

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Strategic Report For the Year Ended 31 December 2020

Review and principal activities

The principal activity of Barclays Insurance Services Company Limited ('the Company') is the selling of general and life insurance services. The Company does not hold client monies or directly underwrite general and life insurance policies.

The majority of the Company's distribution arrangements are with companies within the Aviva PLC Group, and with Legal & General across various insurance products accounting for approximately 89% of the Company's total income this year (2019: 97%). The Company started providing payment protection (PPI) products from 01 Jan 2020 following the transfer of the products from the Parent in accordance with the strategic decision to consolidate all Insurance products in the Company.

Business performance

The results of the Company show a profit before tax of £ 13,041,000 (2019: £ 30,428,000) for the year and total comprehensive income of £ 10,564,000 (2019: £ 24,647,000). The profit of the Company has decreased in the year as there was no profit share earned from AVIVA on household product and as well as lower revenue from Life business due to decline in volume of life products. Net cash inflow from operating activities for 2020 was £ 14,282,000 (2019: £ 16,234,000). The major reason for the decrease in cash flow in proportion to 2019 pertains to decline in income from life insurance product being offset by income from PPI product.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Barclays PLC group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which includes Capital and Liquidity risk; Wholesale and Retail credit risk; Market risk; Financial crime risk and Capital demand, are discussed in the Barclays PLC annual report which does not form part of this report.

The Company is exposed to internal and external risks of ongoing activities. These risks are managed as part of the Company's business model.

Whilst the full direct and indirect impact of the ongoing COVID-19 outbreak remains uncertain, a number of central banks and governments have extended financial stimulus packages as a result of the significant negative impact on GDP. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries. In addition, an escalation in geopolitical tensions or increased use of protectionist measures may also negatively impact the Company's business.

Future outlook

The Directors remain confident that the Company will maintain the current level of performance in the future.

Key performance indicators

The Directors of Barclays PLC manage the Group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Barclays UK, the relevant business cluster for the Company is discussed in the Barclays PLC annual report, which does not form part of this report.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Strategic Report (continued) For the Year Ended 31 December 2020

Section 172(1) statement

The Directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its member as a whole and this section forms our section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Directors also took into account the views and interests of a wider set of stakeholders, including regulators.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its member as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

You can find out more about who the Barclays Group's stakeholders are, how management and/or the Directors engaged with them, the key issues raised and actions taken on pages 18 to 19 of the Barclays PLC Annual Report 2020 and also on page 11 of the Barclays Bank UK PLC Annual Report 2020 (both of which are incorporated by reference into this statement).

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

How does the board engage with stakeholders?

Depending on the decision in question, the relevance of each particular stakeholder group may differ, and equally the Board adopts a variety of methods of engagement with different stakeholder groups. The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of the Company means that stakeholder engagement often takes place at an operational level.

In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Barclays Group.

The Board considers and discusses information from across the organisation to help it understand the impact of the Company's operations on, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)(a)-(f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

**Strategic Report (continued)
For the Year Ended 31 December 2020**

Engagement in action

COVID-19

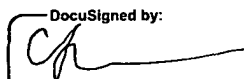
Throughout almost the entirety of 2020, as the pandemic unfurled, the primary focus of the company and the Board has been on (i) maintaining service levels with strategic partners, leading to limited interruption to clients; (ii) the operational and financial resilience of the Company to ensure that it has been able to maximise, indirectly, the Group's support for the economy and society during a time of such challenge; (iii) the health and wellbeing of Barclays Group colleagues; and (iv) the continued satisfactory control environment including reviewing the processes to monitor and mitigate risk.

Notwithstanding those COVID-19 related priorities, there have been other challenges, such as arrangements in connection with progress towards the end of the EU withdrawal transition period, which the Board has also been concerned and ensured they are adequately prepared for. The Board has demonstrated leadership and oversight during the pandemic (which continues at the date of this report) and in the face of the uncertainties during the year surrounding that transition.

Customer Focus

Despite the challenging environment, the Board have ensured that all customers received tailored, targeted communication, as well as enhanced FAQs, to ensure that customers' felt well informed and in line with their expectations. The Board had continued to support customers during the COVID-19 pandemic, with the option of payment deferrals on Home, Life and Business Insurance Policies.

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

DocuSigned by:

C68AA78E21DD441...

C J Mack
Director
Date: 17 May 2021