Task Force on Climate-related Financial Disclosures (TCFD) Report 2024

Barclays Bank PLC – Asset Management Businesses

BARCLAYS

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1 – Introduction

1.1 – Climate change

Welcome to the first Task Force on Climate-related Financial Disclosures (TCFD)[1] report from Barclays Bank PLC (BBPLC).

Climate change is an urgent challenge with far-reaching implications for our planet and society. As long-term investors, we seek to deliver competitive investment returns for our clients and recognise that climate change is a systemic risk that will impact all sectors and all geographies in which we invest, affecting asset valuations.

We believe the transition to net zero is going to be influenced by a number of factors, including market developments, technological advancement, the public policy environment, geopolitical developments and regional variations, and behavioural change in society.

2023 was a year where a number of climate-related records were broken, as well as several noteworthy events taking place:

- The World Meteorological Organization (WMO) confirmed that 2023 was the warmest year on record[2].
- The Intergovernmental Panel on Climate Change (IPCC) published its AR6 Synthesis report[3] in 2023, making it clear that climate change is impacting climate extremes and that weather changes are human induced.
- A number of new regulations and standards came into force in 2023, increasing the momentum on ESG and climate-related reporting.

1.2 – About and scope of the report

The Financial Conduct Authority (FCA) climate disclosure requirements, as set out in the ESG Sourcebook Chapter 2.2 (the FCA Rules), apply to asset managers, including investment managers, in the UK. The FCA Rules incorporate recommendations of the TCFD and apply to four business units within the Barclays PLC Group (the 'Group' or 'Barclays'). The legal entity for three of these business units is BBPLC, which is the focus of this report. The fourth business is Barclays Investment Solutions Limited (BISL), which is its own legal entity and is reported on separately[4].

The investment management activity within BBPLC in scope of the FCA Rules for this report is carried out by (i) Barclays Private Bank Investment Management (Private Bank), the business unit responsible for the Discretionary Portfolio Management (DPM), (ii) Barclays Investment Managers (BIM) and (iii) Principal Investments (PI).

Barclays PLC published a Climate and Sustainability report within its Annual Report 2023 including disclosures consistent with the recommendations of the TCFD for the Barclays PLC Group as a whole. Where the Barclays PLC Climate and Sustainability report is relevant to this report, we have referred to it rather than duplicate the content.

BBPLC

BBPLC is a wholly owned subsidiary of Barclays[5] and is the non-ring-fenced bank within the Barclays Group.

[1] Please see the TCFD and IFRS websites for further details.
[2] WMO is United Nations system's authoritative voice on the state and behaviour of the Earth's atmosphere, land and oceans interaction, the weather and climate it produces and the resulting distribution of water resources.
[3] Please see the IPCC website for the AR6 Synthesis report.
[4] BISL TCFD Report.
[5] Please see the Barclays website for further details.

Private Bank and Wealth Management (PBWM), BIM and PI

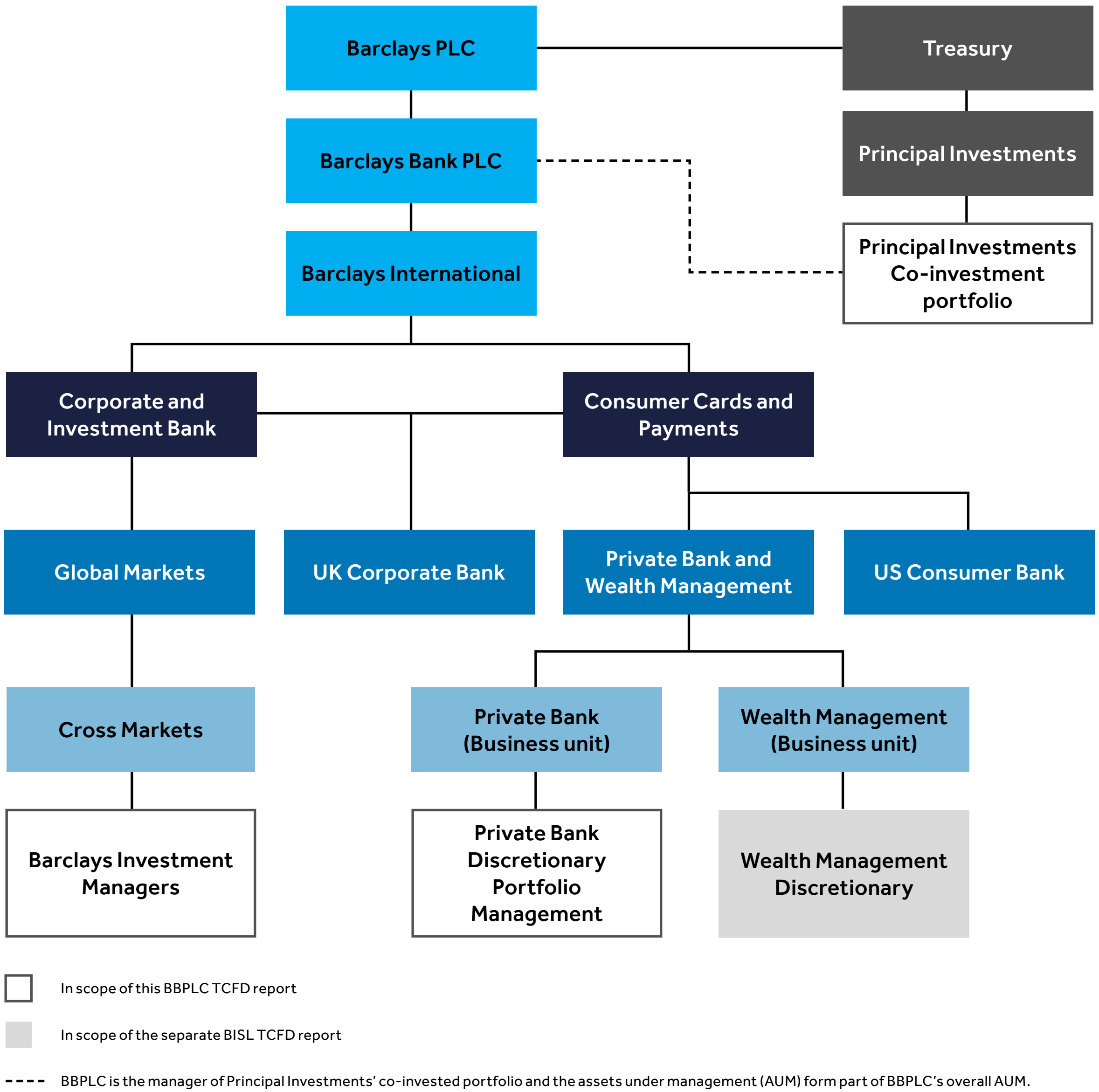
The three asset management businesses of BBPLC service different client bases with distinct mandates:

- DPM UK is within the Private Bank – part of the PBWM division, which is one of the five key divisions in the simplified Group structure, as announced in the Barclays Annual Report 2023 (see page 14). The Private Bank provides comprehensive specialist investment, banking, lending and wealth advisory solutions to some of the world's most influential people and their families in the primary global wealth hubs and corridors. Assets under management (AUM) in scope of the FCA Rules for the Private Bank DPM is £12.8bn as of 31 December 2023.
- BIM a sub-business of the Global Markets business within the Investment Bank. BIM provides structuring and portfolio management of investment funds and investment mandates that operate with limited discretion (including rules-based methodologies). BIM's AUM in scope of the FCA Rules is £2.5bn as of 31 December 2023.
- PI is within Group Treasury and manages the Group's minority equity investments and, where applicable, any associated co-investments. The AUM in relation to the co-investments as of 31 December 2023 was approximately £1.1bn and as of 31 March 2024 was below £300m, following the divestment of the largest portfolio company[6].

On 1 May 2023, Barclays completed the transfer of its UK Wealth Management & Investments business to sit alongside the Private Bank. The combined business, Barclays Private Bank and Wealth Management (PBWM), provides UK clients with access to the full spectrum of wealth and private banking services, while opening up access to the broader key markets and wealth corridors where Barclays provides Private Banking in Europe, the Middle East, Asia and Africa.

Consequently, internal organisational changes were ongoing for PBWM as of December 2023. This report reflects the governance structures for the majority of 2023 for the Private Bank DPM business. Where appropriate and relevant, reference is made to organisational changes that may have taken place in 2023 or may be ongoing at the time of writing this report. As an asset manager, BISL is in scope of the FCA Rules. However, as BISL is a separate legal entity, a separate BISL TCFD entity report has been published[8].

Organisational structure chart[7]



[6] Signed in in November 2023 and closed in March 2024.
[7] Condensed organisational structure chart as of 31 December 2023 and before the announcement of the simplified Group structure. This does not reflect formal reporting lines.
[8] BISL TCFD report

1.3 – Senior managers' compliance statement

We have considered our obligations under Chapter 2 of the FCA's ESG sourcebook and confirm, in relation to each of the businesses we represent, that the disclosures made in this report, including any third-party or Group disclosures cross-referenced in it, comply with the requirements under that chapter[9]. BBPLC is the legal entity in scope of the FCA Rules and guidance.

This TCFD entity report[10] is separate to the Barclays PLC integrated climate-related financial disclosures – please see the Barclays Annual Report 2023 for further details. This report focuses on the climate-related risks and opportunities relating to the investment management activities of Private Bank DPM, BIM and PI, and covers the overall assets managed by Private Bank DPM and BIM and by PI (in relation to the co-investments).

The Private Bank DPM, BIM and PI each provide asset management services and leverage where applicable, policies, procedures and frameworks that are cascaded throughout the Group. There will be instances where specific Group policies will be applied across Private Bank DPM, BIM and PI. Where appropriate, there may be instances where specific business-level policies and procedures are applied by the individual business line.

The reporting period for this report is 1 January 2023 to 31 December 2023. All metrics and data are as of 31 December 2023 unless stated otherwise.

As this is the first TCFD report for BBPLC, it has been completed recognising that there are areas where further work is required, and that the level of progress varies in each of the businesses in scope of this TCFD report. We have included TCFD-aligned disclosures where it is fair, clear and not misleading for us to do so. Where relevant, we have also explained limitations on our ability to disclose, and the steps being taken to address those limitations.

Jean-Damien Marie
Global Head of Investments, Private Bank and Wealth Management

John-Paul Booth
Global Head of Barclays Investment Managers

Gavin Chapman
Co-Head of Principal Investments

[9] Please refer to the FCA Environmental, Social and Governance sourcebook Chapter 2 for further details.
[10] This report is separate from the Barclays Private Bank DPM, Barclays Wealth Management, BIM and PI client on-demand reports, where requested and required under the FCA ESG Sourcebook.

2.0 – Barclays PLC and Barclays Bank PLC

The financial sector has an important role to play in helping to address climate change and the global transition to a lower-carbon economy. Barclays announced its ambition to be a net-zero bank by 2050 and its strategy to turn this ambition into action is set out in the Climate and Sustainability Report – please see the Barclays Annual Report 2023 for details.

As a subsidiary of Barclays, the climate strategy for BBPLC as a legal entity is based on the Group's ambition to be a net-zero bank by 2050. However, as asset managers within a banking group, the approach taken by the Private Bank DPM, BIM and PI differs from the rest of the Group. The climate strategy for each business varies according to its specific capabilities and client mandates, including its approach to setting targets. Please see the specific sections of this report for the approach taken by each business.

The risks associated with climate change are subject to rapidly increasing societal, regulatory and policy focus both in the UK and internationally. In 2022, Climate Risk became a Principal Risk within Barclays' Enterprise Risk Management Framework (ERMF), aiming to ensure a holistic approach to risk identification, assessment and management. Please see the Barclays Annual Report 2023 for details about the ERMF.

Barclays' Climate Risk Framework facilitates the structured integration of Climate Risk considerations into the Group's operations. It undergoes regular reviews and updates – including changes to risk taxonomy, definitions and methodology – to align the Framework with changing regulatory expectations and external developments.

BBPLC currently has a segregated approach in assessing and managing climate-related financial risks and opportunities for the asset management activities in scope of the FCA Rules for each business. Each business unit is responsible for managing its own approach to climate-related financial risks and opportunities. Please see the specific sections in this report for the approach taken to climate-related financial risks and opportunities by each business unit.

Membership of the BBPLC and Group Boards was partially consolidated and streamlined in 2019 to improve coordination and efficiency, whilst reducing complexity and unnecessary duplication. As a result, membership of the BBPLC Board is a subset of the Group Board. For further details on the governance of BBPLC, please see the BBPLC Annual Report 2023. Climate-related risks and opportunities are considered within the governance of each business unit and not at a BBPLC level.

Each business unit has its own senior executive and/or management level committees where climate-related matters may be addressed. Please see the specific sections in this report for the governance approach taken to climate-related financial risks and opportunities by each business. We are seeking to improve the oversight of climate-related matters for our overall AUM in scope of this report at a BBPLC level. We will report on our progress in next year's report.

As a subsidiary of Barclays, the financial planning process for BBPLC is determined at a Group level. In 2023, Barclays' financial planning process included a review of the Group's strategy, its implementation, and tracking of progress against climate-related targets – as well as capturing a view of climate-related risks and opportunities. Where BBPLC is operating as asset manager, within the Private Bank DPM, BIM and PI business units, it does not currently incorporate the impact of climate-related risks and opportunities into its business-specific financial planning processes for the AUM in scope of this report.

3.0 – Barclays Private Bank DPM

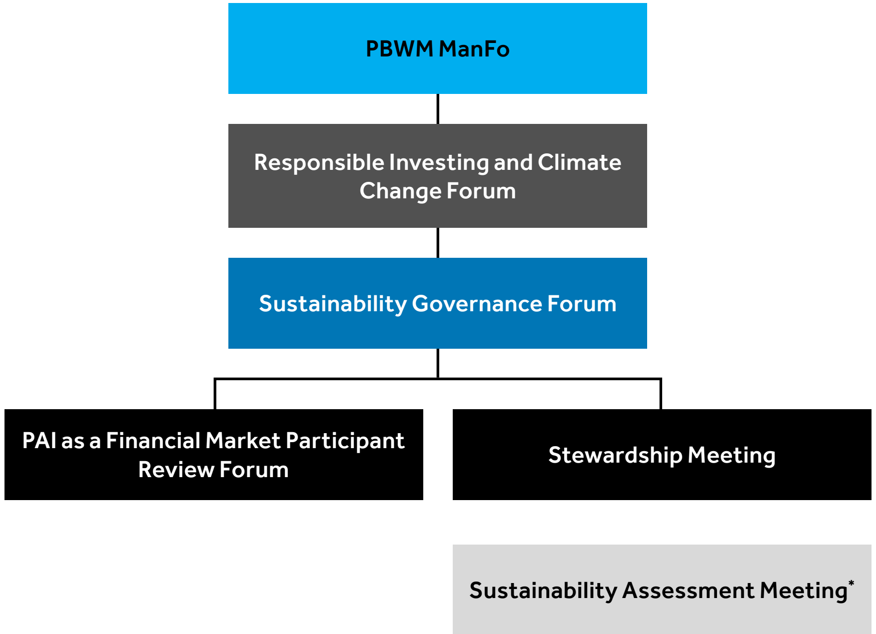
3.1 – Private Bank DPM: Governance

At the Private Bank DPM, the Private Bank Wealth Management Forum (PBWM ManFo)[11] is the senior executive oversight body within PBWM. It comprises the PBWM CEO, the Global Head of Investments PBWM and other senior management. The forum is responsible for setting and ensuring the effective execution of Private Bank DPM's business strategy, inclusive of oversight of its Responsible Investing vision and goals. The PBWM ManFo meets monthly. Climate was discussed once at the PBWM ManFo in 2023.

The PBWM ManFo has delegated climate change and Responsible Investing related matters to the Responsible Investing and Climate Change (RICC) Forum, which is attended by Global Head of Investments PBWM, who is also a member of the PBWM ManFo. The RICC Forum allows the senior executives of the Private Bank DPM to have oversight and visibility of climate-related matters.

Accountability for all investment management activities, including Responsible Investing, lies with the Global Head of Investments PBWM including Private Bank DPM. The RICC Forum met four times during 2023 and discussed topics including, but not limited to, climate change strategy, climate risk management and metrics.

3.1a – Private Bank DPM: Sustainability-related governance



*Delegation follows formal reporting lines and does not report into the sustainability governance structure illustrated here. The Sustainability Assessment Meeting has authority to make sustainability decisions at a portfolio and model level.

In 2023, three new forums were created: the RICC Forum, the Principal Adverse Impacts (PAI)[12] as a Financial Market Participant (FMP) Review Forum and the Sustainability Assessment Meeting (SAM).

The RICC Forum ensures there is effective governance of PBWM's approach to sustainability including climate-related risks and opportunities. Private Bank DPM is evolving the level of climate considerations that takes place at the RICC Forum to increase visibility of climate-related risks and opportunities.

Table 1 on the following page sets out some of the forums and meetings that manage and oversee sustainable and responsible investment related matters. These forums all help improve Private Bank DPM's governance of climate- and sustainability-related matters.

[11] This reflects the governance structure for the reporting period. Due to the convergence of the Private Bank and Wealth Management business lines, the governance structure has subsequently changed. The new governance structure will be reported upon in next year's TCFD report.
[12] Please see Glossary of key terms.

Table 1 – Sustainability-related forums and meetings

Name	Purpose	Membership	Meeting frequency
Responsible Investing and Climate Change (RICC) Forum[13]	• Advisory forum for senior management to review, develop and monitor the Private Bank's climate-related strategy including climate-related risks and opportunities, initiatives and responsible investment. • Recommendations from the Sustainable Governance Forum are escalated to the RICC Forum for senior management oversight. • Newly created in 2023.	• Chaired by the Head of Responsible Investing[14]. Members include the Global Head of Investments PBWM, the Head of Discretionary Product Management, the Head of Sustainable Portfolio Management, senior portfolio managers and members of the Responsible Investing team.	Quarterly
Sustainability Governance Forum[15]	• Review, develop and monitor the approach to Responsible Investing. • Escalate to the RICC Forum[14].	• Chaired by the Head of Responsible Investing[16]. Members include the Head of Discretionary Product Management, the Head of Sustainable Portfolio Management, members of the investment team, Responsible Investing team and representatives of Legal and Compliance functions.	Quarterly
Principal Adverse Impacts (PAI) as a Financial Market Participant (FMP) Review Forum	• Review and assess PAI in the investment decision process. • Escalate to the Sustainability Governance Forum[13] and BBI's Private Bank Risk and Control Forum. • Newly created in 2023.	• Chaired by the Head of Private Bank Barclays Bank Ireland PLC (BBI) DPM. Members include the investment team, Responsible Investing team and the Compliance function.	Quarterly
Sustainability Assessment Meeting (SAM)	• Assess the sustainability of new and existing investments. • Newly created in 2023.	• Chaired by the Head of Sustainable Portfolio Management. Participation in SAM includes members of the Multi-Asset DPM and Responsible Investing teams.	Weekly
Stewardship Meeting	• Review, develop and monitor the approach to Stewardship.	• Chaired by the Stewardship Lead. Members include the investment team, Responsible Investing team, Legal and Compliance functions.	Quarterly

Within the Private Bank DPM investment team, other specific equity and fixed income meetings are held periodically or as needed to assess and discuss ESG-related matters.

[13] The terms of reference for the RICC Forum were under review following organisational changes for the reporting period of this report.
[14] This reflects the status for the reporting period of this report. Under the revised PBWM structure, this committee is chaired by the Global Head of Investments PBWM.
[15] This reflects the status for the reporting period of this report. Under the revised PBWM structure, this forum has changed to the PBWM Responsible Investing and Sustainability Governance Forum with revised terms of reference.
[16] This reflects the status for the reporting period of this report. Under the revised PBWM structure, this committee is chaired by the Head of Discretionary Product Management.

3.2 – Private Bank DPM: Strategy

At the Private Bank DPM, climate change risks are integrated into its approach to Responsible Investing. All of the Private Bank DPM strategies seek to deliver competitive investment returns for its clients and to create long-term value for stakeholders. Private Bank DPM believes that Responsible Investing helps it achieve this.

As a long-term investor, Private Bank DPM believes material ESG issues, including climate change, can impact portfolio returns, and so are relevant considerations in managing risk effectively and delivering successful investing outcomes for its clients.

Understanding how businesses are, for example, impacting the environment, engaging with employees and key stakeholders, and practicing good governance helps the Private Bank DPM assess how well these businesses are positioned, now and for the future. As such, Private Bank DPM believes ESG issues, where material, cannot be separated from investment decisions. Broadly, Private Bank DPM:

- Aims to identify, manage and mitigate ESG risks that could impact the financial or operational performance of a business such that it thinks they may materially impact long-term investment returns.
- Believes ESG risks can also be mitigated and monitored through its stewardship practices.
- Regards Responsible Investing as an integral element in meeting its fiduciary duties towards its clients.

These beliefs align with Barclays' values of Respect, Integrity, Service, Excellence and Stewardship which apply across Barclays, including to the Private Bank DPM.

More details on the Private Bank DPM's approach to Responsible Investing can be found in the RI Policy[17]. Within the Private Bank DPM due diligence approach, the risks associated with climate change are considered. This is reflected in the ESG integration approaches for the Private Bank DPM strategies.

Private Bank DPM has incorporated climate-related financial risks and opportunities into its assessment of macroeconomic projections and expected asset class risks and returns. This feeds into the strategic asset allocation process[18]. Private Bank DPM is evolving its approach as its understanding of climate-related matters develops.

Private Bank DPM joined the Institutional Investors Group on Climate Change (IIGCC)[19] in 2023 and looks forward to engaging and working with peers on approaches to tackling climate change. See further details in section 3.3.

Private Bank DPM recognises the importance of engaging with entities to support their transition to a low-carbon model. Through the Private Bank DPM partnership with EOS at Federated Hermes (EOS)[20], it seeks to engage with investee companies on key issues related to climate. EOS's engagement on the topic of climate change encourages company strategies and actions to be aligned to the goals of the Paris Agreement, which seeks to limit global warming to well below 2°C and ideally to 1.5°C above pre-industrial levels. See further details below in section 3.4c.

Private Bank DPM has begun assessing possible targets for its sustainable strategies – please see section 3.4a for details on its sustainable strategies. We will provide an update on our progress in next year's report.

[17] Please see the Private Bank DPM website for details on its Responsible Investing policy.
[18] Please see the Private Bank DPM: Capital market assumptions section 3.2bi for further details.
[19] Please see the IIGCC website for further details.
[20] Please see the Private Bank DPM: Stewardship section 3.4c for further details.

The Private Bank DPM investment team, supported by the Responsible Investing team, is involved in managing and evaluating ESG and climate-related risks and opportunities as part of the broader strategy for Private Bank DPM.

The Responsible Investing team has a climate change specialist leading and supporting climate-related work. Two dedicated ESG analysts also joined the Private Bank DPM investment team in 2023 to support ESG integration into the investment process. The role of the Responsible Investing team is to advise, guide and upskill a number of different teams on Responsible Investing practices and to provide subject matter expertise.

Private Bank DPM continues to review its approach to climate change and will report on progress in next year's report.

3.2a – Private Bank DPM: Climate-related risks and opportunities

Physical and transition risks

Climate physical risks manifest as chronic and acute risks. Chronic risks are longer-term shifts in climate patterns and become evident slowly over time and may cause business interruptions. Acute risks are event-driven from catastrophic events, such as coastal floods or tropical cyclones. Transition risks are the risks associated with transitioning to a lower-carbon economy. These include regulatory and technology changes. Transition risks are expected to occur in all periods, but more broadly over the medium term.

Looking to the longer term, the cumulative effects of global temperature rise are likely to become increasingly pronounced, influencing ecosystems, sea levels and societal structures. Climate change can also trigger tipping points[21] through feedback loops[21] that amplify its effects. Certain tipping points are already under way, manifesting in observable changes across the globe.

Different tipping elements, such as the melting of ice sheets or changes in ocean circulation, have varying time horizons. As the science develops, we are observing that some tipping points may run on a shorter timeline than initially expected. Accordingly, the uncertainty of exact timeframes in which the tipping points are expected to materialise adds a layer of complexity, making it challenging to precisely predict when impacts will materialise.

The potential impacts of physical and transition risk drivers will vary depending on industry, geographic location, business operations and other contextual factors.

When considering climate-related risks and opportunities, Private Bank DPM has defined timeframes as: short term – 0–1 year, medium term – 1–5 years and long term – 5–30 years. These timescales are aligned to the categorisation used by Barclays[22]. Private Bank DPM undertook a preliminary analysis of climate-related risks and opportunities and the associated financial impacts for the AUM in scope of this report, as well as for Private Bank DPM as a business.

[21] Please see Glossary of key terms.
[22] Please see the Barclays Annual Report 2023 for further details.

Table 2 – Climate-related risks

Risk	Example risk description	Time horizon	Example impacted areas	Example financial Impact
Transition	An increasing and evolving regulatory environment impacting existing and new products.	Short to medium term	Products & services	Business impact: Increase in operational costs in terms of time, resources and compliance to meet regulatory reporting requirements. AUM impact: Reduced demand for products and services following potential regulatory fines.
	Reputation-driven – shifts in client behaviour. Barclays wider activities have a negative effect on our ability to win inflows.	Medium to long term	Access to capital	Business impact: Change in client preferences. Reduced revenue and assets. AUM impact: Reduced demand for products and services.
	Market-driven – shifts in client behaviour. Clients shift preference away from traditional products (potentially offset by retaining AUM in sustainable strategies).	Medium to long term	Access to capital	Business impact: Negative impact on revenue and assets. AUM impact: Change in portfolios and composition affecting asset valuations. Reduced demand for products and services.
	Abrupt reduction in AUM value because of climate transition shocks. Radical policy response impacting markets negatively. Portfolios are not fully diversified or aligned to net zero.	Medium to long term	Products & services	Business impact: Unable to adapt products and services to market shocks. Reduced revenue and assets. AUM impact: Reduced demand for products and services.
Physical	Increased severity of extreme weather events impacting the value of AUM.	Long term	Products & services / Adaptation & mitigation activities	Business impact: Reduction in market values. Increased capital, disruption and insurance costs. Reduced revenue and assets.
	Abrupt reduction in AUM value because of climate physical shocks. Climate tipping points collapse and impact global supply chains.	Long term	Products & services / Adaptation & mitigation activities	

Table 3 – Climate-related opportunities

<table>
<tr><th>Opportunity</th><th>Example opportunity description</th><th>Time horizon</th><th>Example impacted area</th><th>Example financial impact</th></tr>
<tr><td>Resource efficiency</td><td>Development and expansion of sustainable products.</td><td>Short to medium term</td><td>Products & services / Access to capital</td><td rowspan="2">Business impact: Increased revenue and assets.

AUM impact: Increased demand for products and services.</td></tr>
<tr><td>Products and services</td><td>Development and expansion of sustainable products.

Focus growth on sustainable strategy and alignment to the goals of the Paris Agreement.</td><td>Medium term</td><td>Products & services</td></tr>
<tr><td>Resilience</td><td>Development of sophisticated scenario analysis that is integrated into the investment decision-making process.</td><td>Long term</td><td>Products & services / Adaptation & mitigation activities / Acquisitions or divestments</td><td>Business impact: Asset protection and creating a competitive advantage.

AUM impact: Increased demand for products and services.</td></tr>
<tr><td>Adaptation</td><td>Development of specific adaptation strategies for capital to be allocated to climate opportunities.</td><td>Long term</td><td>Products & services / Access to capital</td><td>Business impact: Increased revenue and assets.

AUM impact: Increased demand for products and services.</td></tr>
</table>

Whilst Private Bank DPM incorporates the same approach in each of its discretionary strategies across the jurisdictions, it may have portfolios, that are generally client-driven with specific requirements, where it needs to vary its approach to the core strategies.

3.2b – Private Bank DPM: Scenario analysis

3.2bi - Capital market assumptions

Private Bank DPM has begun to develop capabilities in scenario analysis. The initial work included understanding how long-term projections, also known as capital market assumptions (CMAs), are impacted by climate.

Private Bank DPM considers the CMAs as a set of baseline expectations regarding the likely macroeconomic path, and the return and risk parameters for a broad spectrum of asset classes. In 2023, Private Bank DPM incorporated physical and transition climate-related risks into its modelling framework.

Private Bank DPM used the Network for Greening the Financial System (NGFS)[23] Phase III scenarios – disorderly 1.5°C, orderly below 2°C and hothouse (nationally determined contributions (NDC))[24] 3°C. Each scenario was given an equal weighting in the model.

The analysis showed that the cumulative physical impact of climate between 2020 and 2035 on global GDP was only 0.2%. On an annualised basis, this figure becomes even smaller – especially for developed markets, which is the main geographical focus of Private Bank DPM investment strategies.

Transition risk is estimated to take a greater toll on the countries in scope: Private Bank DPM expects transition efforts to weigh by over 0.1% annually on the growth trajectory of the US and UK, and close to 0.1% for European economies over the next five years. This feeds into the strategic asset allocation process that underpins all the multi-asset class strategies.

As a top-down macro approach, Private Bank DPM is still understanding how climate risk will impact the CMAs and projections for the building blocks of the modelling framework. As this work develops, Private Bank DPM will report on its progress in next year's report.

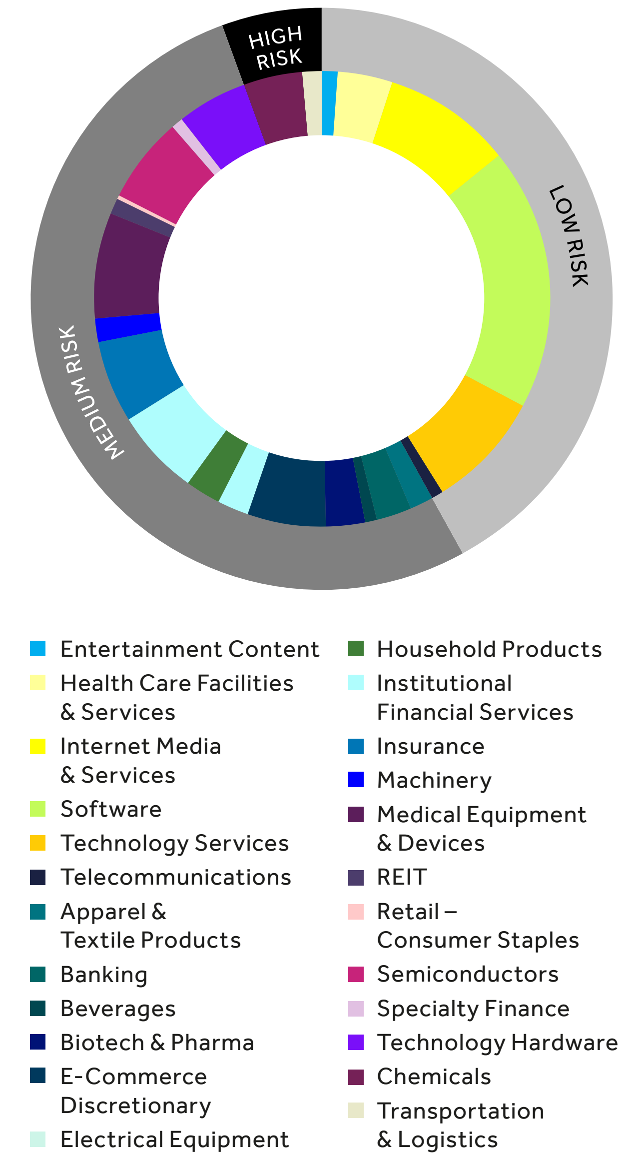
3.2bii - Asset-level analysis

From a bottom-up approach, Private Bank DPM assessed the climate sensitivity of a typical balanced multi-asset class portfolio, which is classified as moderate risk from an investment perspective and considered a good representation of all its portfolios.

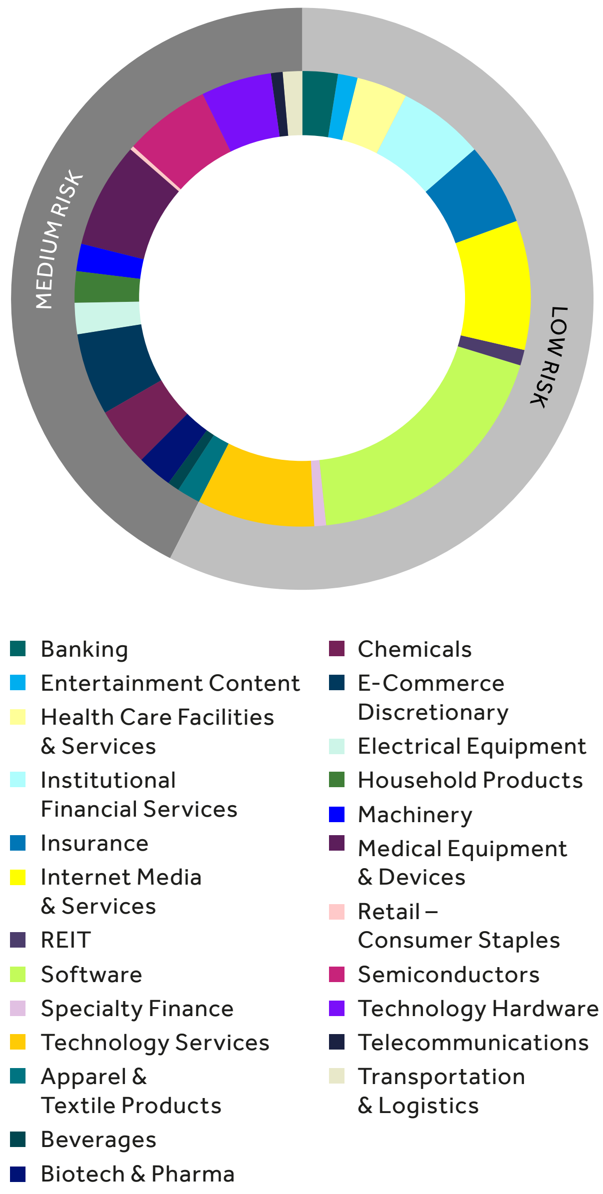
Private Bank DPM leveraged proprietary sector climate change risk factor methodology[25] to assess climate risks for sectors. A sector's climate risk rating is classified as high, medium or low risk sensitivity based on eight physical risk and five transition risk vulnerability factors. These provide an indicative physical and transition risk rating[26].

[23] Please see the Network for Greening the Financial System website for further details.
[24] Please see Glossary of key terms for details on each scenario.
[25] Based on Barclays proprietary research – Elevated Sector Framework.
[26] Sovereign bonds, supranationals and other non-classified entities are excluded due to a lack of data coverage from third-party data vendors.

Transition risk: Elevated sectors framework



Physical risk: Elevated sectors framework



The results show that 58% of the typical balanced multi-asset class portfolio has low physical risk and 42% medium risk. For transition risk, 53% of the portfolio has medium risk and 26% of the portfolio has low risk. A small portion (5%) of the portfolio is classified as high risk and includes chemicals and transport and logistics sectors.

Table 4 – Scenario analysis[29]

Opportunity	1.5°C Disorderly	Below 2°C Orderly	3°C Hothouse
Transition risk	-1.8	-0.2	-0.2
Physical risk	-0.5	-0.7	-1.1
Aggregated CVaR	-2.2	-0.9	-1.3

Scenario analysis was also conducted using MSCI's Climate Value at Risk (CVaR) analysis on a typical balanced multi-asset class portfolio. CVaR is a forward-looking metric that estimates loss or gain for companies and portfolios that may occur under different climate scenarios within a specified time horizon. MSCI considers physical hazards or perils that are both chronic and acute (Please see Section 3.2a for the Private Bank DPM Physical and Transition Risks for its physical risks).

Transition risks comprise technology opportunities and policy risks. These can be broken down further:

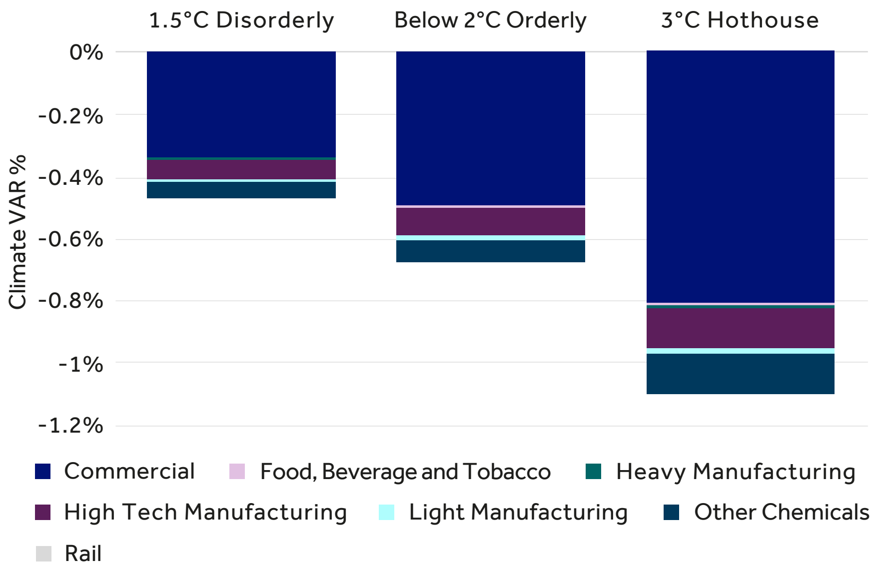
- Technology opportunities include modelling the prospects of transitioning to a low-carbon economy.
- Policy risks include modelling regulations from Nationally Determined Contributions (NDCs)[27] and how they will impact a company's activities in direct and indirect greenhouse gases (GHG)[27].

The NFGS scenarios of disorderly 1.5°C, orderly below 2°C and hothouse world 3°C were used[28].

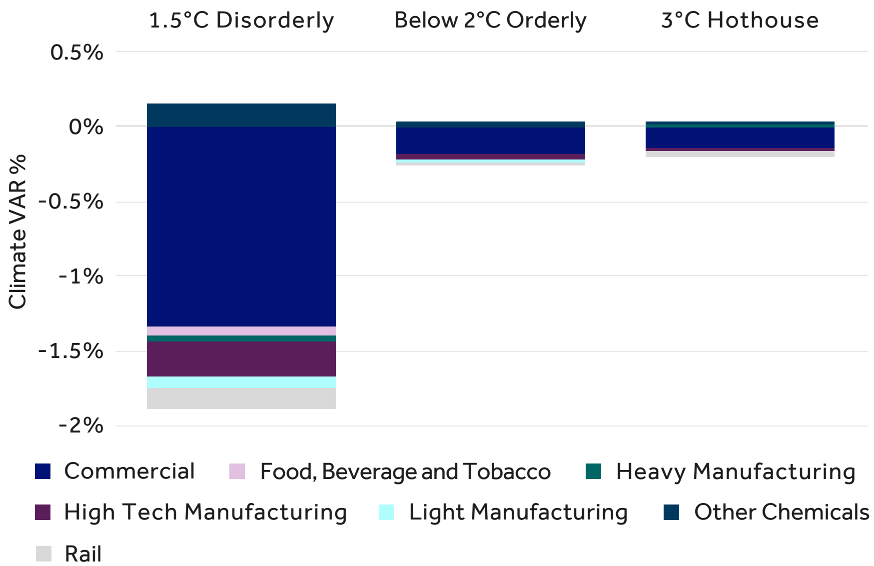
In line with Private Bank DPM's macroeconomic findings, the most stringent transition 1.5°C disorderly scenario is dominated by transition risks with small physical risks. The 3°C hothouse scenario has the greatest potential for physical risks, with the exposure to physical risks increasing as global temperatures rise.

Climate scenario data suggests there is a trade-off between more near-term transition risks and eventual physical risks, such that considering different scenarios is prudent. The graphs opposite show the physical and transition risk impacts by sector under the three scenarios.

Aggregated physical risk



Aggregated transition risk



[27] Please see Glossary of key terms for further details.
[28] Sovereign bonds 16%, supranational 8% and other non-classified entities 15% are excluded from scenario analysis CVaR calculations due to a lack of data coverage from third-party data vendors.
[29] Aggregated CVaR analysis and sector classification is based on MSCI methodology. Transition risk is comprised of aggregated policy risk and technology opportunities.

Whilst Private Bank DPM acknowledges the value of scenario analysis, it recognises that climate change is complex. Private Bank DPM also recognises that these models are only able to capture linear impacts and do not include complex feedback loops[30]. They are unable to capture the inter-connectedness of different elements such as tipping points[30] and ecological impacts. These omissions mean the resulting scenarios could inadvertently understate the potential range of outcomes.

The emissions and temperature trajectories that materialise are dependent on many multifaceted choices that society makes globally. The role of governments and how fast they enact climate-related policies plays a critical part in this. Private Bank DPM will continue to evolve its approach to scenario analysis and endeavour to assess its AUM as one of the tools used to manage climate-related financial risks and opportunities. As data coverage, methodologies and tools improve, Private Bank DPM will be better able to track progress to lower carbon emissions.

3.3 – Private Bank DPM: Collaborative initiatives

Private Bank DPM believes it is important to be part of relevant public debate. Private Bank DPM leverages, where appropriate, Barclays' proactive engagement in climate- and sustainable finance-related public policy conversations and developments. This includes governments, legislatures, regulators and other organisations[31].

Private Bank DPM joined the IIGCC in 2023. The IIGCC brings together the investment community to work towards a net-zero and climate-resilient future. In 2023, Private Bank DPM began assessing the application and impact of the IIGCC Net Zero Stewardship toolkit on its portfolios. This toolkit provides a systematic framework that focuses investors on ensuring they prioritise high-impact engagement, while methodically ensuring they have measures in place to hold laggard companies to account. Private Bank DPM participated in the IIGCC Proxy Voting Group who seek to align investor stewardship and voting activities to net-zero ambitions. Private Bank DPM will report on its progress on net-zero stewardship in next year's report as its capabilities build.

Private Bank DPM is a signatory to the Principles for Responsible Investment (PRI)[32], an international network of investors, working together to implement the six PRI principles, and its goal is to encourage its signatories to incorporate ESG issues including climate via the six principles into their investment practices.

As a signatory to the PRI, Private Bank DPM is committed to Responsible Investing, to evidence its ability to integrate ESG considerations into its investment processes, and to engaging and voting to enhance returns and better manage risks within portfolio companies. To further demonstrate its commitment to applying the PRI principles, Private Bank DPM is also a member of the interactive network of PRI Wealth Managers Working Group. The members and affiliated signatories' goal is to advance Responsible Investment within the industry by collaborating and sharing insights of good practice. Furthermore, the Working Group explores how ESG considerations can be appropriately incorporated into portfolio managers' decision-making.

3.4 – Private Bank DPM: Risk management

3.4a – Private Bank DPM: Climate integration in Traditional and Sustainable strategies

Private Bank DPM strategies are classified as either Traditional or Sustainable based on the different approaches taken for ESG integration[33] – please see the Private Bank DPM Responsible Investing policy for further details.

The analysis and integration of material ESG issues and climate-related risks as part of Private Bank DPM investment due diligence help identify key foreseeable risks that may have a financial impact on the companies in which Private Bank DPM seeks to invest. Material ESG considerations including climate risks may be incorporated into the investment process to help mitigate these risks.

[30] Please see Glossary of key terms for further details.
[31] For further information please see the Barclays Annual Report 2023.
[32] Further details on the Principles for Responsible Investment are available on its website.
[33] While we incorporate the same approach in each of our discretionary strategies in all but one of the jurisdictions in which we operate, we may have portfolios with specific requirements where we need to vary our approach to our core strategies.

Equity and Fixed Income holdings in Private Bank DPM's Traditional Multi-asset, Global, European and UK Equity and Sustainable Strategies:

Proprietary ESG dashboards which include climate metrics were developed by the Private Bank DPM investment team to help the equity investment team identify and integrate material ESG and climate considerations into their investment due diligence for each of the companies held in the Traditional Multi-asset, Global, European and UK Equity and Sustainable equity strategies.

- Climate metrics include the company's Implied Temperature Rise (ITR)[34] , fossil fuel involvement and net-zero flags.
- A breakdown of absolute carbon emissions of the company across scopes 1, 2 and 3. An analysis of carbon intensity, comparing the results across peers. These metrics help determine the carbon resource-intensity of a company as well its carbon impact. They also help highlight any potential vulnerability to the future cash generation of the company, particularly regulatory pressure regarding climate change.
- The dashboards include a range of theoretical carbon costs[35] to understand the impact on a company's income statement and return profile.
- Details of the historical trend analysis of carbon intensity to assess a company's profile over a given time horizon.
- A number of metrics are included to assess the company's ability to transition, including its supply chain power and influence and its ability to upgrade its assets.
- The dashboards assess physical risk, calculating the potential market value loss across a number of scenarios. Also included are metrics relating to water, waste and biodiversity.

Fixed Income strategies:

In Q4 2023, the Fixed Income process was enhanced to include a scope 1 and 2 carbon emissions intensity screening:

- Private Bank DPM reviews companies which have a high carbon intensity and which are one standard deviation above their respective peer group's median carbon intensity.
- If a company fails the proprietary scope 1 and 2 carbon emissions screen, the company cannot be included in the preferred investment universe (PIU)[36] and further qualitative analysis will be required before a decision on inclusion can be made.

Detailed qualitative ESG assessments, including climate-related risks, may be conducted to help provide insight into the internal operational quality of a company, and its ability to mitigate against risks to future cash generation that may arise from ESG factors and climate-related risks. Private Bank DPM will continue developing its capabilities as more data and research becomes available.

3.4b – Private Bank DPM: Investment risk oversight

An independent investment risk function in Private Bank is responsible for oversight of the investment risk process to make sure that its portfolios deliver a level of risk that is in line with the risk strategy and client mandates. The investment risk process includes, but is not limited to:

- Investment Risk & Performance Forum – This forum provides risk oversight of portfolios ensuring that the level of risk in discretionary portfolios is aligned to the risk profile of the mandate
- Global DPM Governance Forum – This forum reviews non-financial and risk management information/key risk indicators and events.

The investment risk function, together with the quantitative team, leads the work on incorporating scenario analysis into Private Bank DPM capital market assumptions and assessing the climate sensitivity of a typical balanced multi-asset class portfolio. Climate risk is not currently integrated into the investment risk process. As Private Bank DPM improves its understanding of climate-related financial risks and opportunities, it will assess how climate-related matters can be incorporated into the investment risk process and report on its progress in next year's report.

[34] Please see the section 3.5a and Glossary of key terms for further details.
[35] The theoretical carbon cost is based on the investment team's views and opinions only. Barclays and Barclays Private Bank DPM do not have an internal formal carbon price.
[36] This process was incorporated in Q2 2023 and became automated in April 2024.

3.4c – Private Bank DPM: Stewardship

At the Private Bank, engagement[37] and voting[38] are viewed as important mechanisms through which to hold management to account, and act as a lever to promote change in investee companies on material ESG issues where appropriate.

Stewardship through engagement and voting is undertaken in partnership with Private Bank DPM's stewardship services provider, EOS at Federated Hermes (EOS)[39]. EOS is a stewardship leader that helps global long-term institutional investors to meet their fiduciary responsibilities and become active owners of public companies.

Private Bank DPM has chosen to partner with EOS as it believes that pooling the resources of other like-minded investors creates a strong and representative shareholder voice and makes company engagement more effective. The decision to partner with EOS was based on a number of factors, but not specifically on its approach to managing climate change.

Private Bank DPM regularly interacts with EOS to ensure its interests remain aligned and feeds into EOS's engagement plan which outlines its objectives for three-year periods.

EOS develops engagement strategies specific to each company, subject to engagement, informed by its deep understanding across sectors, themes and markets. Specific environmental and nature-related outcomes, aligned to the UN Sustainable Development Goals (SDGs)[40], that EOS seeks to include are as follows:

Climate change

Ensuring company strategies and actions are aligned to the goals of the Paris Agreement to pursue efforts to limit climate change to 1.5°C, and demonstrating that business models are resilient and can adapt to future climate change.

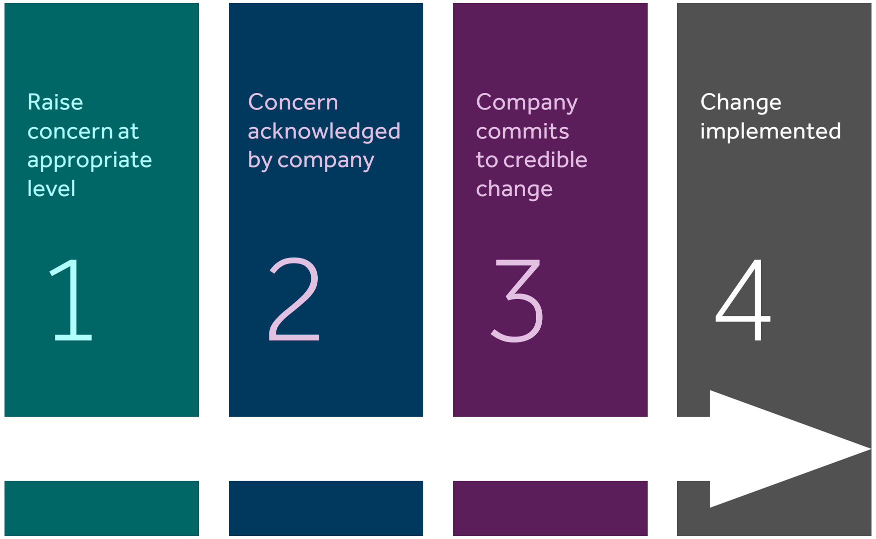
Natural resources

Protecting, preserving and restoring natural resources and biodiversity by transitioning to sustainable food systems, avoiding antimicrobial resistance and managing water stress, to enable more affordable access to food and clean water.

Circular economy and zero pollution

Controlling pollution of air, land and water to below harmful levels for humans and other living organisms, and building a circular economy that avoids waste.

For climate change, EOS's engagement focuses on companies having a strategy and GHG emissions reduction targets aligned to the Paris Agreement, seeking to limit global warming to 1.5°C, and political lobbying. In seeking Paris-aligned transition plans, EOS evaluates the credibility of company transition plans, including their reliance on technologies, and seeks to ensure that the governance oversight of investments adequately tests risks and dependencies. EOS also continues to engage with companies in high-methane-emitting sectors to deploy the best available technology to identify and mitigate methane emissions, continue to engage on physical climate risks and work towards a 'just transition' for employees and communities. Finally, EOS engages companies on developing robust approaches to managing exposure to acute and chronic physical risks, for example, requesting that companies perform quantitative scenario analysis and identify clear actions for managing and mitigating these risks. This also includes natural resource stewardship engagements, given many companies have dependencies on nature and biodiversity, which support resilience and adaptation to physical risk.



Source: Barclays Private Bank and EOS at Federated Hermes, 2023

[37] Engagement (on select material ESG issues) and voting activities are being exercised in relation to all our Private Bank DPM investment strategies globally with the exception of services managed in India. Engagement activity is undertaken for our direct fixed income and equity holdings, while voting activity is only undertaken for our direct equity holdings.
[38] Voting is applicable only to direct equity holdings whereas engagement activity is relevant to direct equity and fixed income holdings. It is our intention to exercise voting in all markets, although at times our ability to do so may be hindered by regulatory and practical considerations as well as internal restrictions.
[39] Please see the EOS website for further details.
[40] Please see the Global Goals website for details on the UN SDGs.

EOS uses different methods to escalate and intensify engagement with companies over time, depending on the nature of the challenges faced and the attitude of the board towards dialogue. EOS engages with companies in the pursuit of achieving objectives, and where relevant to the SDGs. This allows Private Bank DPM to track the progress of its engagement, relative to the objectives set for each company and their overall progress.

Where Private Bank DPM believes engagement is not successful, it will look to take further escalation measures, such as voting against management and potentially participating in filing shareholder resolutions in partnership with EOS.

EOS is also an active participant in a number of collaborative industry bodies and initiatives around the world. Engagements through such collaborations are mechanisms that can increase influence to effect positive change.

3.4ci – Private Bank DPM: Example of a climate-related stewardship achievement in 2023

MULTINATIONAL CONSUMER PRODUCT COMPANY[41, 42]

EOS has engaged with the company since 2019, as the lead engager within Climate Action 100+[43]. Over this period, EOS engaged[44] on various climate-related topics, including strong climate change governance and company action to limit global warming to well below 2°C.

Increasing transparency and aligning disclosures closer to the TCFD, the company published its inaugural TCFD report in April 2022. The report highlighted key areas of progress, including the formation of an ESG Reporting Task Force, to address the increasing demands for additional ESG disclosure from its stakeholders, and a Water Security Task Force.

The company's Climate Action & Net Zero Carbon roadmap (aligning with its 1.5°C commitment) updates were also welcomed. It allowed investors to better understand the company's climate strategy, which addresses areas such as supply chain engagement, net-zero carbon operations, sustainable products and consumers and business resilience.

3.4cii – Private Bank DPM: Climate-related votes

Voting[45] forms an integral part of Private Bank DPM's overall stewardship strategy and is used as a tactical tool to achieve the desired change on ESG issues. For direct equity holdings, Private Bank DPM exercises shareholders' rights to seek and drive desired changes.

Following receipt of EOS's voting recommendations, Private Bank DPM's equity portfolio managers discuss this information in advance of making the voting decision on behalf of their clients. More in-depth conversation with EOS may take place for high-profile companies or contentious votes. Private Bank DPM portfolio managers are ultimately responsible for making voting decisions.

Overall, Private Bank DPM's approach is rooted in EOS's Global Voting Guidelines[46,47], which inform voting recommendations to EOS clients. These guidelines have been informed by global and regional best practice guidelines and market standards (e.g. regional and country-level voting principles and national corporate governance codes).

[41] Please see the EOS Public Engagement Report on the EOS website for further details on the multinational consumer product company.
[42] Private Bank DPM was invested in the multi-national product company for the reporting period of this report.
[43] Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.
[44] Engagement includes direct company meetings and correspondence.
[45] It is our intention to exercise voting in all markets. However, our ability to do so may be hindered by regulatory and practical considerations, as well as internal restrictions.
[46] The voting guidelines do not seek to provide an exhaustive list on all voting matters but rather set out the broad position on a number of key topics with global applicability.
[47] Further details are highlighted in the EOS Policy Documents and Regional Vote Guidelines, and the Barclays Private Bank Responsible Investing Policy (Discretionary Portfolio Management).

As per the EOS Global Voting Guidelines, EOS will consider recommending voting against the chair, and other relevant directors or resolutions, at companies where EOS considers a company's response to the risks and opportunities presented by climate change to be materially misaligned with the goals of the Paris Agreement. EOS's assessment is informed by a range of indicators, including the Transition Pathway Initiative[48] assessment and the Climate Action 100+ Benchmark[49]. For climate transition plan votes, EOS will assess proposals against key criteria of (i) alignment to the Paris Agreement goals and achieving 1.5C; (ii) the quality of the plan to deliver this; and (iii) the commitment of the company to achieving its stated goals.

In general, EOS expects companies to develop a comprehensive climate transition plan that presents a strategy with short-, medium- and long-term actions to manage material climate-related risks and achieve net zero by 2050. This should also align with best-practice and sector-specific guidance where available. One of EOS's key priorities is that companies should develop a climate transition plan that aligns with the 1.5°C goal of the Paris Agreement[50], report on progress and update their strategies regularly to account for the evolving context of climate action.

For companies that EOS considers climate laggards, the chair of the sustainability committee or equivalent and/or other responsible directors may be held accountable and voted against where EOS believes companies are insufficiently managing climate-related risks to the business. For more detail on how EOS factors climate into its voting recommendations more broadly, please refer to the section on climate laggards of the EOS Regional Voting Guidelines[51].

For climate-focused shareholder resolutions, Private Bank DPM will consider support on a case-by-case basis where it considers them to be aligned to the long-term financial interests of its clients. Private Bank DPM believes advisory votes relating to climate strategy should be carefully considered by the board and should not replace ongoing engagement with shareholders.

3.4d – Private Bank DPM: Third-party funds

The Funds team at Private Bank is responsible for maintaining a panel of third-party managed active funds, from which the Private Bank DPM team can select funds for inclusion in the Global Multi-Asset Class Strategy and Core Plus Fixed Income Strategy (which are both Traditional strategies) and the Multi-Asset Class Sustainable Total Return Strategy (a Sustainable strategy). Investments in third-party funds represent 9% of the Private Bank DPM AUM in scope of this report.

Private Bank DPM is reviewing its approach for assessing and managing climate-related financial risks and opportunities for third-party funds in the combined PBWM business. We will provide an update on any progress in next year's report.

3.5 – Private Bank DPM: Metrics and targets

Private Bank DPM believes data and metrics are key to understanding and managing climate-related risks and opportunities.

The dashboards described in section 3.4a provide a tool for the Private Bank DPM investment team to assess its equity and fixed income holdings. They help Private Bank DPM understand a company's operational quality and identify material risks and opportunities to its cashflow. Climate-related factors considered include, but are not limited to a company's ITR[52, 53] and carbon footprint. Private Bank DPM considers a company's resource intensity, which comprises, but is not limited to, physical risk exposure, water stress, waste and biodiversity. These metrics are based on internal data sources and third-party data vendors, such as MSCI, Credit Suisse Holt and Bloomberg.

Private Bank DPM's ESG dashboards include a company's ITR, which measures its temperature alignment, quantified in degrees Celsius (°C). The temperature measurement shows the outcome, if the whole economy had the same carbon budget over-/undershoot level as the company to keeping the world's temperature rise to 2°C by 2100. It provides an indication of how companies and investment

[48] Please see the Transition Pathway Initiative website for details.
[49] The Climate Action 100+ Benchmark assesses the performance of focus companies against the initiative's three high-level goals: emissions reduction, governance, and disclosure on and implementation of net-zero transition plans.
[50] Please see the United Nations website for details on the Paris Agreement.
[51] Please see the EOS UK, Europe & Australia Vote Guidelines document for details.
[52] Based on MSCI methodology Please see Glossary of key terms for further details.
[53] Such temperature metrics are based on projections and so are indicative only, may be sensitive to change and based on estimates which may not be accurate or complete. There is no guarantee that each company has set net-zero targets or that a company will be able to achieve its emission reduction targets or that even if such targets are achieved, future warming or emissions levels will be as predicted.

portfolios align to global climate targets. At a portfolio level, the ITR is compiled on an aggregated basis for the portfolio companies.

The ITR for the in-scope AUM for Private Bank DPM is 1.8 °C. The ITR is a weighted average of the AUM and includes direct holdings and third-party funds. The assets included in the ITR calculation are 51% of the Private Bank DPM AUM in scope of this report. Whilst the ITR focuses on carbon emissions from corporates, the majority of the data gap for the ITR is attributed to sovereigns and supranationals, which MSCI does not include in its methodology. Private Bank DPM is currently dependent on the methodology and capabilities of MSCI. Please see section 6.0 Data limitations for further details.

Climate-related metrics are presented to the RICC Forum for quarterly management oversight. Whilst Private Bank DPM has made progress in enhancing its ESG-related data and metrics, it recognises further progress is needed. Private Bank DPM continues reviewing data requirements and will seek improvements to its data capabilities for risk management and oversight of climate-related matters.

Private Bank DPM is in the early stages of understanding the impact of climate-related financial risks and opportunities. Private Bank DPM is assessing the possible implications of a target for its sustainable strategies and will report on its progress in next year's report.

3.5a – Private Bank DPM: 2023 metrics

The carbon metrics in tables 5 and 6 are in line with the TCFD recommendations and the Partnership for Carbon Accounting Financials (PCAF) standards[54]. For carbon footprint, Private Bank DPM has used Enterprise Value Including Cash (EVIC)[55] as the denominator in accordance with the PCAF standards and in order to cover both equity and debt.

The scope of assets covered in the metrics in table 5 is 51% of Private Bank DPM AUM in scope of this report. Direct equity and fixed income assets held within third-party active managed funds are included in table 5. The metrics in table 6 exclude third-party funds. The scope of assets covered in table 6 is 41% of Private Bank DPM AUM in scope of this report. Currently, third-party data vendors are unable to provide granular level data such as sectors for the underlying companies in third-party funds. This is due to the complexity and scale of data involved in obtaining the granularity required to calculate the underlying company sectors. As this is our first year of reporting, we are assessing how this data gap could be addressed.

Sovereigns, supranationals, cash, derivatives, alternative investments and structured products are excluded from all calculations. For sovereigns and supranationals, we are unable to report emissions figures. For equity investments in listed companies, the total value is measured by the EVIC[55]. Applying the same principle to sovereigns is more challenging because there is no appropriate measurement of a sovereign's equity, leaving only outstanding debt in the denominator of the attribution factor – please see section 5.0 Calculation methodology for further details.

Some of the limitations PCAF has identified for sovereigns include i) the difficulty in accurately allocating emissions along the suppliers' value chains, ii) the involvement of input output models that can vary depending on the third-party data vendors and iii) the time lag in data availability. Private Bank DPM will further its understanding of external calculation methodologies available for sovereigns to determine the best approach to take.

Derivatives, alternative investments and structured products are not currently included in the scope of these metrics, as external calculation methodologies have not been developed for these asset classes. Private Bank DPM is reliant on market and industry developments to guide its metrics and will continue reviewing and monitoring developments on how best to incorporate asset classes currently not included. Private Bank DPM will continue engaging with third-party data vendors such as MSCI to understand how their methodologies evolve and provide input where appropriate.

Table 5[56]

	Total emissions	Carbon footprint	Weighted average carbon intensity
	Metric tons of CO_2e	**Metric tons CO_2e per \$m invested**	**Metric tons CO_2e per \$m sales**
Scopes 1 & 2	305,948.2	18.7	53.3
Scope 3	2,045,011.3	125.0	–

[54] Please see the PCAF website for details.
[55] Please see Glossary of key terms.

[56] Direct equity and fixed income assets held within third-party active managed funds are included.

Table 6[57]

		Total emissions (Tons of CO_2e)		Carbon footprint (Tons CO_2e per $m invested)		Weighted average carbon intensity (Tons CO_2e per $m sales)
Sector	**Percentage of AUM**	**Scopes 1 & 2**	**Scope 3**	**Scopes 1 & 2**	**Scope 3**	**Scopes 1 & 2**
Technology	14%	8,990.3	95,540.6	4.1	43.6	25.4
Financial	11%	24,181.6	84,950.6	13.4	47.1	32.8
Consumer non-cyclical	8%	5,877.2	102,986.4	4.4	77.1	18.3
Communication	7%	7,480.9	76,539.7	6.2	63.4	19.9
Industrial	4%	16,423.4	108,106.8	28.1	185.0	98.4
Basic Materials	2%	28,830.7	148,955.1	85.1	439.7	404.3

[57] In addition to the exclusions stated in table 5, the sectorial metrics exclude investments in third-party funds as sufficiently granular data is not available.

4.0 - Barclays Investment Managers (BIM)

4.1 - BIM: Governance

The BIM governance structure aims to ensure that its approach to Climate Risk, as a Principal Risk in the Group's ERMF, as set out in the Barclays integrated TCFD report[58], is aligned to the frameworks and procedures within the wider Global Markets division.

The BIM business is accountable for implementing Barclays policies, standards, and procedures (PSP) to consider various Principal Risks, including Climate Risk, as part of the investment process across its funds and mandates. Senior business accountability for BIM adhering to Barclays PSP resides with the Global Head of BIM, with oversight achieved through the governance modules highlighted above and through supervisory responsibility for BIM. The Global Head of BIM in turn reports into the Co-Head of Global Markets.

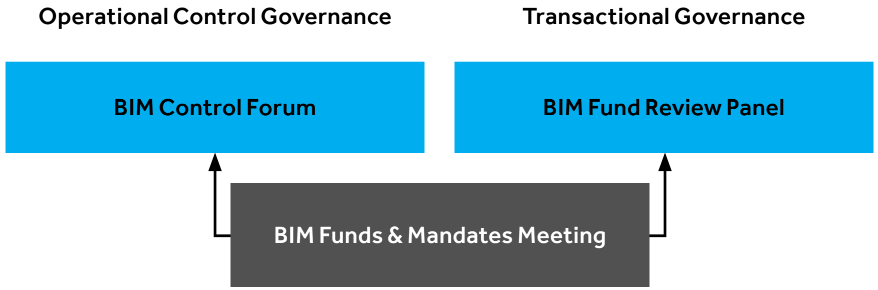
At the BIM level, the BIM Control Forum (BIM CF) is the most senior control oversight body. It is chaired by the Global Head of BIM and includes representation across senior members of the business, as well as business support functions.

The BIM CF's mandate covers all areas of the business's control environment in the product lifecycle, including all Principal Risks under the Barclays ERMF such as Climate Risk. Whilst climate-related risks and opportunities are not a standing agenda item, any items or issues pertaining to the topic would be relevant to the scope of the BIM CF.

Due to the relative position of the business within the larger organisation, BIM is subject to and relies on the wider Barclays governance ecosystem. This is reflected in the reporting structure of the BIM governance forums, which all escalate and feed information into senior Global Markets oversight forums.

For risk and controls, the BIM CF escalates to the Markets Escalation Controls Committee (MECC), which is the equivalent risk and controls forum that oversees all businesses within the Global Markets division (of which BIM is a sub-business unit). The MECC subsequently reports to the BBPLC Risk Control Sub-Committee; this has multiple reporting lines into Group-level risk and control committees to ensure timely and consistent reporting of business-specific and thematic climate-related risks to senior management.

Governance Forums



For product governance and transaction approvals, the BIM Fund Review Panel (FRP) is comprised of senior business individuals, as well as representation from Legal, Compliance and Risk, and receives delegated authority from the Global Markets Product Governance Oversight Forum (PGOF). The FRP also refers certain proposals with ESG considerations to the Markets ESG Review Forum (MERF). MERF also acts as a point of escalation for material issues and matters relevant to the Markets ESG Framework, including having oversight of the control environment related to ESG within Markets.

BIM operates additional lower-level governance which underpins the information presented to the BIM CF, such as the BIM Funds & Mandates Meeting (BIM F&M). The BIM F&M oversees the implementation of a number of factors, including proxy voting, engagement and ESG integration across relevant funds and mandates that the desk manages. For funds or mandates with a particular sustainability nexus (including climate), considerations in the investment process and the representation of these characteristics are assessed prior to product launch by the transaction approval forum (which may be business-specific, such as FRP, or division-wide, such as MERF) to validate the characteristics and determine ongoing oversight requirements.

Ongoing oversight is carried out at a BIM business level by BIM F&M with core members of the BIM team, alongside key control partners in Legal, Compliance and Risk to ensure independent check and challenge. Adherence to mandate rules in respect of ESG integration is therefore a standing agenda point at the BIM F&M.

[58] Please see the Barclays Annual Report 2023 for further details.

4.2 – BIM: Strategy

BIM offers investment products which operate with limited discretion. These include implementation of rules-based methodologies, index replication, or delivery of portfolios with limited discretion in portfolio construction within pre-defined investment guidelines. BIM's approach to ESG, including the impact of climate change, is informed by its business model and the types of funds and mandates that it manages.

In 2023, BIM established its Approach to ESG statement[59] to explain how, where possible within the investment guidelines of each fund, it seeks to use the different levers at its disposal to integrate consideration of ESG across its activities. As a sub-business unit within Barclays Investment Bank (IB), climate-related risks and opportunities are not analysed at the level of BIM's business activities. Instead, BIM's activities are considered within the wider climate-related risks and opportunities for IB.

Climate scenario analysis is not conducted across the BIM product range as it would not be used in investment decision-making given the nature of the products. BIM will assess this position in line with its business strategy and as client and regulatory requirements continue to evolve.

4.2a – BIM: ESG integration in products

For ESG products, BIM integrates ESG characteristics, including climate, by using specific screens, exclusions and best-in-class selection. For instance, it excludes companies that fail to comply with the United Nations Global Compact (UNGC) Principles[60], those which derive a certain threshold of revenues related to thermal coal, or those with severe controversies.

For non-ESG products which pursue synthetic replication of an index or strategy, BIM may, where the mandate allows, account for sustainability risks and integrate consideration of ESG factors, including climate, within the cash management portfolio by allocating into instruments which achieve a better overall ESG risk score for the portfolio.

For physically replicated equity funds and where the mandate allows, BIM engages and exercises voting rights relating to investee companies. It does this in collaboration with the stewardship services provider, EOS at Federated Hermes, with a similar approach to that set out in the Private Bank DPM section 3.4c. This represents 7% of the assets in scope of this report for BIM.

4.3 – BIM: Investment risk oversight

BIM uses data from third-party providers to monitor the integration of sustainability and climate-related considerations in relevant portfolios based on the mandate rules and underlying investments. Where mandates include ESG considerations in the investment management process, controls are agreed as to how the risks will be monitored and managed.

These controls include systematically applied screens that exclude investments that have particular characteristics, such as a cap on the proportion of revenue generated from certain controversial activities. Portfolios are monitored against these pre-established controls with regular reporting to the appropriate business governance (including the BIM F&M), which provides oversight that actions are taken as necessary to bring the portfolio back within the guidelines. Further escalation of any risk management issues, including if related to climate, would take place in the first instance to the BIM CF.

[59] This document is provided on request to clients and prospects.
[60] Please see Glossary of key terms.

4.4 – BIM: Metrics and targets

As referenced above, BIM has access to a range of ESG metrics, including related to climate, for funds which integrate ESG considerations in their investment mandate. These include: ESG risk score at sector and fund level; product involvement exposure; carbon footprint and carbon intensity; and compliance with UNGC Principles. These are reviewed in the appropriate business forum, including the BIM Funds & Mandates Forum.

Although reports are prepared on a bespoke basis for clients on certain ESG metrics (including climate) for funds which implement physical replication, BIM does not currently monitor climate risk at product level for products which do not integrate ESG considerations because such monitoring would not inform its investment decision-making for the products, given their limited discretion and/or the asset classes represented (such as derivatives-based products). For this reason, targets to manage climate-related risks and opportunities have not been set for BIM. BIM has not assessed the alignment of its products and investment strategies under management with a well below 2°C scenario as it is not used by BIM in determining its strategy or risk management. This position will continue to be assessed in line with evolving business strategy, client needs and regulatory requirements.

4.4a – BIM: 2023 metrics

The scope of assets covered in the metrics for BIM is approximately 48% of relevant AUM. Sovereigns, supranationals, agency and municipal bonds, cash and derivatives are excluded. Whilst there are some external calculation methodologies and limited data available for some of these, BIM believes they require further development to be appropriate for inclusion in the metrics reported. BIM is reliant on market and industry developments to guide its metrics and will continue reviewing and monitoring developments how best to incorporate asset types currently not included.

Table 7[61]

	Total emissions	Carbon footprint	Weighted average carbon intensity
	Metric tons of CO_2e	**Metric tons CO_2e per €m invested**	**Metric tons CO_2e per €m sales**
Scopes 1 & 2	62,420.4	45.7	111.1
Scope 3	347,100.4	254.2	–

[61] Sovereigns, supranationals, agency and municipal bonds, cash and derivatives are excluded. Carbon data is sourced from Sustainalytics based on portfolio holdings as of 31 December 2023.

Table 8[61]

		Total emissions (Tons of CO_2e)		Carbon footprint (Tons CO_2e per €m invested)		Weighted average carbon intensity (Tons CO_2e per €m sales)
Sector	**Percentage of AUM**	**Scopes 1 & 2**	**Scope 3**	**Scopes 1 & 2**	**Scope 3**	**Scopes 1 & 2**
Information Technology	39%	22,719.2	103,250.8	42.5	193.0	109.1
Financials	25%	1,312.9	50,403.8	3.8	145.9	15.2
Consumer Discretionary	12%	4,353.5	134,583.0	27.2	841.5	33.4
Telecommunication Services	6%	3,546.8	5,614.4	41.0	65.0	70.4
Industrials	5%	12,710.9	23,571.7	179.4	332.6	271.1
Materials	5%	11,104.6	23,153.6	178.3	371.7	516.3
Consumer Staples	4%	1,272.6	5,153.6	22.7	92.0	36.9
Utilities	2%	5,219.0	500.1	240.7	23.0	970.8
Real Estate	2%	154.0	857.7	7.1	39.6	93.8
Healthcare	0%	27.0	11.7	4.3	1.9	19.0

The carbon metrics in tables 7 and 8 are in line with the TCFD recommendations and PCAF standards. This methodology uses a denominator of Enterprise Value including Cash (EVIC)[62] (in EUR) for investee companies to determine the proportion of emissions for each company that is attributable to the portfolio.

[61] Sovereigns, supranationals, agency and municipal bonds, cash and derivatives are excluded. Carbon data is sourced from Sustainalytics based on portfolio holdings as of 31 December 2023.
[62] EVIC is the Enterprise Value Including Cash – please see Glossary of key terms. Total emissions and carbon footprint metrics for Private Bank DPM and BIM are in line with the Partnership for Carbon Accounting Financials (PCAF) Standard.

5.0 – Calculation methodology

This section outlines the calculations used for this report, as well as the pros and cons of them. Metrics for Private Bank DPM and BIM have not been aggregated for this report as each business line operates independently and differently to each other.

Table 9 shows the calculation methodology used for the metrics in the relevant Private Bank DPM and BIM sections.

Table 9[63]

	Description	Calculation	Pros	Cons
Total emissions	This measures the total emissions of a portfolio.	$MtCO_2e = \sum\left(\frac{\text{Current value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's GHG emissions}\right)$	• As an absolute metric and is easier to interpret. • Metric can be used to track changes in GHG emissions in a portfolio.	• Cannot do a relative comparison of the company within its sector. • Is subject to market volatility.
Carbon footprint	This measures the carbon emissions of an investment relative to the actual ownership. For a portfolio, it is the total emissions normalised by the market value of the portfolio.	$tCO_2e/\$m\ \text{invested} = \frac{\sum\left(\frac{\text{Current value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's GHG emissions}\right)}{\text{Current porfolio value}}$	• A relative metric that can be used to compare companies across sectors. • It allows for portfolio decomposition and attribution analysis.	• Changes in underlying companies' market capitalisation can be misinterpreted.
Weighted average carbon intensity	This measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity.	$CO_2e/\$m\ \text{sales} = \sum_n^i\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \times \frac{\text{Issuer's Scope 1 and Scope 2 GHG emissions}}{\text{Issuer's \$m revenue}_i}\right)$	• It can be easily applied across asset classes since it does not rely on equity ownership approach. • The calculation of this metric is fairly simple and easy to communicate to investors.	• The metric is sensitive to outliers. • Using revenue (instead of physical or other metrics) to normalise the data tends to favour companies with higher pricing levels relative to their peers.

[63] EVIC is the Enterprise Value Including Cash – please see Glossary of key terms. Total emissions and carbon footprint metrics for Private Bank DPM and BIM are in line with Partnership for Carbon Accounting Financials (PCAF Standard). Whilst the calculation for the weighted average carbon intensity in table 9 is based in US dollars, BIM's metric is based in Euros. Private Bank DPM has calculated this metric in US dollars, as per the table.

6.0 – Data limitations

In creating this report, Private Bank DPM and BIM have used ESG and climate data from third-party data vendors that we consider appropriate and suitable for these purposes as at the date on which they were deployed. However, there is currently no universally accepted way of reporting, rating or categorising ESG data and so, where Private Bank DPM and BIM rely on third-party data vendors, such data may be subject to certain limitations. These limitations can be categorised as follows:

Quality

The ESG and climate data used is commonly based on estimations that are the output of our third-party data vendors' estimation methodologies, one example of this being the scope 3 GHG emissions of portfolio companies. Furthermore, ESG data may not be audited or otherwise reviewed by an independent third party and while these sources are used, Private Bank DPM and BIM believe to be reliable, but do not guarantee the information is accurate, complete, and up to date. Reliance on these estimation methodologies means that the calculated metrics can only be interpreted to be approximate and not precise.

Transparency

Private Bank DPM and BIM can have limited visibility on the exact details behind an estimated data point from third-party data vendors. This impedes Private Bank DPM and BIM's ability on full transparency of the estimated ESG and climate data points in calculations.

Timeliness

Private Bank DPM and BIM source ESG and climate data from public reports and from third-party data vendors for our portfolio companies, which are commonly produced on a quarterly or annual cycle. Consequently, the ESG and climate data reported against our portfolio companies maybe out of sync or as at the end of the TCFD reporting period.

Coverage

The levels of disclosure of ESG and climate data are particularly low from certain holdings, such as supranationals. As a result, these holdings have been excluded from the scope of assets for this report's metric calculation.

We are reviewing alternative climate-related third-party data vendors to understand how Private Bank DPM and BIM can evolve their approaches and reduce gaps identified. As the quality of data, models and methodologies evolve and improve, Private Bank DPM and BIM will continue enhancing their approaches.

7.0 – Principal Investments (PI)

7.1 – PI: Introduction

PI is a team within Group Treasury that manages Barclays' minority equity investments and, where applicable, any associated co-investments. The co-investment portfolio for which BBPLC acts as the investment manager is the only role and sub-portfolio within PI that is in-scope for this TCFD report. The co-investment portfolio that is managed by BBPLC was launched in 2007 focusing on private-equity opportunities in the natural resources sector.

Since 2015, the co-investment portfolio has been a closed structure, with no new portfolio companies and no new investors. This report covers the reference period 1 January 2023 – 31 December 2023, at the end of which the AUM was approximately £1.1bn. As of 31 March 2024, the AUM was below £300m, following the divestment of a portfolio company (where the deal was signed in November 2023 and closed in March 2024).

7.2 – PI: Governance

Climate-related responsibilities for principal equity investments are assigned to the PI Equity Committee (the Equity Committee). PI's focus is on investing in a responsible way, integrating relevant ESG risks and opportunities throughout the whole investment process, from pre-investment due diligence, through each investment's life and to ultimate exit. PI believes in the potential of ESG and climate change matters to either pose financial risks or to create value.

The Equity Committee undertakes the senior approval responsibilities relating to the execution and management of all principal strategic equity and workout equity transactions managed on behalf of Barclays and all Group entities. The co-investment portfolio is included in the remit of matters for the Equity Committee to consider, with the ability to veto a proposed investment or asset purchase recommended by BBPLC (in its capacity as asset manager) or the right to require BBPLC (in its capacity as asset manager) to reconsider a recommendation by it to sell, to not invest or to not purchase an asset. The formation and authority of the Equity Committee comes from the Group CEO acting through the Group Executive Committee. The voters on committee are comprised of senior representatives of the business and the risk management department.

As part of a transaction review, the Equity Committee considers climate and sustainability matters, inviting specialist coverage teams to the meeting where necessary. The Equity Committee in its role of considering any recommendation from BBPLC in relation to the co-investment portfolio may ultimately decide to exercise its veto or invite BBPLC to reconsider a recommendation, as described above based on ESG considerations (a subset of which is climate risk).

7.3 – PI: Strategy

Climate-related issues could manifest through impact to investment valuations, ability to find a suitable purchaser and could result in stranded assets. The total book size as of 31 March 2024 is approximately £300m which, taking the conservative assumption of full write-down, would be low materiality based on the Risk Register (which contains identified risks by legal entity and risk type). Investments are valued semi-annually, and any significant issues related to climate would be considered within the assessment of the valuation.

The remaining operating investments are across natural resources-related sectors and are geographically diverse. This means that there are a number of climate-related risks across the portfolio which can be both physical and transitional in nature.

The co-investment portfolio is at a mature stage, with focus on divestment opportunities over the medium term. Climate-related impacts (e.g. to investment valuation, ability to find a suitable purchaser, risk of stranded assets) are expected to be limited given the long-term manifestation of climate risk and will reduce through time as exits are completed. Risks and opportunities associated with sustainability (a subset of which includes climate) are assessed on a qualitative basis both as part of ongoing monitoring and when transactions are referred to the Equity Committee.

7.4 – PI: Risk management

Given the sectors in which the portfolio companies (comprised in the AUM of the co-investment portfolio) operate, a wide range of climate hazards could have a significant impact on the valuation of the investment (e.g. physical risks such as damages to infrastructure, production facilities or product storage, or transition risks such as policy changes delaying project milestones).

More frequent droughts and floods can alter the supply of water to sites and disrupt production and operations, requiring downtime whilst repairs take place, as well as reduced production capacity due to disrupted energy supply, extreme temperatures or limitations to water availability. Extreme heat can decrease worker productivity and raise cooling costs. However, the risk is expected to have limited impact on the value of the portfolio given the overall strategy and that climate-related issues often manifest over a longer time period, but noting asset-specific scenario analysis to verify this has not been completed.

During 2023, an internal portfolio stress scenario was produced as part of internal stress testing specifically to quantify the additional stress produced by climate-related impacts. Despite posing risks to some companies, climate-related issues also present economic opportunities for some of the portfolio companies as their products play an important role in the shift towards a greener and low-carbon economy.

As part of day-to-day portfolio management, through representation on the board of each portfolio company, ESG risks and opportunities (a subset of which is climate) are considered and reported on a continuous basis and discussed at board meetings. PI works with portfolio companies, in conjunction with external sector specialist advisers, appointed by BBPLC to support in driving operational and strategic improvements, including identifying and managing ESG matters that may be significant for their corporate strategy.

An assessment is made by portfolio managers in conjunction with advisers and the portfolio company board on the materiality of the risk and, if deemed material, a board level plan is implemented to address the risk. Where necessary, the portfolio manager would discuss with internal ESG-focused colleagues and in conjunction with the risk management department. If appropriate, matters can be escalated to the Equity Committee, where ESG specialist teams are invited to attend to share perspectives.

Through the board role, PI can seek to influence an accelerated exit strategy should the ESG risks (a subset of which is climate) be considered heightened. This has been demonstrated in practice through the sequencing of divestments in the portfolio.

At a portfolio level (a subset of which is the co-investment portfolio), the risk management department carry out climate monitoring and reporting activities to senior management stakeholders.

7.5 – PI: Metrics and targets

PI makes qualitative assessments based on relevant portfolio company reporting and overall sector knowledge. This is factored into the investment life cycle with the Equity Committee considering such factors formally.

No specific climate metrics are calculated to assess climate-related risks or opportunities on the portfolio companies. The investments are monitored quarterly within the Treasury and Capital Risk Committee. The co-investment portfolio forms part of the wider PI business, which now has overall climate stress loss delta triggers in place for 2024 risk appetite cycle. Investments are revalued semi-annually and any specific climate-related risks or events are considered, where relevant.

Given the closed nature and mature status of the co-investment portfolio, no GHG emissions targets are set for the portfolio as a whole or for individual portfolio companies. There are also no GHG emissions calculations for the portfolio. On an individual portfolio company level, the companies are not currently required to report GHG emissions and measurable reduction targets, although some of the portfolio companies have started or in the future would set GHG reduction targets and monitor their emissions. As a result, PI cannot currently disclose the GHG emissions for the portfolio.

Some portfolio companies operate in the emerging markets where local legislative standards are not as developed, or laws are poorly enforced and thus do not typically report sophisticated measurable metrics. They do not have advanced methodologies and do not currently engage external consultants where internal capability gaps exist. The portfolio companies typically have limited financial resources and focus efforts on qualitative ESG reporting (a subset of which is climate) for the board and shareholders.

Certain portfolio companies are focused on developing plans to reduce carbon emissions from their operations and supply chains wherever possible, as documented in their respective policy statements. Via the board role, PI encourages development and implementation of robust ESG and climate strategy that aligns to below 2°C scenario and integration of ESG and climate considerations into business plans and risk management processes. However, PI does not measure the alignment with a 2°C scenario. PI does not perform climate-related scenario analysis, but qualitative ESG matters are taken into account by the Equity Committee when considering investments and divestments.

During 2023, a portfolio level stress scenario was produced as part of internal stress testing specifically to quantify the additional stress produced by climate-related impacts. This scenario has been used to inform stress loss delta triggers across the PI business, in which the co-investment portfolio is included. The scenario was mainly transition focused.

8.0 – Glossary of key terms

Adaptation: The process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities. In some natural systems, human intervention may facilitate adjustment to expected climate and its effects (IPCC 2022).

Assets under management (AUM): The AUM represents the aggregate value of client assets managed, advised or otherwise contracted, from which the Group, including joint ventures and associates, earns operating revenue.

Climate tipping point: Please see **Tipping point** below.

Disorderly 1.5°C scenario: A disorderly transition scenario assumes climate policies are delayed or divergent, requiring sharper emissions reductions which is achieved at a higher cost. There are increased physical risks in order to limit temperature rise to below 2°C on pre-industrial averages.

Enterprise value including cash (EVIC): The sum of the market capitalisation of ordinary shares at fiscal year-end, the market capitalisation of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values. Based on the PCAF definition.

Environmental, social and governance (ESG) integration: The systematic inclusion of financially material ESG factors in investment analysis and investment decisions, with the goal of enhancing long-term, risk-adjusted financial returns. Examples include but are not limited to: Environmental – Factors that relate to the quality and functioning of the natural environment, and natural systems, e.g., carbon emissions, environmental regulations, water stress and waste. Social – Factors that relate to the rights, well-being, and interests of people and communities, e.g., labour management and health & safety. Governance – Factors that relate to the management and oversight of companies and investee entities, e.g., board structure and pay.

Exchange-traded fund (ETF): A type of pooled investment security that can be bought and sold like an individual stock.

Feedback loop: Feedback loops are a series of events which are triggered by an initial change. Positive feedback loops are feedback loops which amplify the initial change and lead to a repetition of the cycle. An example of a positive feedback loop could be an initial cooling of the earth.

Financial proposition: Financial services including but not limited to banking, advisory or investment services.

Fund: Funds are collective investments, where investors' money is pooled together and spread across a wide range of underlying investments, to help the spread of overall risk.

Greenhouse gas emissions (GHG): GHG are gases in the Earth's atmosphere that trap heat. The main ones are carbon dioxide, methane, nitrous oxide hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. GHG emissions from human activities intensify the greenhouse effect, contributing to climate change. Carbon dioxide, from burning fossil fuels such as coal, oil, and natural gas, is one of the most important factors in causing climate change. For further details, please see the European Environmental Agency.

Hothouse world 3°C scenario: The hothouse world scenario assumes only currently implemented policies are preserved. Current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and a failure to limit temperature rise.

Implied temperature rise (ITR): Based on MSCI methodology. The calculation uses an aggregated budget approach that compares the sum of financed projected carbon emissions against the sum of financed carbon emission budgets for underlying portfolio holdings. A company projected to emit carbon below budget can be said to "undershoot" the budget. A company projected to exceed the budget "overshoots" it. This calculation provides an estimation of the total carbon budget under-/overshoot of the portfolio. The total portfolio carbon emission over/undershoot is then converted to a degree of temperature rise.

Intergovernmental Panel on Climate Change (IPCC): Created in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP), the objective of the IPCC is to provide governments at all levels with scientific information that they can use to develop climate policies.

Mitigation (of climate change): A human intervention to reduce the sources or enhance the sinks of greenhouse gases (IPCC 2022).

Net zero: Refers to the balance between the amount of greenhouse gas (GHG) that's produced and the amount that's removed from the atmosphere. It can be achieved through a combination of emission reduction and emission removal. (Net Zero Climate).

Orderly below 2°C scenario: An orderly transition scenario assumes climate policies are introduced early and become gradually more stringent. Global net-zero CO2 emissions are achieved around 2050 and it is likely that global warming will be limited to below 2°C on pre-industrial averages.

Principal Adverse Impact Indicators (PAIs): Under the EU Sustainable Finance Disclosure Regulation (SFDR), financial market participants are required to consider the principal adverse impacts of investment decisions on sustainability. The PAIs are a set of mandatory indicators and metrics which aim to show financial market participants how certain investments pose sustainability risks.

Residual risk: The risk related to climate change impacts that remains following adaptation and mitigation efforts. Adaptation actions can redistribute risk and impacts, with increased risk and impacts in some areas or populations, and decreased risk and impacts in others (IPCC 2022).

Scenario: A scenario describes a path of development leading to a particular outcome. Scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments.

Scope 1 emissions: Direct GHG emissions from sources that are owned or controlled by a company (Carbon Trust).

Scope 2 emissions: Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heat or cooling consumed by a company (Carbon Trust).

Scope 3 emissions: Covers all other indirect GHG emissions not included in Scope 2 emissions that occur in the upstream and downstream activities of an organisation (Carbon Trust).

Sustainable Finance Disclosure Regulation (SFDR): SFDR is a European disclosure regime whereby asset managers are responsible for assigning a particular classification to their product and making certain disclosures accordingly. There is no guarantee that the classification assigned by an asset manager to a product is correct. Financial products can be classified as 1) products that have an intended sustainability target, such as reduction of CO_2 emissions (Article 9 products), 2) products that promote environmental or social characteristics (Article 8 products) or 3) other products without specific sustainability considerations.

Taskforce on Climate-related Financial Disclosures (TCFD): The Financial Stability Board created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing a specific set of risks – risks related to climate change.

Tipping point: A tipping point is a critical threshold that, when crossed, leads to large, accelerating and often irreversible changes in the climate system. If tipping points are crossed, they are likely to have severe impacts on human society and may accelerate global warming. Please see the Nature article 'Exceeding 1.5°C global warming could trigger multiple climate tipping points' for further details on tipping points.

United Nations Global Compact (UNGC): A voluntary initiative based on CEO commitments to implement universal sustainable principles and to take steps to support UN goals (UN Global Compact).

9.0 – Disclaimers

Information provided in climate disclosures and sustainability-related content:
What is important to our clients and stakeholders evolves over time, and we aim to anticipate and respond to these changes. Disclosure expectations in relation to climate change and sustainability matters are particularly fast moving, and differ from more traditional areas of reporting including in relation to the level of detail and forward-looking nature of the information involved and the consideration of impacts on the environment and other persons. We have adapted our approach in relation to the disclosure of such matters.

Our climate disclosures and sustainability-related content take into account the wider context relevant to these topics, which may include evolving stakeholder views, the development of our climate strategy, longer timeframes for assessing potential risks and impacts, international long-term climate- and nature-based policy goals and evolving sustainability-related policy frameworks.

Our climate disclosures and sustainability-related content are subject to more uncertainty than disclosures relating to other subjects, given market challenges in relation to data reliability, consistency and timeliness – the use of estimates, judgements and assumptions which are likely to change over time, the application and development of data, models, scenarios and methodologies, the change in regulatory landscape, and variations in reporting standards.

These factors mean disclosures may be amended, updated, and recalculated in future as market practice and data quality and availability develops, and could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any forward-looking statements or metrics included in our climate disclosures and sustainability-related content.

We give no assurance as to the likelihood of the achievement or reasonableness of any projections, estimates, forecasts, targets, commitments, ambitions, prospects or returns contained in our climate disclosures and sustainability-related content and make no commitment to revise or update any such disclosures to reflect events or circumstances occurring or existing after the date of such statements.

ESG data:
There is currently no universally accepted way of reporting, rating or categorising ESG data and so, where we may refer to, or rely on, third-party data, such data may be subject to certain limitations (including in relation to the quality, timeliness, completeness and availability of such ESG data). Importantly, ESG data may not be audited or otherwise reviewed by an independent third party and while Barclays will use sources it believes to be reliable, we do not guarantee the information is accurate, complete, and up-to-date. Where we refer to ESG data, models and methodologies, and any judgements, estimates or assumptions made, are rapidly evolving and this may directly or indirectly affect any metrics and/or data contained herein.

ESG definitions:
Where we may refer to such terms, there is currently no globally accepted framework or definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, an 'ESG', 'green', 'sustainable', 'climate-friendly' or an equivalent company, investment, strategy or consideration or what precise attributes are required to be eligible to be categorised by such terms. This means there are different ways to evaluate a company or an investment and so different values may be placed on certain ESG credentials as well as adverse ESG-related impacts of companies and ESG controversies where these are considered.

The evolving nature of ESG considerations, models and methodologies means it can be challenging to definitively and universally classify a company or investment under an ESG label and there may be areas where such companies and investments could improve or where adverse ESG-related impacts or ESG controversies exist. The evolving nature of sustainable finance related regulations and the development of jurisdiction-specific regulatory criteria also means that there is likely to be a degree of divergence as to the interpretation of such terms in the market. We expect industry guidance, market practice, and regulations in this field to continue to evolve.

Any references to 'sustainable', 'sustainable investment', 'ESG','ESG data' or other similar terms or related exclusions in this article are not to any jurisdiction-specific regulatory definition or other interpretation of these terms unless specified otherwise.

Discretionary Portfolio Management:
Where we refer to screening processes, there is currently no market consensus, universally accepted framework (legal, regulatory or otherwise), criteria or purely objective way to select investments for sustainable strategies. We use multiple screening processes and analyse a number of factors in our investment selection process that we consider relevant in accordance with our internally defined criteria.

Where we have referred to investment selection processes, these include subjective elements which require us to consider whether, on balance, a particular investment is appropriate for inclusion in a sustainable strategy based on our criteria, available information (including ESG data) and professional judgement. Further, ESG considerations are rapidly evolving and may vary by sector/industry, market trends, current science or academic thought, and the macro environment.

Other disclaimers:
In preparing the climate disclosures and sustainability-related content within the Barclays Bank PLC TCFD Report wherever it appears, we have:

- Made certain key judgements, estimations and assumptions. This is, for example, the case in relation to measurement of climate risk and scenario analysis.
- Used climate data, models, scenarios and methodologies we consider to be appropriate and suitable for these purposes as at the date on which they were deployed. This includes data, models, scenarios and methodologies made available by third parties (over which we have no control) and which may have been prepared using a range of different methodologies, or where the basis of preparation may not be known to us. Methodologies, interpretations or assumptions may not be capable of being independently verified and may therefore be inaccurate. Climate data, models, scenarios and methodologies are subject to future risks and uncertainties and may change over time. Climate disclosures and sustainability-related content in this document, including climate-related data, models and methodologies, are not of the same standard as those available in the context of other financial information and use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of climate and sustainable financing activities. Climate disclosures and sustainability-related content are also not subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. Historical data cannot be relied on as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data, scenario analysis and the application of methodologies will also be affected by underlying data quality, which can be hard to assess, or challenges in accessing data on a timely basis
- Continued (and will continue) to review and develop our approach to data, models, scenarios and methodologies in line with market principles and standards as this subject area matures. The data, models, scenarios and methodologies used (including those made available by third parties) and the judgements, estimates and/or assumptions made in them or by us are rapidly evolving, and this may directly or indirectly affect the metrics and data points contained in the climate disclosures and sustainability-related content within this report. Further, changes in external factors which are outside of our control such as accounting and/or reporting standards, improvements in data quality, data availability, or updates to methodologies and models and/ or updates or restatements of data by third parties, could impact – potentially materially – the performance metrics and data points , targets, convergence points and milestones contained in the climate and sustainability content within this report. In future reports we may present some or all of the information for this reporting period (including information made available by third parties) using updated or more granular data or improved models, scenarios methodologies, market practices or standards.

  Such updated information may result in different outcomes than those included in this report. It is important for readers of this report to be aware that direct, like-for-like comparisons of each piece of information disclosed may not always be possible from one reporting period to another.
- Included in the TCFD Report graphs, text boxes and an illustrative case study and other credentials which aim to give a high-level overview of certain elements of the climate and sustainability content within this report and improve accessibility for readers, and are designed to be read within the context of the report as a whole. There are a variety of internal and external factors which may impact the reported metrics contained within the report.

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