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Ms Caroline Lucas MP
House of Commons
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Dear Ms Lucas

Thank you for your letter on behalf of your constituents regarding ActionAid's concerns about our activities in Africa. As you may know, Barclays is a significant employer and provider of finance in Africa through our major subsidiary Barclays Africa Group Ltd, headquartered in Johannesburg. You may also be aware that across the continent we employ 40,000 colleagues, serving 14 million customers. Our size in this market allows us to play a significant role in local economic development, and of course implies a significant responsibility to behave in accordance with our Values.

ActionAid have raised a number of important questions, which have been discussed in detail in a recent meeting between the organisation and senior colleagues from Barclays. Separately, I wrote in December last year to Richard Miller at ActionAid setting out my thoughts on the issues raised. I noted in that letter that I do not believe that the broad conclusions drawn by his organisation's report are correct.

Nonetheless, I share your view of the importance of these issues, and I am pleased to have the opportunity to respond to you and, through you, to your constituents.

First, I would like to emphasise that we have constructive relationships with local tax authorities and we strongly support current legislative efforts to develop multilateral exchange of information. This work is intended to provide tax authorities the information they need to identify cases where income or assets are not being declared, and is being developed at the international level by the G8 and the OECD. These measures are aimed at preventing the depletion of revenues in any state where a customer is taxable, in particular through tax evasion.

Secondly, Barclays requires that any tax planning we are knowingly involved in – whether undertaken by clients or by the bank – complies with our published Tax Principles adopted in 2013, a copy of which can be found on our website (<http://group.barclays.com/about-barclays/citizenship/policy-positions#tax-principles>) and are reproduced below.

"We believe that tax planning, for clients and on our own account, must:

- *Support genuine commercial activity*
- *Comply with generally accepted custom and practice, in addition to the law and the UK Code of Practice on Taxation of Banks*
- *Be of a type that the tax authorities would expect*
- *Only take place with customers and clients sophisticated enough to assess its risks*
- *Be consistent with, and be seen to be consistent with, our purpose and values"*

In connection with the Principles we have also publicly stated that *"We will maintain transparent disclosure in our relationship with the tax authorities, recognising that early resolution of risks is in everyone's best interest"*. That applies equally to our relationships with African tax authorities as it does to those in other jurisdictions.

I am very clear that these Principles are a formal and rigorous framework and I expect all areas of Barclays to abide by them. It is important to note that they have proven to be substantive, and have in fact informed business change. When the Tax Principles were introduced, we made a commitment not to engage in complex structures where the primary objective is to access tax benefits. I continue to believe that this was the appropriate decision to make, and applies equally to our commercial activities in Africa.

More broadly, our activity in - and strategy regarding - low tax jurisdictions is set out in our Citizenship Report, published on our website.

Finally, references by ActionAid to an Offshore Corporate Division of Barclays are inaccurate. We have a small offshore corporate team, based primarily in London, who serve the international banking needs of some of our larger clients. The clients are typically US or European listed companies. The team comprises experienced corporate relationship managers (not tax advisors) and neither provides tax advice to clients, nor assists any third party to do so. In the event that tax is a consideration in any business undertaken, that aspect must be governed by our Tax Principles. Also, we have removed the outdated marketing materials that were referenced in ActionAid's report as these were not reflective of the bank's current approach (nor were they at the point when they came to ActionAid's attention).

It is important to recognise that the ability to bank in a location, such as Mauritius, which provides legal, regulatory, economic and political certainty can help to encourage a company to invest in Africa, by helping them to manage a wide range of non-tax risks associated with the region and with overseas investment more generally.

I am grateful to you for taking the time to write to me on this issue and equally energised by ActionAid's continuing determination to ensure that large companies like ours behave in the manner which our customers, shareholders and wider society would expect. I assure you that I am committed to leading a bank which meets these expectations.

Yours sincerely,

