

Barclays Group Statement on Modern Slavery

February 2018

Introduction

As one of the world's largest financial services institutions, we understand that we need to lead by example in the way we do business. All our colleagues at Barclays are unified by a common purpose and set of values which shapes the way we think, work and act to ensure we are helping people to achieve their ambitions - in the right way. This also means we aim to act fairly, ethically and openly in everything we do.

We are committed to combating the risk of modern slavery or human trafficking in our supply chains or in any part of our business. The requirements of the Modern Slavery Act 2015 (the Modern Slavery Act) reflect a drive to eradicate modern slavery in commercial organisations with operations in the United Kingdom. This is an important goal which has the full and unequivocal support of Barclays. Organisations operating in the financial services sector must not be complacent about the risk that some form of modern slavery could exist in some part of their supply chains or business.

This statement¹ covers our direct operations and supply chains. It also looks at the steps we are taking within our client and customer base in order to combat the risk of modern slavery and human trafficking in that area. You can access information on our approach to environmental and social risk management, human rights and anti-money laundering in our [Group Statement on Human Rights](#), [Statement of Anti-Money Laundering \(AML\) and Counter-Terrorist Financing \(CTF\) Policies and Principles](#) and [Environmental, Social Governance 2017 Supplement](#).

Our structure and business

Barclays is a transatlantic consumer and wholesale bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US. Our ultimate parent company, Barclays PLC, is incorporated in England and it has subsidiaries in various jurisdictions. Details of our subsidiaries and the countries in which they are incorporated, as well as our businesses, are set out in our 2017 Annual Report.

Our policies on modern slavery and human trafficking

As a responsible corporate citizen we are committed to operating in accordance with the International Bill of Human Rights (comprising the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights). We also take into account the UN Framework and Guiding Principles and other internationally accepted human rights standards including the OECD Guidelines for Multinational Enterprises and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and other Core Conventions.

¹ This statement has been approved by the Barclays PLC board of directors and is made according to the requirements of section 54 of the Modern Slavery Act 2015 for the financial year ending 31 December 2017. This statement applies to all companies within the Barclays group that are required to have a modern slavery statement.

We embed our commitment into relevant policies and statements, which are instrumental in managing our approach to modern slavery risk and which have been amended to take account of the Modern Slavery Act, including:

- Our general employment policies and practices, which cover Barclays' duties as an employer. We aim to ensure they are consistent with, or go further than, the Universal Declaration of Human Rights. We have also been a formally accredited Living Wage employer since 2013.
- Our [Group Statement on Human Rights](#), which outlines the relevance of human rights to our employment policies and practices, our supply chain screening and management and the responsible use of our products and services.
- Our Code of Conduct "[The Barclays Way](#)", which defines the behaviours, standards and actions required from all employees and constitutes a reference point covering all aspects of working relationships with employees, suppliers and other stakeholders.

Our [Statement of Anti-Money Laundering \(AML\) and Counter-Terrorist Financing \(CTF\) Policies and Principles](#) is designed to help us comply with the relevant requirements and obligations set out in UK legislation, regulations, rules and industry guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk of Barclays being used to facilitate financial crime. These policies are relevant because modern slavery offences are often linked to money laundering and other financial crimes.

Engagement on modern slavery

We are also proud to be a member of a number of key human rights and modern slavery initiatives. We joined the Home Office "Business Against Slavery" initiative in September 2017, a partnership between UK Government and industry. Barclays Group Chief Executive, Jes Staley, attended the launch of the forum in October 2017 and we look forward to working with members on possible approaches to combatting this issue. We also participate in the Equator Principles Social Risks Working Group and the 'Thun Group', an informal group of European banks that are reviewing the implications of the UN Guiding Principles for Human Rights and Business for the financial sector.

Barclays is committed to helping staff, clients and customers build their knowledge of the risks of modern slavery and the steps they can take to combat it. Activities in this area during 2017 included:

- Publishing an article on the Impact of the Modern Slavery Act on large businesses, which generated significant interest from our corporate clients.
- Co-authoring with Hogan Lovells a quick guide for the real estate industry, to provide our clients and customers with a deeper understanding of the Modern Slavery Act and its implications for business.
- Partnering with the Joint Money Laundering Intelligence Taskforce (JMLIT) which is intended to assist both banks and law enforcement in filling intelligence gaps where suspected money laundering crosses multiple financial institutions.
- Partnering with NGO, "Stop the Traffik", to run a Community Awareness Day at our Peterborough branch. The initiative was focused on forced labour, providing specific training to

staff and engaging with local law enforcement to ensure a combined approach to tackling modern slavery.

- Working with the Thomson Reuters Foundation as part of the European Bankers' Alliance to produce a practical guide for banks on tackling human trafficking. Barclays was shortlisted for the Thomson Reuters "Stop Slavery Award 2017," recognising our efforts to eradicate forced labour from our supply chains.

Going forward we will continue to look at new opportunities to engage our clients and customers with a focus on those sectors that are most at risk of modern slavery and human trafficking.

Our supply chain

With nearly 16,000 companies from more than 40 countries supplying us across a broad range of products and services, our supply chain helps us deliver services to all our customers, clients and colleagues. Our supply base is diverse, including start-ups, small and medium-sized businesses, businesses owned, controlled and operated by under-represented segments of society, as well as multinational corporations. Many of our direct suppliers have their own extensive supply chains, connecting us with thousands more businesses worldwide. It is important that our suppliers share our commitment to human rights. With regards to modern slavery, our primary focus is on high risk areas of our supply chain, which include, but are not limited to, the manufacture of corporate uniforms, IT hardware and our sub-contracted workforce. Additionally, we are focusing on our operations in higher risk locations, particularly emerging economies and less developed countries.

Supplier due diligence processes and the higher risk areas

We have a robust process that aims to ensure we only work with appropriate suppliers who can meet the standards that we expect. We generally require suppliers to operate in accordance with our [Supplier Code of Conduct](#).² It outlines how we manage human rights in our supply chain by encouraging behaviours and practices consistent with our own policies.

Our Supplier Code of Conduct makes specific reference to the International Labour Organisation Core Conventions and the Modern Slavery Act. Of particular relevance is the requirement for suppliers to support freely chosen employment: *work that is completed voluntarily and without slavery, servitude, forced or compulsory labour and human trafficking*. These obligations generally apply to supplier relationships regardless of the industry or geography in which they operate and our usual practice is to notify potential suppliers about this as part of our requirements before they submit a commercial bid.

When we enter into a contract with a supplier, our standard terms and conditions require suppliers to adhere to all applicable law, including the conventions of the International Labour Organisation and the International Bill of Human Rights.

During 2017, we worked with an independent organisation to review our supplier population against key risk indices to help identify the areas of heightened exposure to the risk of modern slavery. This review covered over 3,900 supplier records with whom we have a minimum spend threshold of £10,000. The results identified 388 suppliers as being at high risk of exposure to modern slavery. This included 359

² Note: we do have relationships with financial institutions and market counterparties which, because of the nature of the services being provided (such as international account holding services), are not subject to our usual supplier on-boarding procedures and which are therefore not subject to the Supplier Code of Conduct.

based in India. We are now working with the same organisation to complete a more detailed assessment of the suppliers that have been identified as operating in geographies and industries of heightened risk.

The next stage is a supplier engagement project to engage with these high risk suppliers and ask them to complete a questionnaire to assess their labour practices and capabilities in relation to modern slavery risk. This should enable us to determine the level of risk that some form of modern slavery could be present in their businesses. The outcome of these assessments will drive our next steps, which could see further measures such as detailed on-site audits being carried out.

Our Clients and Customers

We recognise that a significant area of risk from a modern slavery perspective can arise from the activities of our clients and customers. Barclays moves, lends, invests and protects money for our customers and clients on a worldwide scale with a strong presence in the UK and the US. We are aware that modern slavery and human trafficking can occur within any sector, however we have identified agriculture, retail, construction and hospitality and leisure as those most impacted within our Corporate Banking client base and are focusing engagement efforts accordingly. Within the retail bank, we have also identified regions of the UK that require close monitoring, due to their link with higher risk sectors such as agriculture.

Client and customer due diligence and the steps we are taking

Barclays Financial Intelligence Unit has bilateral partnerships in place with law enforcement agencies and Non-Governmental Organisations, through which we are applying a financial intelligence led, pro-active approach to retail bank customer due diligence. Through this work, Barclays monitors suspicious behaviours and account activities and as a result has identified a number of relationships where behaviours and account activities indicate possible connections to sexual and labour exploitation. We have an escalation policy in relation to these accounts, whereby suspicious activity reports are raised and details are passed on to law enforcement agencies. This work alerts these partners to suspected victims and perpetrators of modern slavery offences, and enhances understanding of emerging trends and indicators to assist us with typology development.

We also have general customer due diligence processes in place to help combat the risk of customers being associated with modern slavery and human trafficking. Our KYC, Credit and Financial Crime teams review both new and existing customers by monitoring relationships for areas of risk or concern and by conducting media screenings for any adverse reports. Our policy is to escalate any cases which give us cause for concern from a human rights or modern slavery perspective, leading to further investigation by the Reputation Management team or the Financial Intelligence Unit.

Our Environmental Risk standard applies to project related finance proposals that may give rise to environmental or social risks. It is also the mechanism through which we aim to apply the Equator Principles. These principles are an internationally recognised framework for environmental and social risk due diligence, which utilise the International Finance Corporation's Performance Standards on issues including child and forced labour practices.

Training

In 2017 we developed a modern slavery online training module specifically targeting our client/customer facing teams, the events, roadshows and hospitality team and procurement colleagues. The module focuses on how we mitigate the risk of modern slavery and human trafficking in our supply chain, our client and customer base and direct operations. This builds on the human rights training module developed in 2016 that made reference to the Modern Slavery Act.

Modern slavery content is included in mandatory financial crime e-learning, which all staff are expected to complete. A separate training webinar was also delivered to Financial Crime colleagues, introducing them to the above module.

We also provide modern slavery training to staff in key roles in the retail bank to develop their awareness of what constitutes criminal activity and the indications of this. This training is specifically tailored to audience needs and has been delivered through different mediums depending on requirements.

We are reviewing training opportunities in sectors deemed as most impacted by modern slavery and human trafficking. For example, we have introduced internal training for the agriculture relationship teams within Business Banking in order to raise awareness of the Modern Slavery Act, how it applies to the sector and how to spot indications of modern slavery within their clients' activities. We intend to continue to seek opportunities for further development and to roll out training on modern slavery and human trafficking to a wider universe of colleagues going forward.

From a broader training perspective, "The Barclays Way" Code of Conduct is refreshed annually and its integration into the business is supported by a mandatory training module to ensure that colleagues are aware of and understand the content.

Monitoring our effectiveness in combating modern slavery and human trafficking

In order to maintain high standards of integrity at Barclays, we encourage the principle of openness and speaking up to report instances where Barclays' Values are not being respected. We have robust whistleblowing procedures in place, through which stakeholders are free to raise concerns about the behaviour or conduct of Barclays' employees. Employees can do so via our "Raising Concerns" channel and suppliers and sub-contractors through a service called EthicsPoint. Both channels can be used in confidence and anonymously.

For our main suppliers, we also carry out annual checks to ensure continued adherence to these standards using a combination of detailed attestations and on-site visits. The attestations make specific reference to the Modern Slavery Act and the International Labour Organisation Core Conventions. We will continue to work with our independent partner organisation to provide a more detailed assessment on the suppliers we have identified as operating in areas of heightened risk. This initial evaluation is expected to conclude in Q2 2018.

As a result of the Financial Intelligence Unit's work within the retail bank, Barclays has terminated relationships with around 200 customers believed to be connected to human trafficking and sexual exploitation.

Conclusion

We will continue to work on minimising the risk of modern slavery and human trafficking in our business, supply chains and customer/client base. We are proud of the progress we have made in 2017 and will strive to improve further in future years.



James E. Staley, Group Chief Executive
Barclays PLC

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John McFarlane, Chairman
Barclays PLC