's Talk' programme offered face-to-face training and supported in excess of 7,000 pre-start-up and 5,500 existing small businesses.

Late payment and bad debts continue to threaten the health of many UK businesses. In 2009, CREDITFOCUS, a product aimed at businesses with a turnover of less than £1m, helped customers chase more than £25m in unpaid invoices.

Our investment banking business provides a range of financing and risk management solutions to clients across the world. We provide some examples of transactions completed in 2009 in the social housing sector and for governments. Financial solutions for infrastructure, education and renewable energy are discussed on page 15.

Social housing

The social housing sector in the UK is mostly made up of charitable organisations that provide high-quality, affordable homes. Most tenants are on low incomes but many Housing Associations also seek to serve a wider segment of the community, creating affordable homes for sale and providing accommodation for key workers including teachers and hospital staff.

We are a leading provider of finance in the capital intensive social housing sector, including bank finance and debt capital markets. Our specialist Social Housing Team in Barclays Corporate has committed limits to the sector at over £11bn. Barclays Capital helped the Sanctuary Group, the largest UK-registered social landlord, to access the bond markets through acting as sole manager for a £200m bond issue.

In the US affordable housing sector, Barclays Capital raised funds for a number of our state housing finance agency clients, including those in Colorado, Idaho, Massachusetts,

Michigan, New York, Ohio, Pennsylvania, Utah and Virginia. We helped these clients raise a total of US\$1.37bn for the construction and financing of housing for low- and moderate-income residents. In addition, we provided liquidity facilities to Colorado, Idaho, Michigan and Utah for a total of US\$600m to help them to repay expensive bank borrowings in an environment in which liquidity was otherwise unavailable in this sector.

Governments

Barclays is a major provider of finance to governments around the world and is the third largest issuer of bonds to emerging markets globally, with leadership in Asia, Latin America, the Middle East and Africa. Transactions in 2009 included:

- Facilitating more than US\$150m worth of access trades into Ghana
- Qatar's US\$7bn triple-tranche bond, the largest ever international bond by an emerging markets issuer
- US\$2bn bond issue for the Republic of South Africa.

Innovative products and services

In 2009, Barclays reached the milestone of six million contactless-enabled cards in the UK, which feature technology that makes life easier for customers. Barclays Wealth launched Optimiser Emerging Markets, a product that gives investors the opportunity to benefit from the growth potential of investments linked to emerging economies.

2009 targets

Maintain our approach to lend responsibly. We look to adopt a risk pricing approach and treat individual, commercial and corporate customers on a case-by-case basis

Continue to explore appropriate ways to help customers who face financial difficulties to resolve their problems

Continue to act on customer and client feedback to develop appropriate products and services

2009 performance

£35bn

Gross new lending to UK households and businesses during 2009

£11bn

Committed to the UK social housing sector

3rd

Largest issuer of emerging market bonds

43%

Average Loan-to-Value ratio of our UK mortgage book on a current valuation basis

95,000

Business start-ups supported in the UK. An increase of 6% over 2008 and the highest number since 2003

2010 targets

Commission external independent research to understand better the needs of financially-stressed consumers

Work closely with our customers and clients to support them through the economic downturn

Continue to lend responsibly using our risk pricing approach and treat each customer and client on a case-by-case basis

Responsible finance

Financial inclusion

The World Bank estimates that in some countries, fewer than 10% of people have access to financial services of any kind. In the many communities where Barclays does business, we have found that the most vulnerable people are often those who have the most limited access to financial services. Inclusive banking aims to change this, from helping rural communities in the developing world save securely for the first time, to providing support for credit unions in deprived areas of the UK.

Overview

Access to transactional and savings accounts and to credit and insurance services, is essential for enabling economic activity. The critical issue is how to extend financial inclusion to more of the world's population.

Financial inclusion means providing products that increase access to financial services in both developed and emerging markets. There are several challenges to overcome in reaching these customers effectively. We are implementing innovative solutions such as using technology to

reduce the cost of serving dispersed populations and developing tailored credit assessment methods that do not require extensive formal documentation.

Our financial inclusion strategy

We deliver our inclusive banking strategy by developing our own dedicated products and services as well as working in partnership with other organisations that help people access mainstream financial services.

The strategy focusses on three main themes:

- Developing the *supply* of inclusive financial products
- Building *demand* among individuals who can make productive use of them
- Forging *partnerships* with organisations that share our commitment.

Developing the supply of products

To widen financial inclusion effectively, we need to supply the right products and services to the right customers and in the right way. Low income

products need to be affordable, easy to access and have minimal entry barriers.

Our products include:

- Basic transaction accounts
- No-frills savings accounts
- Government welfare payment systems
- Mobile phone banking
- Dedicated micro-credit products.

Designing appropriate products

In South Africa, Absa, majority-owned by Barclays, offers the Mzansi account, a basic transaction account, and the Sekulula, a debit card account that helps those on government benefits gain access to the financial system. In 2009, on average, Mzansi grew from 615,688 to 763,715 accounts and Sekulula from 818,099 to 920,100.

In sub-Saharan Africa, we had around 663,000 accounts for low-income customers at the end of 2009, representing an estimated 25% of our local customer base across these markets.

Supporting businesses in UK deprived areas

Since 2000, we have included details of our banking relationships in our sustainability reporting, with a particular focus on customers based in the most deprived areas of the UK

There has been a 29% increase in the number of new loans made to small business customers in deprived areas of the UK in 2009

For further data on our support for UK customers, see pages 28 and 29

Banking on Change partnership

In 2009, Barclays committed to a global partnership with NGOs CARE International and Plan International in order to extend innovation and accelerate sustainable access to basic financial services.



The three-year initiative aims to reach more than 500,000 people across Africa, Asia and South America and represents a £10m commitment by Barclays.

The partnership combines the NGOs' experience and understanding of local communities with the financial expertise of Barclays. This enables us to promote and train community groups on savings-led community finance and develop bespoke financial channels, products and services to fulfil their needs.

The initiative gives individuals the opportunity to save regularly and provides communities with a way to manage their money, increase their ability to deal with life emergencies and invest in their own and their children's future. ●

In the UK, Barclays Cash Card Account is a market-leading, entry-level bank account, with almost 844,000 customers, of which almost 47,000 live in deprived areas of the UK.

Working in partnership with financial intermediaries

Barclays supports the Association of British Credit Unions Limited (ABCUL) and the Community Development Finance Association. In 2009, we announced a new funding package to support third sector lenders, including £250,000 for ABCUL and £250,000 for the Barclays Community Finance Fund which provides grants to community finance organisations.

Barclays has invested more than £3m in the community finance sector in the UK since 2004. This helps individuals access more affordable financial services and general advice.

Working with indigenous financial systems

Working in Ghana with the Susu system, we have been able to reach over 400,000 market traders, many of whom are women. The 700

Susu collectors on our microbanking programme provide savings and loans facilities to their clients. Barclays offers them a special account where they can safely deposit their money. Over the years, we have seen Susu collectors graduate to full banking clients, while their clients have been able to take up Aba Pa (good seed), a personal account designed for low-income customers.

Financial inclusion journey

An individual's journey from financial exclusion to inclusion may involve several stages, each requiring differing types of support services from various organisations.

Financial exclusion

Informal financial systems

Working to reduce exclusion and support financial education and advice, for example:

- Barclays work with village savings and loans associations and indigenous systems
- Banking on Change £10m community finance partnership

Microfinance and community finance organisations

Working in partnership to meet the needs of low-income customers, for example:

- Dedicated funds and technical support for community finance organisations

Mainstream banking

Developing and improving access to mainstream banking products and services, for example:

- Barclays has opened 3.2 million entry-level bank accounts in countries including Kenya, Ghana, Uganda, Zambia and South Africa
- Absa Microenterprise Finance Unit in South Africa provides services for small businesses

2009 targets

Increase the number of active accounts targeted at low-income and new-to-banking customers

Expand our support to unbanked and excluded communities through access to community-based financial services

Play a leading role in driving the sustainability agenda in the UK credit union sector

Partner with the UK community development finance sector to support small firms in deprived areas

2009 performance

3.2^m

Entry-level bank accounts opened to date, an increase of 16% compared to 2008

£10^m

Commitment by Barclays in partnership with CARE International and Plan International, see case study on page 10

£500^k

Support package helped the community finance sector provide affordable credit to vulnerable consumers. Barclays was the first UK bank to announce its commitment to help the country's third sector with £250,000 allocated to support credit unions

29%

Increase in new loans made to small business customers in deprived areas of the UK in 2009

2010 targets

Examine Cash Card and UK Treasury's unbanked research to inform financial inclusion strategy and participate in new Government initiatives

Launch the Banking on Change partnership in all delivery countries and set up a project to link the groups to formal banking

Expand mobile banking to Ghana, Uganda and Zambia

Launch initiatives to help vulnerable customers in the UK

Increase Barclays financial support and engagement with the Money Advice sector

Responsible finance

Environmental and social risk

Many of our environmental and social impacts are indirect and arise through business relationships, including those with our supply chain and those to whom we lend. Barclays has a long-standing commitment to managing the environmental and social risks associated with our lending. These activities must strike a balance between helping customers meet their financial goals and prudent risk management. We must assess the social and environmental implications of our decisions. Achieving this balance is important to responsible banking.

Risk management at Barclays

Barclays approach to risk management includes: the application of our principal risk policy – which sets out responsibilities for the management of the Group's most significant risk exposures; the determination of risk appetite; the level of risk that the Group is willing to take in pursuit of its business objectives; and the governance risk methodologies which cover processes, measurements, techniques and controls.

The governance of risk management sits with our Board of Directors (see Governance, page 26).

Our Group Environmental Risk Management (ERM) team has responsibility across the Group, working with colleagues to address and minimise risks to the company's lending activity.

In 2009, 256 non-project finance transactions were assessed by the ERM team, as detailed in the table below.

Financing sensitive sectors

We have developed environmental, social and human rights risk guidance notes on the risks involved in developing business relationships with customers operating in environmentally- and socially-sensitive sectors. This guidance has also been adopted by the United Nations Environment Programme Finance Initiative (UNEP FI) and covers the following sectors:

- Agriculture and fisheries
- Chemicals and pharmaceuticals
- Forestry and logging

- Manufacturing
- Infrastructure
- Mining and metals
- Oil and gas
- Power generation
- Service industry, including healthcare and telecommunications
- Utilities and waste management.

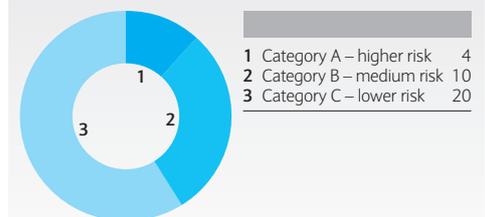
Environmental and social risk criteria for lending

Our Environmental and Social Impact Assessment (ESIA) policy focusses on the environmental and social sensitivities of our lending and is designed to ensure that proposals are rigorously assessed to identify, quantify and mitigate their environmental and social impacts. It is also the mechanism by which we apply the Equator Principles and International Finance Corporation (IFC) Performance Standards to our projects.

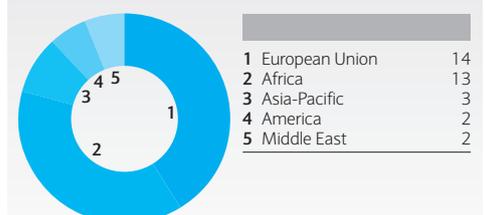
Transactions screened by industry sector 2009

Sector	Project finance transactions	Non-project finance transactions referred to ERM team
Agriculture, fisheries, forestry and logging	0	12
Manufacturing	1	29
Chemicals and pharmaceuticals	0	12
Mining and metals	8	61
Power, excluding renewables	1	28
Renewable power	6	39
Oil and gas	4	38
Utilities and waste management	1	4
Infrastructure	8	11
Service industry, including health care and telecommunications	5	22
Total	34	256

Project finance transactions by risk category 2009



Project finance transactions by geography 2009



Equator Principles

The Equator Principles are based on the IFC's Performance Standards which form the financial services industry standard to manage environmental and social risks in project finance.

The Principles apply to all project finance deals above US\$10m and form a central part of Barclays ESIA, helping to ensure that projects are developed in a socially-responsible manner and follow robust environmental practices.

Barclays leads Equator Principles working groups on climate change and social risks. The primary objective for both groups is to input into the IFC Performance Standards review by exchanging industry best practice.

Managing climate risks

Managing climate risks is a crucial part of our strategy as climate change can influence our core credit risk assessments, including operational, market and regulatory aspects of a clients' business.

However, it remains difficult for the banking sector to reach an accurate assessment of the material impacts of climate change over time and in different countries. As a result, we are

increasing our expertise in evaluating how climate change factors can create financial and business risks by working with a range of organisations to research emerging climate change impacts, including adaptation to inevitable climate change.

Progressing the climate agenda, Barclays participated in a project led by the UK Government's Department for International Development and sponsored publication of the resulting report on climate adaptation. This was launched at the Intergovernmental Panel on Climate Change (IPCC) meeting in Poznań in the spring.

Managing climate risks in Africa

Storm Shelter is a report from Barclays which assesses current and future exposure to climate change in Africa and outlines risk management options for key economic sectors.

Barclays commissioned the UK Met Office's Hadley Centre, a leading climate change research institute, to analyse these risks from an economic and business perspective.

The report sets out the best ways to help secure future growth in Africa and to build greater climate resilience within three key

regional economies – South Africa, Ghana and Kenya.

Barclays is working to improve the understanding of climate risks among our lending and risk teams in Africa. We have also shared this research with key stakeholders to raise awareness.

Training

Members of the ERM team communicate policies and guidance for Barclays lending managers around the world. In 2009, this included working closely with Absa, to help in readiness of its adoption of the Equator Principles, as well as carrying out coaching sessions for business and credit risk teams in New York, Johannesburg, London and Geneva.

Barclays Natural Resource Investments

Barclays Natural Resource Investments (BNRI) invests across the global natural resources sector by partnering with 'best-in-class' operational management teams, typically investing between US\$50m and US\$100m and providing Barclays clients with the opportunity to co-invest alongside Barclays. Investing in natural resource assets can expose Barclays to social and environmental risks. BNRI has developed a Business Integrity Framework to manage its current portfolio and set parameters for any future investments. The framework is designed to meet social and environmental performance standards developed by the IFC and has specific governance and reporting measures at Board level. These include the

identification and assessment of risks related to health and safety, environment, financial crime, labour and physical security. A Board member is required to produce a quarterly risk report and manage the implementation of any protective or remediation measures that may be necessary. More information on BNRI can be found at: www.bnri.com

Responsible finance

Remuneration

In 2009, we reviewed our remuneration practices. The objective of the review was to ensure that the principle of pay-for-performance that underpins our business continues to be implemented in a way that is consistent with and supportive of delivering returns to shareholders, strengthening the balance sheet, protecting the business franchise and delivering the appropriate management of risk.

A critical element of our approach is a robust governance framework. The Board Human Resources and Remuneration Committee approves forward-looking frameworks based on financial metrics to ensure that there is appropriate leadership and planning of remuneration in each of the key businesses. The Committee's decision-making is informed by direct input from the Group Finance Director and the Chief Risk Officer to ensure that the level of risk within the business and the quality of underlying profits have been fully considered. Pay is a means of implementing strategy and creating value for shareholders over time. We aim to ensure that our pay policies and practices are fit for this purpose. As a consequence of the review, we increased deferral of awards and the use of equity.

The Committee reviews the structure as well as the amount of compensation, with particular attention to levels of deferral, the

mix of annual and long-term incentives and the proportion of equity relative to cash.

In reaching its final decisions, the Committee uses its discretion, informed by an assessment of performance and risk within the context of a strong, risk-adjusted culture underpinned by robust governance processes.

Market benchmarking is important, but is only one of several inputs in supporting the Committee's objective to pay the minimum amount consistent with maintaining competitiveness and long-term shareholder value creation.

Each year, we look back at the decisions we have made and review the extent to which they met our objectives. We seek by this to learn lessons for the coming year.

2009 decisions

Our decisions on discretionary pay in 2009 properly reflect our performance. The increase in incentive compensation in the investment banking business was materially less than the increase in underlying profit, and the cost to net income ratio was lower than in 2008.

There was a significant increase in the use of deferral, equity and long-term awards, particularly to senior executives. All discretionary remuneration for members of the Group Executive Committee is being delivered

Key facts

Total compensation to total income ratio in Barclays Capital fell to 38% from 44% in 2008

Around 5,000 employees will have a proportion of their remuneration delivered as long-term awards

73% of the long-term awards from the 2009 pay review are in the form of equity

over a three-year period and will be subject to clawback.

We will be compliant with the FSA Remuneration Code and the Financial Stability Board Implementation Standards endorsed by the G20 and have applied these to the decisions of the 2009 pay review.

The following approach has been taken on Executive Directors' remuneration:

- Appropriate consideration was given to non-financial measures as well as risk considerations in the assessment of performance
- There was no annual performance bonus for the Chief Executive and the President. This is the second successive year they have advised the Board that they wish to decline any annual bonus awards
- There was no long-term award for the Chief Executive. This is the second successive year that he has advised the Board that he wishes to decline any long-term award
- Current Executive Directors who have long-term performance shares due to vest and be released in 2010 have agreed to voluntary clawback arrangements operating over a further two years.

“A significantly greater proportion of incentives will be longer term and more will be deferred in order to contend with greater risk adjustment, industry cyclicality and market volatility.”

Financing the future

Banks have a role in helping society address global challenges such as poverty, climate change, the expansion of health programmes and the development of infrastructure.

Financing infrastructure

Barclays is a major provider of finance to the infrastructure sector globally. In Europe, Barclays Infrastructure Funds has a portfolio that includes healthcare facilities, schools, university accommodation, transport, government office accommodation and waste water treatment. Our support for the social housing sector is discussed on page 9.

Barclays Infrastructure Funds has supported UK universities in developing new facilities. This includes a green student housing scheme at Lancaster University which is now being replicated on other campuses. We financed Oxford Churchill Hospital, part of the John Radcliffe Group of hospitals, where geothermal technology is used to assist in heating the facility in winter and cooling it in summer.

We are active in funding infrastructure projects across Africa. In 2009, Absa entered into a US\$150m funding arrangement with the International Finance Corporation (IFC) to finance projects which will encourage economic development in some of the poorest regions of

sub-Saharan Africa. With its management of the US\$150m IFC facility, strategic involvement with the US\$630m Pan-Africa Infrastructure Development Fund in which Absa Capital is also the second largest investor, and approximately US\$150m of direct infrastructure investments, Absa Capital is a leading private sector investor in Africa's infrastructure.

Capital markets solutions

Barclays Capital is active in helping public authorities raise finance for infrastructure and development, including the building of hospitals and schools. Transactions in 2009 included a US\$950m bond issue for the Los Angeles Unified School District and US\$50.8m of qualified school construction bonds for the Baltimore City Board of School Commissioners. Barclays Capital managed the New York City Municipal Water Finance Authority's inaugural US\$723m Build America Bonds issuance.

In the US higher education sector, we helped finance more than US\$2bn of new projects that are Leadership in Energy and Environment Design (LEED) certified. We have worked with universities such as Yale, Michigan and Texas in order to provide funding for new facilities that are energy efficient, offer improved indoor environmental quality and built-in recycling collection locations.

Environmental products and services

Business Units across Barclays are active in developing environmental products and services, from carbon trading solutions for government and industry, to financing solutions for the renewable energy sector, see case study below.

Barclays Capital is currently the market leading provider of liquidity in the carbon market. It was also the first to set up a dedicated carbon trading desk, trading over 3.5 billion tonnes of carbon to date and executing the first forward carbon trades in the US. The desk has received several awards, including European Emissions House of the Year 2009 at the Energy Risk Awards.

The Gconomy Visa card launched in the US by Barclaycard and Recyclebank® in 2009 donates part of every purchase to a green schools programme and rewards households for recycling.

Working in partnership

Preventing the destruction of rainforests is a critical part of addressing climate change and preserving biodiversity. Barclays Group Chief Executive John Varley is a member of the Prince's Rainforests Project Steering Group which is developing a financing mechanism to help reduce tropical deforestation.

Alternative energy banking

Barclays is providing financial solutions across renewable energy markets with dedicated resources in equity and debt capital markets, advisory services and research. The Alternative Energy group is a joint venture between the Power and Technology groups in Barclays Capital and is active across renewable technologies, including wind, solar, waste-to-energy and geothermal.

In 2009, Barclays was involved in several innovative transactions, including arranging the sale of a US wind developer, launching a US\$400m convertible note for a leading energy-from-waste operator and managing a follow-on share offering for a US solar firm.

The Natural Resources team in Barclays

Corporate also arranges project finance and debt in the UK, Ireland, Spain and Italy.

Despite the challenging economic climate, we maintained our commitment to the sector and were involved in over £500m of wind and solar energy project finance transactions in 2009.

We are also increasing research coverage of the European and US renewables sector with dedicated equity analysts in London and New York. ●



Citizenship

Community investment

£55m

Invested in our communities during 2009

76%

Increase in colleague participation since the launch of our community investment strategy in 2007

Investment in our communities is an integral part of our Responsible Banking strategy. As well as committing £55m to a wide range of community initiatives around the world, we have also applied our skills and resources in helping vulnerable communities, with 58,000 employees across 31 countries involved in volunteering and fund-raising in 2009.

Governance

Community investment within Barclays is overseen by the Community Partnerships Committee, which is chaired by Barclays Group Chairman Marcus Agius.

The Committee comprises representatives from our businesses around the world and benefits from the additional expertise of two external members. The Committee is responsible for setting the overall direction and strategy of our programmes.

Since laying out our Global Community Investment Strategy in 2007, we have achieved our key objective of globalising the programme and giving it an international focus. We have also succeeded in driving increased employee

engagement, with the number of colleagues involved in volunteering and fund-raising increasing by more than 75%.

During this time, Barclays achieved Business in the Community's 'CommunityMark', a global standard that publicly recognises excellence in community investment and challenges businesses to continually improve their positive impact on society.

Barclays has three strategic themes for its community investment: Banking on Brighter Futures, Looking after Local Communities and Charity Begins at Work.

Through these themes, we are able to achieve a successful balance between global partnerships with major international charities, and local initiatives, driven by the passion and energy of our colleagues.

Banking on Brighter Futures

Banking on Brighter Futures is the flagship community investment programme, and focusses on helping disadvantaged people in communities around the world work towards financial independence and security through

supporting financial inclusion, encouraging entrepreneurship and employment and developing financial capability.

By aligning this programme with our core business skills and capabilities, we aim to have the maximum positive impact on the communities in which we operate.

In our Barclays Africa business, one of our key partnerships is with Junior Achievement, an international NGO. The £1.5m three-year project is reaching out to over 8,000 young people to help develop their employment and entrepreneurial skills, with further support from Barclays colleagues through student mentoring and job shadowing opportunities.

In the UK, we launched Barclays Money Skills, a programme helping disadvantaged and 'hard-to-reach' people make independent and informed financial decisions. Over three years, Barclays will help over one million people to develop their financial capability.

Under Barclays Money Skills, we invested £1.8m in the My Money Matters partnership, a three-year programme run in conjunction with Help the Aged.

“Through its Banking on Brighter Futures programme, Barclays is approaching global community investment as a core part of its corporate objectives and values.”

Tanja Rasmussen

Community Investment Campaign Director, Business in the Community

“I felt privileged and inspired to meet the remarkable children of Kigali on my recent visit to Rwanda. They were bright, articulate and ambitious, and I am proud of all that we are achieving through our partnership with UNICEF.”

Bob Diamond
President, Barclays PLC

The programme was designed to improve the skills, knowledge and confidence of older people when it comes to money management. Professional advisors, supported by Barclays volunteers, have helped over 34,000 people with face-to-face awareness sessions and through a telephone support line.

As a result, over £12m of debt has been handled by the advisors who secured affordable repayment terms for clients and helped them write off over £2.5m. In addition, the advisors were able to identify a further £1.8m in unclaimed benefits.

Looking after Local Communities

Through the Looking after Local Communities strand of the community investment strategy, we are committed to investing in the many neighbourhoods around the world where we operate, engaging with local stakeholders to support the initiatives which matter most to them.

For example, in Botswana, we have set up a peer training programme to help 1,360 teenagers affected by HIV/AIDS to improve their

vocational skills. In Mauritius, we are working with the government to reverse the prevalence of diabetes through screening and media awareness campaigns.

Charity Begins at Work

Our colleagues all over the world continue to give up their time in support of the causes that mean the most to them. One example involves colleagues from Barclays Capital in New York who have supported young people with a Saturday maths club, helping 8 to 11-year-olds prepare for upcoming exams.

To recognise and celebrate our colleagues' dedication to their local communities we once again held our global Chairman's Awards in 2009.

The overall winners were colleagues from Team Mirchiwadi in India, who undertook an ambitious project to improve the infrastructure and transport links of a remote rural village. They worked with villagers to build a new road, repair a well that now provides access to clean water, and renovate a school. In all, the project helped 500 villagers, many of whom now also have improved job prospects as a result.

2009 targets

- Increase non-UK community investment funding to 50%
- Complete roll-out of our UNICEF partnership in 13 countries
- Assign 50% of community investment funds to Banking on Brighter Futures

2009 performance

50%

Of our community investment spend is now outside of the UK

13

Projects are now running in 13 different countries under our UNICEF partnership

50%

Of global community investment is dedicated to the Banking on Brighter Futures programme

Building Young Futures

In partnership with UNICEF, we are investing £5m over three years into our Building Young Futures programme. Working in 13 different countries, we are empowering thousands of young people by providing them with the skills and opportunities they need to achieve a



Bob Diamond, President, Barclays PLC, visiting a UNICEF school project in Rwanda

brighter future for themselves and their communities.

Throughout 2009, over 38,000 young people were reached across the global partnership. This includes 5,000 in Zambia benefiting from access to vocational and entrepreneurial training and 230 internships offering valuable work experience.

Barclays colleagues have also become involved in the partnership, raising money through events such as 'Step into the Night' in the UK, a sponsored walk that took place simultaneously in London and Manchester.

In September 2009, Bob Diamond, President, Barclays PLC, visited one project at a school in Rwanda to see the new facilities and income generating activities at first-hand. ●

2010 targets

- Review our global community investment strategy to ensure our programmes are best positioned to address emerging social and economic challenges
- Expand participation in our Make a Difference Day campaign to include Absa
- Reach 80,000 people with Barclays Money Skills Programme

Citizenship

Environment and climate change

Our responsibility as a business is to continue to focus on reducing our operational emissions and identifying business opportunities in the low-carbon economy. We are also committed to offsetting the unavoidable carbon emissions from our global banking operations.

Barclays Climate Action programme

Barclays Climate Action programme sets out our response to the challenge of climate change:

- Reduce our CO₂ emissions by improving energy efficiency and sourcing low-carbon energy where it is cost effective to do so
- Offset unavoidable CO₂ emissions from energy use in buildings and business travel
- Work with our suppliers to help them reduce their CO₂ emissions
- Develop products and services that help customers reduce their impact on the environment, see page 15
- Engage with key stakeholders and contribute to the climate change debate.

Managing our environmental impact

Barclays has set global targets for reducing the environmental impact of our operations, with a focus on improving energy efficiency in buildings and data centres. Examples of initiatives include:

- Absa has built an energy centre in Johannesburg which will generate electricity from gas. The centre, which will operate from 2010, will power eight buildings during business hours. As well as providing greater energy security, the centre will also reduce CO₂ emissions by 19,000 tonnes annually when operating at full load
- During 2009, powerPerfactor was trialled at nine UK Retail Banking branches. The technology reduces electricity consumption, demonstrating an average energy saving of 13% per site
- At Barclays Capital's office in London, high efficiency turbocor chillers have replaced the existing data centre cooling plant, resulting in annual savings of 2.6 GWh of electricity and a reduction of 1,300 tonnes of CO₂ emissions

Key fact

79% of surveyed employees believe Barclays is an environmentally responsible company*

*100,000 employees surveyed across Global Retail Banking, Barclays Corporate and Group Centre.

– In 2009, we completed a pioneering project at our data centre in Gloucester, UK. We implemented an innovative ice store-linked cooling system, which saves energy used to produce chilled water and will reduce the site's carbon emissions by 10,750 tonnes of CO₂ annually once fully loaded.

Carbon offsetting

In 2007, we made a commitment to make our global banking operations carbon neutral. We have now met that commitment. We met this goal in stages, offsetting emissions first from UK operations, then from European operations and finally global operations.

We purchase carbon credits that meet the Voluntary Carbon Standard, a set of rules developed to ensure that carbon credits genuinely reduce CO₂, and are audited and traceable.

In 2008, Barclays global carbon emissions from energy use in buildings and business travel were calculated and independently verified at 678,746 tonnes of CO₂. We purchased 679,000 carbon credits to offset these emissions from projects in the USA, China, India, Russia, Kenya, Ghana, Brazil, Argentina and South Africa.

Barclays global carbon footprint

Barclays global carbon footprint has increased significantly since 2007, driven by business growth, acquisitions and improved data capture across our global operations. Our 2008 carbon footprint was reported as 678,746 tonnes. A significant proportion of this was derived from estimates made in our emerging market operations, particularly for the branch network in South Africa.

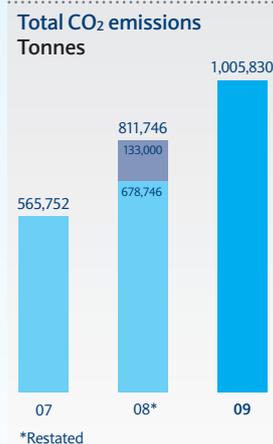
In 2009, we were able to improve our data capture and estimation methods, which showed that the estimates used previously were inaccurate. We have restated the 2008 total to include an additional 133,000 tonnes of emissions from our South African operations. Notwithstanding the improvements in 2009,

a significant proportion of the data from emerging markets, particularly the South African branch network, continues to be derived from the extrapolation of small data samples with the associated implications for data accuracy. We will work to improve the data quality in 2010.

Our emissions increased to one million tonnes in 2009, primarily due to the acquisition of the Lehman Brothers North American business and the reasons identified above. ●

Ernst & Young observation

Barclays has a structured process for managing and reviewing environmental performance data across the UK and US businesses. However the process for the management and review of environmental performance data in South Africa, and other African and emerging markets is variable. We understand that Barclays has plans to improve data quality and to introduce greater rigour and scrutiny into the management and review of environmental data in these markets.



To date, Barclays has purchased and cancelled over one million carbon credits.

As part of our improved data reporting in 2009, we found that our 2008 emissions had been understated by 133,000 tonnes. We will now purchase additional carbon credits to match this total in order to meet the shortfall.

Our environmental footprint

In 2009, Barclays did not meet our annual reduction targets on carbon, energy and water. Although we made some progress on energy efficiency in some parts of the business, both our overall emissions and energy consumption increased due to acquisitions and improved data capture across our global property portfolio (see box on page 18). At the same time, headcount reduced by 6%, making our 2% reduction per employee targets more difficult to achieve. We recognise that the quality of environmental data is variable across our global operations, but we continue to improve our measurement and reporting. More information on our environmental footprint can be found on page 31.

Having missed our environmental targets for the first year of our three-year target period, we have established a new governance framework to drive continual improvement in energy management, and we continue to review our strategy, targets and investments. In the UK, Barclays properties will fall under the new Carbon Reduction Commitment scheme from 2010.

Engagement

Our engagement in ongoing debate on the solutions to climate change is led from the top of the organisation. Group Chairman Marcus Agius represents Barclays on the Confederation of British Industry's Climate Change Board. We also published *The Green Guide for Business* handbook and distributed it free of charge to around 5,000 corporate customers. The guide is full of advice on how firms can cut carbon and costs, even in an economic downturn.

2009 – 2011 targets

Carbon emissions:

Reduce total CO₂ emissions by 6% per employee, achieving an average 2% reduction per year

Energy:

Reduce energy use in buildings by 6% per employee, achieving an average 2% reduction per year

Water:

Reduce water use by 6% per employee, achieving an average 2% reduction per year

2009 performance

Carbon emissions:

+31%

Total carbon per employee
Not achieved

Energy:

+12%

Energy use per employee, excluding data centres
Not achieved

Water:

+1.8%

Water use per employee in the UK
Not achieved

2010 targets

See above for carbon emissions, energy and water targets

Improve the collection of environmental data across our global operations

As part of our commitment to minimise our environmental impact, we will move to an online only report

Review our strategy for achieving emissions reductions and strengthen the process for monitoring progress

Barclays and WWF



Barclays has partnered with WWF to fund vital work in Eastern Africa, a region that is home to some 70 million people, many of whom depend on the natural environment for their livelihoods.



The Protecting Eastern African Resources and Livelihoods (PEARL) project takes a new approach to conservation by giving people greater control over their natural 'capital'. It will show them that by protecting biodiversity and the natural world, they will start to enjoy more sustainable economic growth.

Countries such as Tanzania, Kenya and Mozambique are important markets for Barclays and our knowledge and expertise will help strengthen WWF's work in the region.

The project will tackle issues such as illegal timber harvesting and develop ways of ensuring the region's rich natural resources are used in a more sustainable way.

Find out more about PEARL at www.barclays.com/pearl

Citizenship

Diversity and our people

We want to ensure all our colleagues, regardless of race, gender, nationality, age, disability, sexual orientation, religion and background, have the opportunity to develop to their full potential. We try hard to prevent artificial or prejudicial barriers from getting in the way of their development. That being said, we recognise that we have more work to do in creating a more inclusive and diverse environment, reflecting the composition of the communities in which we operate.

Our diversity and inclusion programme covers six key areas: gender, sexual orientation, race and cultural awareness, disability, age and religion and belief.

Gender

Gender is the main focus of Barclays diversity and inclusion programmes worldwide. We are working to understand what women want from an employer and taking positive action to provide the support and opportunities they seek.

We want to increase the representation of women in senior roles. It is a challenge facing

the entire financial services sector – one that requires a robust, long-term strategy – but we are making good progress.

We are aware that the economic downturn and the ensuing unfavourable media coverage has led to the banking sector losing its appeal to job seekers. In the past year, the number of female applicants to Barclays Wealth's graduate programme has dropped by 30%, reflecting an industry-wide trend.

Recruitment

Our recruitment campaigns also take a proactive approach to gender diversity. We have undertaken a talent spotting initiative to create a 'virtual bench' of potential successors to our most senior roles.

Barclays Wealth has established the Embark career change programme, which trains skilled people from outside the financial sector to become private bankers.

At universities, Barclays Capital held a series of women-only events in 2009 to highlight how women can flourish in the investment banking sector – traditionally a male-dominated profession.

Gender-focussed training

Women are offered specific in-house training. Barclays Capital's Women in Management course offers networking and one-to-one career coaching sessions. In addition, Barclays Wealth recently joined forces with executive coaching consultancy Talking Talent to provide senior women with advice on successfully navigating traditionally male work environments.

In UK Retail Banking, 44% of high-performing middle managers nominated for our 2008-2009 Emerging Leaders Programme were women. Participants of the Senior Women's Programme, which brings together women from different areas of the business, increased by 200%.

In 2010, we have also launched a series of female leadership initiatives across Africa and in Europe, ensuring that women who want to pursue international careers can expect consistent levels of support throughout the business.

Customers and clients

Our commitment to supporting women extends to our customers and clients. Barclays Stockbrokers has launched a dedicated service for the growing number of female investors.

Women-focussed marketing



A new magazine called *Smart Living* aimed at Barclays female customers in their 40s and 50s was launched by UK Retail Banking in 2009. 'Our research shows that this age group are making a number of positive but challenging decisions where money plays a key role, such as starting a new career, paying for education and planning for retirement,' says Customer Propositions Manager, Sarah Ellis.

This magazine was launched to more than 65,000 Barclays customers and combines relevant and entertaining features such as 'Be a 10-minute volunteer' and 'The age of elegance.' Other features include advice for customers on how best to manage their money, including information about Barclays Online Banking

and ideas for saving for their children's futures.

'*Smart Living* is a great vehicle for increasing the levels of trust our female customers have in Barclays, and it's just the start of some really exciting communications we have planned for our female base', says UKRB Marketing Communications Director, Sara Bennison. ●

“Barclays wants the best people. There is no monopoly in this market – the best people come from diverse sources. Apart from the commercial benefits, working in a diverse community is rewarding and developmental for us all as individuals.”

Cathy Turner
Barclays Group Human Resources Director

One example of this is our *Smart Living* magazine, see page 20.

Disability

A second focus of our diversity and inclusion strategy is disability. Around 10% of the world’s population, some 650 million individuals, are living with disabilities. We can and should, use our position as a responsible global employer to help more people with disabilities in the workplace succeed in their careers.

Some of our recent developments include:

- An internal jobs board for disabled employees
- Interview skills workshops and career advice
- A dedicated disability manager who evaluates and implements ‘reasonable adjustments’ to the workplace for disabled employees
- A Disability Listening Group to increase our awareness of issues affecting disabled employees, resulting in the establishment of an internship programme for students with disabilities, a mentoring network and clearer recruitment guidelines
- Customer ATMs in our new UK branches with Braille keys.

Changing pension arrangements

In 2009, Barclays reviewed the pension arrangements within the UK Retirement Fund. Following consultation with employees, the UK Retirement Fund (UKRF) Trustee and Unite, the union which represents many employees, took the decision to cease future accrual in certain sections of the UKRF, including all sections offering final salary accrual, effective from 1 April 2010. This affected around 18,000 current employees who were members of the impacted arrangements. As a result of feedback from employees and Unite, a number of enhancements were made to the proposed changes, following which Unite conducted a consultative ballot with all its members. This resulted in the proposals being accepted by a majority.

We regularly review our pension arrangements to ensure that they are sustainable, affordable and competitive while protecting the long-term future of our business from the risk of volatile pension costs. We are committed to managing our pension liabilities and ensuring that pension benefits offered are appropriate for the longer-term.

2009 targets

- Improve tracking of key diversity and inclusion measures and accountability systems
- Take steps to increase the representation of women at senior grades

2009 performance

71%

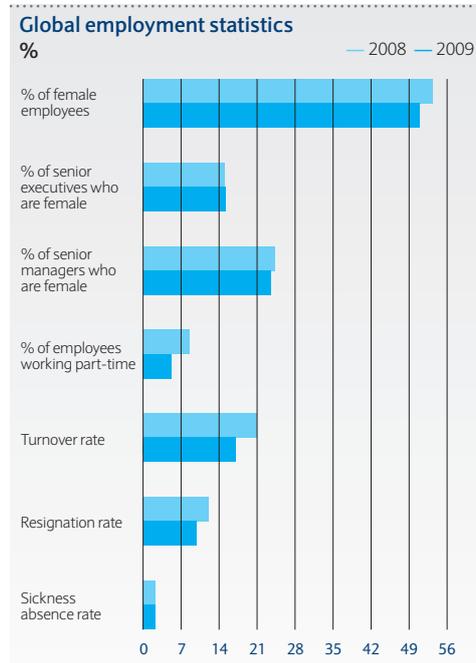
Of employees believe Barclays senior executives want to lead the way in equality and diversity*

24%

Of senior managers are female

2010 targets†

- Become an employer of choice among the disabled community (GRB)
- Increase development opportunities to current disabled colleagues so they can reach their full potential (GRB)
- Improve the level of service we provide to disabled customers (GRB)
- Obtain at least 500 disability declarations by the end of 2010 (Absa)
- Increase percentage of Black senior and middle management hires (80%) and promotions (70%) (Absa)
- Increase female representation within senior roles (Group)
- Increase focus on internal women’s networks (Group)
- Enhance the diversity objective for managers in the Performance Management system (Corporate and Investment Banking and Wealth Management)
- Establish and roll out core diversity metrics (Corporate and Investment Banking and Wealth Management)
- Introduce Annual Diversity Plans to the business in order to track measurable progress against goals (Corporate and Investment Banking and Wealth Management)



* 100,000 employees surveyed across Global Retail Banking, Barclays Corporate and Group Centre.
† See page 24 for description of Barclays Business Units.

Citizenship

Human rights, financial crime and supply chain

Human rights

Human rights are basic rights for individuals that form the foundations for freedom, justice and peace, and which apply equally and universally in all countries, irrespective of legal framework. As a global business, Barclays has a clear responsibility to support governments and civil society groups in respecting and upholding human rights.

Our governance

We aim to always operate in accordance with the Universal Declaration of Human Rights as well as other international standards, including the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and International Labour Organization Core Conventions.

Barclays Statement on Human Rights outlines the relevance to our employment policies and practices, our supply chain screening and management and the responsible use of our products and services.

Working with member organisations

During 2009 we helped develop the business and human rights agenda through our membership of two key organisations:

- The Business Leaders Initiative on Human Rights (BLIHR). This six year international initiative concluded in March 2009
- The United Nations Environment Programme Finance Initiative (UNEP FI), for whom we co-chair the human rights workstream

Human rights training

In 2009, we revised our internal guidance for lending and relationship managers to include advice on how to integrate human rights issues into their assessment of financial transactions. Using the online human rights guidance tool we helped to develop in conjunction with the other financial institutions participating in the UNEP FI human rights workstream, we provided guidance on:

- Identification of potential human rights risk in lending/investing
- Assessing the materiality of the risk
- Identification of opportunities for risk mitigation

As well as providing guidance for other businesses, we have embedded this information into guidance tools for our employees in the area of environmental risk.

Financial crime

Barclays takes an integrated approach to managing the risks around financial crime. In line with a five-step risk management model, our Group Financial Crime Management (GFCM) team is responsible for directing, assessing, controlling, reporting, managing and challenging financial crime risks.

Each Business Unit is in charge of managing financial crime. We also expect Barclays colleagues, and others who work on our behalf, to conduct themselves according to consistently high professional and ethical standards.

Managing fraud risk

We operate a fraud risk control framework that measures our overall fraud risk exposure. This, along with Group-wide policies and robust reporting, directs how fraud is managed in Barclays.

We also operate a Group Fraud Strategy, delivered by the GFCM team. This provides Business Units with oversight into how fraud risk is managed. The strategy is designed to contain existing risks, identify emerging threats, identify and manage fraud incidents and share fraud trends, intelligence and knowledge across the Group.

United Nations Millennium Development Goals

The Millennium Development Goals respond to the world's greatest developmental challenges and set out what needs to be achieved by 2015 to eradicate poverty, hunger, illiteracy and disease

Eradicate extreme poverty and hunger

Working to improve access to banking through:

- Low cost basic banking and microfinance
- £10m three-year project providing access to banking in Africa

Achieve universal primary education

– Helping children access primary education in Kenya and Pakistan as part of our UNICEF Building Young Futures partnership

Promote gender equality and empower women

– The Barclays Women of the Year Awards celebrate the achievement of women across the Group

Reduce child mortality

– Supporting infant care in Katine, Uganda

Improve maternal health

– Supporting initiatives such as our Katine Project which focusses on improving healthcare for mothers

Combat HIV/AIDS, malaria and other diseases

– HIV/AIDS prevention and care work for colleagues and wider community in Africa

- Creating greater awareness of diabetes in Mauritius

Ensure environmental sustainability

– We are a co-founder of, and adhere to, the Equator Principles

- We have assessed current and future climate sensitivities for key African economies in our *Storm Shelter* report

Develop a global partnership for development

– We are members of the Emerging Africa Infrastructure Fund which offers long-term debt relief

- We are working with global partners like UNICEF to tackle youth unemployment, Junior Achievement Worldwide to promote youth entrepreneurship and CARE International and Plan International to develop savings-led solutions to tackle financial exclusion

157

Suppliers completed our sustainability screening questionnaire

Security

The GFCM team also manages security risks to help ensure that Barclays operates safely in all existing and potential future markets.

A Security Risk team gathers and shares current threat assessments across all business areas. This ensures policies and control systems are in place to protect our business and high-risk personnel.

We have also developed a robust people-screening process which is designed to protect our business from anyone who wants to harm the organisation, either by joining as an employee or by becoming involved with our operations.

Supply chain

Barclays recognises that by working closely with our suppliers, we can extend our commitment to responsible business as well as manage our own impacts.

To ensure that we were effectively engaging with our suppliers around these issues, we announced in 2008 a review of sustainability within our supply chain. This culminated in an assessment of our tools and processes worldwide to ensure a consistent approach across Barclays in order to support sustainable development.

Our commitment to Responsible Banking was further underlined in 2009 when Barclays Group Chief Executive John Varley signed our Sustainable Supply Chain statement. It outlines how we work with suppliers.

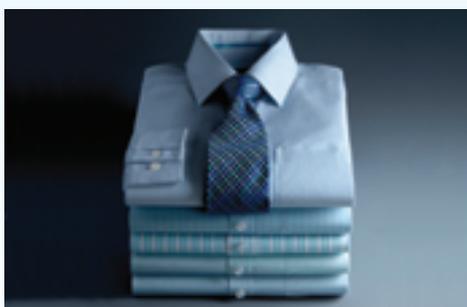
In 2009, governance over Barclays supply chain was strengthened to include monitoring sustainability and we have continued to develop new strategic initiatives with our main suppliers.

We produced a set of control requirements setting out our expectations for high-risk suppliers in the areas of diversity and inclusion, health and safety, human rights and the environment. These will be included as part of our high-risk UK contracts going forward and rolled out in our global locations in 2010.

We have also revised our sustainability questionnaire, which we use as a risk and opportunity assessment tool. Improving sustainability can also result in better efficiency and cost savings.

In 2009, we launched a trilateral venture to use TNT's vans to make deliveries to the branches of both Barclays and Lloyds. This resulted in 45 less vehicles on the road and a reduction in CO₂ emissions of 1,643 tonnes. A similar arrangement with Lloyds Banking Group and Royal Bank of Scotland means we also now share planes for deliveries to the Isle of Man, UK.

due to the high-risk nature of manufacturing. For example, in 2009 the RedCollar factory in China underwent our supply chain audit. The results found employees were being paid a salary rather than a piecemeal rate, and they were also entitled to regular paid holidays usually in excess of four weeks. Corporatewear supplier directors, garment technologists and designers make regular visits each year to factories looking at productivity, quality of fabrics and garments and ways of working. Our relationship with our corporatewear suppliers ensures that all country-specific legislation is followed and our sustainability practices have a real impact on people's lives. ●



Corporatewear

Barclays Sustainability Supply Chain statement sets out our commitments and expectations of suppliers and provides for annual reviews. The suppliers of Barclays corporatewear are subject to our procurement procedures

2009 targets

Human rights

- Through involvement with the BLIHR initiative, develop and publish a guide for business and human rights, in collaboration with the UN Global Compact and the UN Office of the High Commissioner for Human Rights
- Develop an online human rights training module for Barclays employees, providing general information on human rights and their relevance to our business

Economic impact

- Continue the work we began in 2008 to create a more comprehensive picture of our economic impact in each country. We intend to report on our progress next year

Supply chain

- Establish a sustainable supply chain steering group to review current practice and improve processes, tools and training for sourcing operations globally

2009 performance

Human rights

- Guide for Integrating Human Rights into Business Management published by the BLIHR initiative
- Developed online human rights training module, which will be launched in 2010

Economic impact

- Due to business restructuring, the work on economic impact has been put on hold
- Not achieved**

Supply chain

- Supply chain steering group created which reviewed current supply chain practices and improved processes, tools and training for sourcing operations globally

2010 targets

Supply chain

- Undertake 10 on-site supplier sustainability reviews of the activities and impacts on health and safety, diversity and inclusion, environmental impact and labour standards

Human rights

- Launch the global online human rights training module for Barclays employees
- Review content of our Group Statement on Human Rights

Governance and management

Barclays today

With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs more than 144,000 people. Barclays moves, lends, invests and protects money for more than 48 million customers and clients worldwide.

In November 2009, Barclays restructured the Group so our businesses could better support customers and clients.

Global Retail Banking (GRB)

Global Retail Banking (GRB) provides financial services for consumers, including current and savings accounts, credit cards, mortgages and personal loans. GRB provides services for personal customers and small businesses with an annual turnover of less than £5m.

Responsible Banking in GRB

GRB Responsible Banking issues are focussed on:

- Addressing individual customer needs
- Promoting product transparency and responsible customer practice in sales
- Marketing and service
- Increasing financial literacy
- Supporting customers in financial difficulty.

Improving access to banking services for underserved groups is driven by initiatives tailored to meet operating contexts across our wide geographical footprint, from entry level bank accounts in the UK to engaging with microfinance organisations in Africa.

Global Retail Banking

UK Retail Banking	Barclaycard	Western Europe Retail Banking	Barclays Africa
One of the largest retail banks in the UK with nearly 1,700 branches, 14.9 million personal customers and 742,000 local business customers	Barclaycard launched the first credit card in the UK in 1966. It now has 21.2 million customers in the UK and across Europe and the United States	Western Europe Retail Banking serves over two million retail, premier, card and corporate customers principally in Spain, Portugal, France and Italy through over 1,200 distribution points	A rapidly growing part of the business, opening over 570 distribution points in 2009 and providing full banking services to 2.8 million customers across Africa and the Indian Ocean
11.2 ^m UK current accounts	21.2 ^m customers	2.4 ^m customers	2.8 ^m customers
31,900 employees	10,100 employees	9,600 employees	14,400 employees

10%

Core Tier 1 capital ratio
(2008: 5.6%)

33%

Reduction of balance
sheet to £1,379bn

£35bn

Gross lending to UK
households and
businesses

20^x

Adjusted gross leverage
decreased from 28x in
2008

Corporate and Investment Banking and Wealth Management

Barclays Corporate and Investment Banking and Wealth Management offers a range of products and services to meet the needs of affluent individuals and corporate, government and institutional clients around the world. The three core activities of our investment bank are advice, execution and trading, which are critical to the health of the real economy. Although there is a much smaller number of clients compared to our retail business, these include governments and some of the largest global corporations, all of whom require sophisticated and complex products and services.

Responsible Banking in Corporate and Investment Banking and Wealth Management

Managing the social and environmental impact of our lending and investment and ensuring that the activities we finance meet global labour and environment standards is a key Responsible Banking issue. Barclays core expertise helps to provide financial solutions to areas with added environmental, social or economic development value such as social housing, infrastructure, clean technology or renewable energy. For instance, we have developed innovative products which enable investors to access environmental markets, providing a way to allocate capital to the sector.

Absa

Absa offers a complete range of banking products and services in South Africa, including current accounts, savings products, bancassurance, mortgages, instalment finance and customised business solutions for commercial and large corporate customers.

Responsible Banking in Absa

Absa's sustainability programme reflects Barclays Group-wide goals but is tailored to reflect the South African context. Absa is focussed on running a commercially successful business in a responsible way and ensuring value creation for its stakeholders and the environment. Absa is one of the leading providers of banking products to low-income groups and has won corporate social investment awards. Focussed on transformation and Black Economic Empowerment goals, Absa ensures that the Group's shareholders, employees, customers and suppliers represent the demographics of South Africa.

Corporate and Investment Banking and Wealth Management

Barclays Capital	Barclays Corporate	Barclays Wealth	Absa
Barclays investment banking division with the global reach, advisory services and distribution power to meet the needs of clients worldwide. It holds the top three positions in US capital markets and globally in commodities, foreign exchange, fund-linked derivatives, interest rate trading and investment	Focusing on building strong client relationships, Barclays Corporate provides banking solutions to businesses and organisations with an annual turnover of more than £5m, or currency equivalent. Solutions include lending, risk management, cash and trade, and specialist asset and sales financing	Barclays Wealth serves clients worldwide, providing international and private banking, fiduciary services, investment management and brokerage. It is the UK's leading wealth manager by client assets and has offices across the Americas following the acquisition of Lehman Brothers Private Investment Management	One of South Africa's largest financial services groups with nearly 1,100 distribution points and over 11 million retail customers, offering a complete range of banking, bancassurance and wealth management products
232 clients generating more than £10m	£66.3bn customer accounts	151.2bn total client assets	11.4m retail customers
23,200 employees	12,900 employees	7,400 employees	33,200 employees

Governance and management

Corporate governance

Robust corporate governance is more important than ever in creating and sustaining shareholder value and in ensuring that business is carried out in an ethical, legal and transparent way. We comply with the UK Combined Code on Corporate Governance. Barclays Charter of Expectations sets out the role profiles, behaviours and competencies required for each role on the Board of Directors.

We undertake a Board Effectiveness Review each year, which is externally facilitated,

to evaluate among other things the performance of the Board, the Board committees and each Director. The results of this review are analysed and presented to the Board so that it can determine whether we have the right balance of skills and experience.

The Board determines the risk appetite of the Group and the independent Board Risk Committee monitors Barclays risk profile against the agreed appetite and approves material changes to the overall risk appetite.

Executive Committee expansion

In November 2009, Barclays broadened the Executive Committee from 4 to 11 members in order to include leaders of a number of Barclays Business Units and control and governance functions.

Corporate governance framework



Terms of reference

Board Audit Committee

Reviews accounting policies and the contents of financial reports. Monitors disclosure controls and procedures and the internal control environment. Considers the adequacy and scope of the external and internal audit. Oversees the relationship with our external auditors

Board Corporate Governance and Nominations Committee

Reviews composition of Board. Recommends appointment of new Directors. Considers succession plans for Group Chairman and Group Chief Executive positions. Monitors corporate governance issues. Oversees the annual Board performance review

Board HR and Remuneration Committee

Sets the policy for the remuneration of Executive Directors and senior executives. Approves individual remuneration awards. Agrees changes to senior executive incentive plans. Governs employee share schemes. Looks at strategic HR issues

Board Risk Committee

Recommends total level of risk we are prepared to take (risk appetite) to the Board. Monitors risk appetite. Reviews limits for individual types of risk. Monitors the risk profile. Obtains assurance that principal risks have been properly identified and are being appropriately managed

Sustainability management

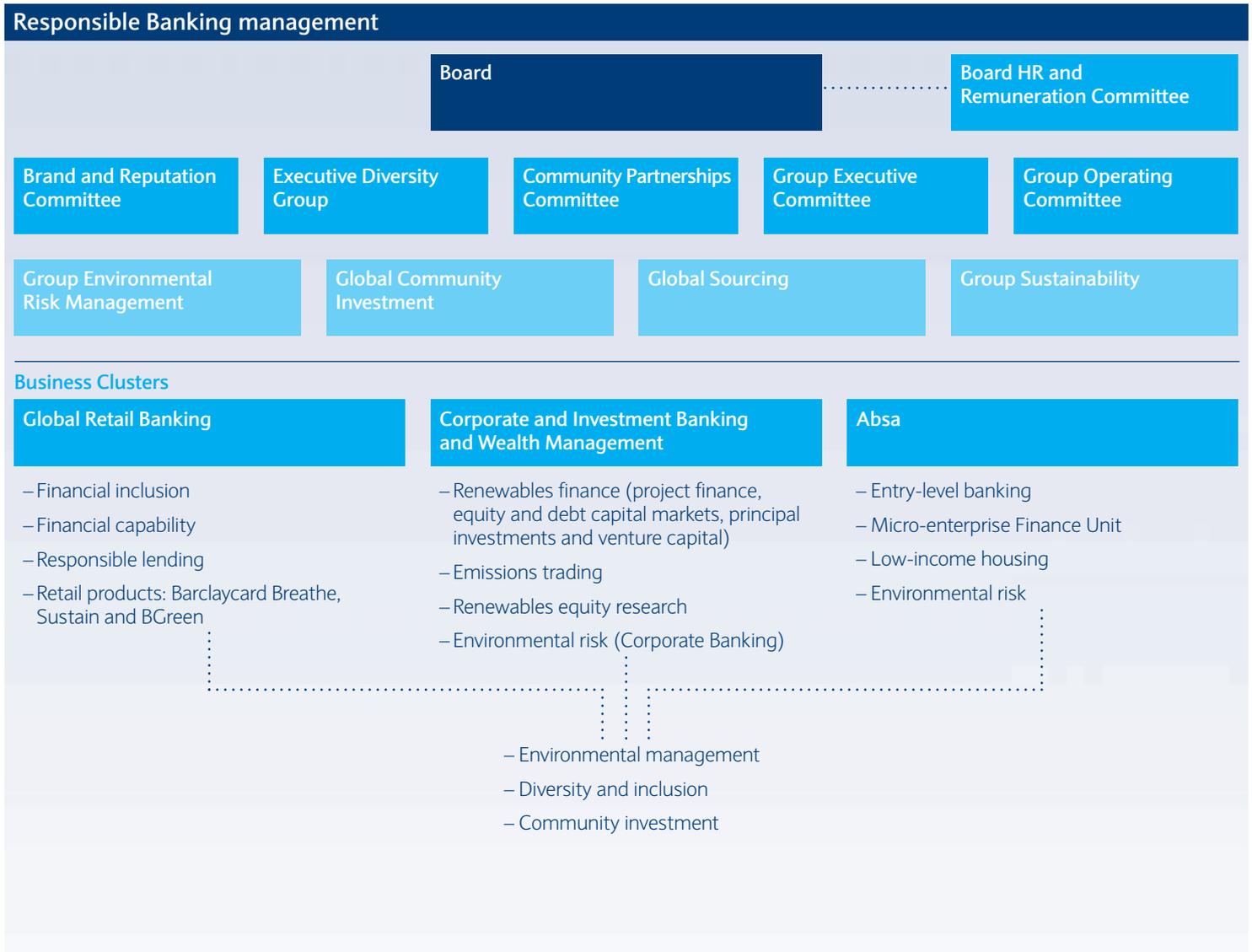
The Group Executive Committee is responsible for Barclays sustainability strategy and supporting Barclays Group Chief Executive John Varley in its implementation. The Group Executive Committee and Board review progress against objectives twice a year. Barclays uses a robust reporting framework which includes more than 100 Responsible Banking performance indicators to consistently measure progress across issues and Business Units.

The Group Operating Committee oversees environmental issues, the Executive Diversity Group manages diversity issues across the business and the Brand and Reputation Committee identifies and manages issues that could have a significant impact on Barclays reputation.

Barclays employs more than 75 sustainability specialists. Most of these reside within the relevant business area. For example, the environmental markets team is within the commodities business in Barclays Capital, while the team looking after

financial inclusion in the UK is within UK Retail Banking. Similarly, environment and social risk management is part of the Group Risk function.

Business Units also have dedicated environmental management, community investment and diversity and inclusion resources. The Sustainability team in Group Centre develops strategy for approval by the Group Executive Committee and the Board of Directors, provides support to Business Units and manages internal and external reporting.



Governance and management

Performance data

Responsible lending

Lending activity 2009

The table below shows our lending to customers by geographical area and industry sector.

Gross loans and advances by geographical area and industry sector

As at 31.12.09	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the world £m	Total £m
Financial institutions	26,687	26,977	59,212	4,365	15,369	132,610
Agriculture, forestry and fishing	2,192	187	1	1,936	5	4,321
Manufacturing	8,549	5,754	797	1,419	2,336	18,855
Construction	3,544	1,610	7	903	239	6,303
Property	13,514	4,224	428	4,154	1,148	23,468
Government	913	770	360	3,072	4,111	9,226
Energy and water	2,447	3,882	2,336	158	1,912	10,735
Wholesale and retail distribution and leisure	12,792	2,428	720	1,789	2,017	19,746
Transport	2,784	1,905	383	368	1,844	7,284
Postal and communications	1,098	649	355	715	610	3,427
Business and other services	16,577	4,878	1,721	4,319	2,782	30,277
Home loans	90,903	35,752	19	22,057	1,007	149,738
Other personal	27,687	7,403	7,410	964	1,507	44,971
Finance lease receivables	3,021	2,636	318	5,018	201	11,194
Total loans and advances to customers and banks	212,708	99,055	74,067	51,237	35,088	472,155

Maintaining prudent lending standards on mortgages

Home loans – Distribution of balances by loan-to-value (LTV) ^a	UK		Spain ^b		South Africa ^c	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
Marked to market LTV	43.0%	40.0%	51.0%	48.0%	42.0%	41.0%
Average LTV on new mortgages	48.0%	47.0%	55.0%	63.0%	53.0%	58.0%

Deprived area data for the UK

Following the recommendations of the Social Investment Taskforce in 2000, we are publishing, for the 10th consecutive year, details of our commercial activities in the deprived areas of the UK. This is an integral part of our Inclusive Banking strategy and we continue to be the only high street bank to publish this information on a regular and detailed basis. Barclays is committed to providing financial services to businesses and individuals including those in deprived areas of the UK.

We support voluntary data disclosure and in 2009, we were invited to discuss our data disclosure work with government officials to help inform their policy review. We are also working with the banking industry to provide detailed basic bank account data to support the work of the Department for Work and Pensions, Financial Inclusion Champions. The December 2009 Pre-Budget Report announced that UK Government will explore ways of increasing banks' disclosure about the level of service they provide in disadvantaged communities. Calls for greater transparency about banks' activities in deprived neighbourhoods therefore remain and we are pleased to be leading on this agenda.

Business customers in deprived areas

At the end of 2009, 2.5% of Barclays small business customers were based in the most deprived areas of the UK. Our data shows that, in most respects, the shares of other financial and business activity was in line with this headline position. However, there are two elements of note. The first is the relatively high share of new loans in these areas, suggesting a greater demand for, and provision of, small-scale finance. The second is the relatively high share of start-up activity occurring in these areas, indicating a more rapid process of entry and exit than found elsewhere.

Notes

a Based on the following portfolios: UK: UKRB Residential Mortgages and Buy to Let portfolios;
Spain: Western Europe Retail Banking; Spanish retail home finance portfolio; and South Africa: Absa retail home finance portfolio.

b Spain mark to market methodology as per Bank of Spain requirements.

c South Africa mark to market methodology will be revised in 2010 to incorporate additional granularity.

Support for small businesses in deprived areas of the UK^a

The figures below refer to firms with a debit turnover of less than £1m as at 31 December 2009.

	All Barclays	Deprived areas	% share		
			2009	2008	2007
Number of business current accounts	750,789	18,627	2.5	2.5	2.4
% in overdraft	26.1	34.6			
Number of business deposit accounts	330,298	7,279	2.2	2.2	2.2
Number of outstanding loans ^b	89,785	2,442	2.7	2.7	2.6
Number of new loans in 2009 ^c	24,009	764	3.2	2.8	3.2
where opening balance less than:					
£5,000	2,623	81	3.1	3.2	3.1
£20,000	13,792	421	3.1	2.7	2.9
Loan and overdraft balances (£m)	10,324	239	2.3	2.3	2.1
Current and deposit balances (£m)	12,328	267	2.2	2.2	2.2
Ratio of savings to lending	1.19	1.12			
Business start-ups in 2009	92,910	3,064	3.3	3.4	3.3
% of end-year business customers	15.6	21.7			

Personal customers in deprived areas of the UK

	2009			2008		
	All Barclays	Deprived areas ^d	% share of total	All Barclays	Deprived areas	% share of total
Number of current accounts	11,237,316	247,689	2.2	11,702,540	287,523	2.5
Number of Cash Card accounts	843,814	46,885	5.6	738,422	38,896	5.3
Cash Cards as a % of all current accounts	7.51%	18.93%		6.31%	13.32%	
Unsecured loans and OD balances	£7,560m	£157m	2.1	£8,620m	£177m	2.1
Mortgage lending	£87,942m	£508m	0.6	£82,303m	£503m	0.6
Deposit and current balances	£81,355m	£781m	1	£77,749m	£738m	0.9
Ratio of savings to lending	0.85	1.2		0.85	1.1	

Inclusive banking

Barclays has four main retail products designed for entry-level customers, often on low incomes. We saw growth across all these segments during 2009.

– **South Africa:** Absa, majority-owned by Barclays, offers Mzansi, a basic transaction account, and Sekulula, a debit card account that helps government welfare beneficiaries gain inclusion into the financial system.

– **Sub-Saharan Africa:** At the end of 2009, we had around 663,000 accounts designed for low-income customers, with low entry barriers and affordable fee structures. These accounts represent around 25% of our local retail customer base in markets including Botswana, Ghana, Kenya, Mauritius, Tanzania, Uganda, Zambia and Zimbabwe.

– **UK:** Barclays Cash Card Account is a market-leading basic bank account, providing an easy-to-use service for those who have not previously held a bank account and those who need a basic account with no credit facility. It is an entry-level bank account that forms part of Barclays current account range.

Product

	2009	2008	% change
Cash Card Accounts UK	843,814	738,422	14.27
Low income accounts Sub-Saharan Africa	662,883	590,193	12.32
Sekulula accounts South Africa	920,100	818,099	12.47
Mzansi accounts South Africa	763,715	615,688	24.04
Total	3,190,512	2,762,402	15.50

Notes

^a 'Small businesses' are those meeting the definition used by the British Bankers' Association.
^b 'Deprived areas' are the 5% most deprived post codes in each of England, Scotland, Wales and Northern Ireland as at August 2008.

^c Including commercial mortgages.

^d Excluding commercial mortgages.

^e Estimated record of deprived area penetration based on UK Treasury deprived area postcode mapping within Barclays internal reporting system

Governance and management

Performance data

Our people

Global employment statistics

	2009 ^a	2008 ^a
Total employee headcount	144,200	152,800
% of female employees	51.1%	53.5%
% of senior executives who are female	15.3%	15.1%
% of senior managers who are female	23.6%	24.2%
% of employees working part-time	5.2%	8.6%
Turnover rate	16.9%	21.1%
Resignation rate	9.9%	12.2%
Sickness absence rate ^b	2.3%	2.3%

UK employment statistics

	2009 ^a	2008 ^a
% of employees who are female	52.4%	56.6%
% of senior executives who are female	14.8%	14.5%
% of management grade who are female	26.9%	28.1%
% of all employees who are ethnic minorities	13.7%	12.2%
% of management grades who are ethnic minorities	12.6%	11.5%
% of senior executives who are ethnic minorities	8.6%	8.1%
% of employees who are disabled	1.7%	2.0%
% of employees working part-time	12.0%	16.4%
Turnover rate	16.5%	19.5%
Resignation rate	8.1%	12.3%
Sickness absence rate ^c	3.9%	3.1%
Average length of service	10	9
Active members of UK Pension Fund	54,655	58,316
Pensioners	52,936	50,499
Aged under 25	13.3%	15.7%
Aged 25-29	19.1%	18.5%
Aged 30-49	56.7%	55.5%
Aged 50+	10.9%	10.3%

Notes

^a Excludes Iveco (Corporate Subsidiary).

^b Excludes Group Centre, Barclays Capital, Barclays Wealth and Woolworths Financial Services (Barclaycard).

^c Excludes Barclays Capital.

Environmental footprint and community investment

Performance against target

		2009	2008 ^a	% change	On target
Total CO ₂ per person (FTE)	tonnes/FTE	6.98	5.31	31.3	NO
Energy use per person (excluding data centres)	kWh/FTE	7,925	7,079	12.0	NO
Water use per employee (UK only)	M3/FTE	12.44	12.21	1.8	NO

		2009	2008 ^a	2008	2007
Total CO ₂ emissions	tonnes	1,005,830	811,746	678,746	565,752
Energy use in buildings and offices	GWh	1,143	1,082	926	797
Energy use in data centres	GWh	238	128	128	97
Total water use (UK only)	m ³	749,931	773,108	773,108	N/A
Number of employees	FTE	144,200	152,800	152,800	134,900

Environmental and social risk in lending – Equator Principles risk category

	Category			Total 2009	Total 2008
	A Higher Risk	B Medium Risk	C Lower Risk		
Number of project finance deals	4	10	20	34	31
Projects referred from EU (including the UK)	0	0	14	14	21
Projects referred from Africa	2	6	5	13	8
Projects referred from Asia Pacific	2	1	0	3	0
Projects referred from Americas	0	1	1	2	2
Projects referred from Middle East	0	2	0	2	0

Community investment

	2009	2008	2007
Total community investment	£54.9m	£52.2m	£52.4m
Employees receiving support for fund-raising, volunteering and giving	58,415	57,361	43,718
Charities supported by Barclays	7,277	6,918	7,140
Total amount raised by employees through matched fund-raising	£16.3m	£14.6m	£12.8m
Total number of fund-raising events receiving matched fund-raising	11,844	10,694	9,501
Total number of employee fund-raisers	13,828	12,894	8,990
Number of employee volunteers	36,476	37,023	25,880
Number of volunteering grants given	2,418	2,664	1,815
Bank hours to support employee volunteering activities	157,780	154,813	94,746
Amount given by employees through payroll giving (UK and South Africa)	£2.0m	£3.2m	£1.4m
Amount matched (UK and South Africa)	£1.2m	£1.1m	£0.8m
Number of people taking part in payroll giving (UK and South Africa)	13,453	13,167	12,145

Note

^a Restated to account for 133,000 tonnes of emissions from our branch operations in South Africa. The 2008 figure was based on estimates and we now have more accurate data to estimate the emissions across the branch portfolio.

Notes to data

Barclays is committed to improving our environmental data management systems and have invested in an online system which is being rolled out across all our global operations. Scope: The data includes Scope 1 emissions from company car travel in the UK and Absa and diesel use in Absa, Scope 2 emissions from purchased electricity and gas across Barclays global sites including data centres and Scope 3 emissions from global air travel and UK rail travel. The data excludes non-core operations and does not include third party operated data centres. Data is derived from actual utility consumption invoices where available. Estimates have been used for some parts of the retail branch network outside Europe but this is not material to Barclays overall emissions apart from the branch network in South Africa. We aim to improve our data collection methods for our global branch network in the future.

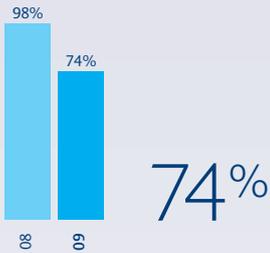
Measuring progress

Measuring progress

We measure and monitor progress by tracking delivery – internally and externally – against our Responsible Banking objectives. Barclays participates in a number of indices, forums, award schemes and initiatives that help to measure progress.

CARBON DISCLOSURE PROJECT

Carbon Disclosure Project
Assesses disclosure of greenhouse gas emissions and climate change strategy



Employers' Forum on Disability
The Disability standard measures our disability performance. In 2009, we were in the top five among private sector companies



Dow Jones Sustainability Indexes (DJSI)
Tracks the financial performance of the leading sustainability-driven companies worldwide



Business in the Community (BiTC)
Founding member of BiTC with platinum status since 2006



Member of the FTSE4Good Index
A member since inception in 2001



Global Reporting Initiative (G3)
We have reported against the G3 indicator protocols and its Financial Sector Supplement since 2007



BiTC Community Mark
We obtained the Community Mark in 2008, the UK's only standard that recognises excellence in community investment



European Emissions House of the Year 2009



The Times Top 50, Where Women Want to Work, 2009
Included in the index since inception in 2006



Best Corporate Community Local Involvement
Barclays partnership with charity, Action for Children



Corporate Communications Video
Barclays-backed climate change project in Lesotho, Southern Africa

Independent assurance

The Barclays 2009 Responsible Banking Review (the Report) has been prepared by the management of Barclays, who are responsible for the collection and presentation of information reported. Our responsibility, in accordance with management's instructions, is to provide a limited assurance opinion on the report content and on the completeness and accuracy of selected environmental data presented in the Report. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with ISAE3000¹ and to meet the requirements of a Type 2 assurance engagement as defined by AA1000AS (2008)². The AA1000AS (2008) assurance principles of Inclusivity, Materiality and Responsiveness have been used as criteria against which to evaluate the Report.

To form our conclusions on the Report we undertook the steps outlined below:

- 1. Interviewed a selection of executives** and senior managers at Barclays Group headquarters in London to understand the current status of responsible banking activities, and progress made during the reporting period.
- 2. Conducted a benchmarking exercise** of the material issues and performance areas covered in the sustainability reporting of Barclays peers.
- 3. Reviewed a selection of external media reports and selected corporate level documents** relating to social, ethical and environmental aspects of performance to test the coverage of topics within the Report.
- 4. Reviewed the Group's approach to stakeholder engagement** through interviews with a selection of employees at Group headquarters, UK Retail Banking, South Africa and reviewing selected associated documentation.
- 5. Reviewed the collation and aggregation of selected environmental performance data at UK Retail Banking, South Africa and Group.**

Limitations of our review

Our review of environmental data was limited to water, energy and CO₂.

We carried out a consistency check of statements compared to findings from our worksteps. We did not challenge the statements and claims in the Report for accuracy by seeking supporting evidence.

We did not review environmental performance data for previous years.

Emphasis of Matter

The environmental performance data provided in the report formed part of our scope of work.

However, due to issues identified through the assurance process we were unable to form an opinion on environmental performance data from the branch network in South Africa.

Our conclusions

On the basis of our review we provide the following conclusions on the Report in relation to each of the AA1000AS (2008) assurance principles, overall plausibility and the completeness and accuracy of environmental data. Our conclusions should be read in conjunction with the above section on 'What we did to form our conclusions' and the comment made under the 'Emphasis of Matter'.

Inclusivity

Has Barclays been engaging with stakeholders across the business to further develop its approach to responsible banking?

- We are not aware of any matters that would lead us to conclude that Barclays has not applied the inclusivity principle in developing its approach to responsible banking or that any key stakeholder groups have been excluded from dialogue.

Materiality

Has Barclays provided a balanced representation of material issues concerning its responsible banking performance?

- Nothing has come to our attention that causes us to believe that Barclays management has not applied its processes for determining material issues or that any material aspects of its responsible banking performance have been excluded from the Report.

Responsiveness

How has Barclays responded to stakeholder concerns?

- We are not aware of any matters that would lead us to conclude that Barclays has not applied the responsiveness principle in its response to material topics of interest to stakeholders or that any issues of stakeholder interest have been excluded from the report.

Completeness and Accuracy of Performance information

How plausible are the statements and claims within the Report?

- We are not aware of any inconsistencies in the assertions made with regards to performance and achievement.

How complete and accurate is the energy, water and CO₂ data in the Report?

- With the exception of the limitations relating to water data identified in the Report, we are not aware of any material reporting units that have been excluded from Group data.
- With the exception of the limitations identified in the Report relating to data accuracy in South Africa and the emerging markets and the

comment made under the 'Emphasis of Matter', we are not aware of any additional matters that would materially affect the accuracy of the data.

Observations on particular aspects of our engagement

Our observations and areas for improvement will be raised in a report to Barclays management. Selected observations are provided below. These observations do not affect our conclusions on the Report set out above.

- We saw evidence of stakeholder engagement activities within the three responsible banking pillars e.g., Responsible Finance, Financing the Future and Citizenship. However Barclays should consider introducing a structured programme of Group level stakeholder engagement to better understand how to balance stakeholder priorities between and across the responsible banking themes.
- Barclays has introduced an environmental data collection tool, as a means of standardising the environmental data collation process. In conjunction with this tool Barclays should consider improving the guidance for the collation and reporting of environmental performance data to enhance consistency across the Group.
- Barclays has a structured process for managing and reviewing environmental performance data across the UK and US businesses. However the process for the management and review of environmental performance data in South Africa, and other African and emerging markets is variable. We understand that Barclays has plans to improve data quality and to introduce greater rigour and scrutiny into the management and review of environmental data in these markets.

Our independence

We have implemented measures to ensure that we are in compliance with the applicable independence rules as articulated by the IFAC Code of Ethics for Professional Accountants (Section 290: Independence – Other Assurance Engagements).

Our assurance team

Our assurance team has been drawn from our global climate change and sustainability services network, which undertakes similar engagements to this with a number of significant UK and international businesses.

 **ERNST & YOUNG**
Quality In Everything We Do

Ernst & Young LLP
London
20 April 2010

¹ International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000).

² AA1000AS (2008) – A second edition of the AA1000 assurance standard from the Institute of Social and Ethical Accountability.



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