

Green Product Framework

Introduction

Barclays' success and prosperity is intimately linked to the success and prosperity of the communities in which we live and work. This principle guides the way we do business and drives our commitment to play a leading role in the transition towards a sustainable environment and low carbon global economy. In order to deliver long-term sustainable value, we consider that when customers and clients do well, so do we. When the communities we live and work in thrive, we do too. And when society prospers, we all do – it's not one, or the other.

Climate change and resource scarcity are acknowledged as two of the greatest global challenges facing our society today. As a global institution, we support our clients and communities as they adopt measures to mitigate and adapt to climate change such as clean technologies and disaster resilience.

Within this area, we continue to support global partnerships such as the United Nations Environment Programme Finance Initiative, Equator Principles, the Banking Environment Initiative and the Green Finance Initiative. In addition, we are members of and signatories to the Financial Stability Board sponsored Taskforce on Climate-Related Financial Disclosures.

We acknowledge the validity of climate science and support the efforts of governments and non-governmental organisations (NGOs) around the world aiming to limit global temperature rise to two degrees Celsius above pre-industrial levels.

Barclays has a strong and longstanding commitment to managing the environmental and social risks associated with lending. Our approach to environmental and social risk management is based on a combination of policy, standards and guidance. This enables us to adopt a robust approach, while maintaining the flexibility to consider potential clients and transactions on their respective merits. Barclays has a dedicated Environmental Risk Management (ERM) team in place to advise on client transactions that have associated environmental or climate related risks.

Barclays also manages our own operational carbon emissions and have committed to a target to reduce global carbon emissions by 30% by the end of 2018, compared to a 2015 baseline. We plan to achieve this by investing in low carbon technology and improving the energy efficiency of our operations.

At Barclays, we want to ensure that our customers and clients have access to financing that places green principles at its core and are committed to put our beliefs into practice with the launch of our Green Product Framework. The Framework supports our approach to Green Finance and this will enable Barclays to finance and refinance projects that support the transition to a sustainable and low carbon global economy. In other capacities, we have already made significant undertakings within the Green Finance market, for example we have a dedicated Green Bond Investment Fund, which forms part of the liquid asset pool. We have also launched Green Loan products to support smaller and medium sized enterprises and established a Green Banking Council to further develop innovative Green Finance products and services to support our customers and clients.

Intended application

The aim of this document is to outline **Barclays' Green Product Framework** ("The Framework") and set out underlying eligible qualifying environmental themes and activities.

Barclays will use the framework to guide the development of themed **Green Products** which reference a specific green use of proceeds. Specific product propositions may then reference this framework.

Additional information of use of proceeds, selection and verification processes, assurance and reporting will be dependent on the product type and category. Barclays may provide additional product-specific information as needed.

External review process

This framework was developed in collaboration with Sustainalytics and Version 1.0 has been reviewed and approved by Sustainalytics.

Barclays Citizenship & Reputation team is responsible for developing and maintaining the overall Barclays Green Product framework and underlying qualifying themes and activities, with input and guidance from the business, as currently represented by the Green Banking Council. Information and understanding on environmental matters continues to evolve and Barclays will commit to review this framework on an annual basis to evaluate if any changes need to be made to add additional qualifying activities or if any qualifying activities need to be removed.



Barclays has collaborated with Sustainalytics, a leading global provider of environmental, social and corporate governance research and ratings, to develop a custom impact eligibility framework that identifies projects and activities that have a positive environmental impact.

Sustainalytics has extensive experience in supporting financial institutions in developing eligibility criteria for green products and funds and providing external review for green bonds.

Qualifying Environmental Themes and Activities

| Themes | Sub-themes | Eligible Activities | Exclusions |
|-------------------|--|--|---|
| Energy efficiency | Commercial and residential buildings (existing and new construction) | <ul style="list-style-type: none"> • Energy-efficiency improvements in lighting, appliances and equipment • Substitution of existing heating/cooling systems in buildings for cogeneration plants that generate electricity in addition to providing heating/cooling • Retrofit of existing buildings: Architectural or building changes that enable reducing energy consumption • Waste heat recovery improvements • Use of highly efficient architectural designs or building techniques in the construction of new buildings. These techniques should enable reduction of energy consumption for heating/air conditioning, should exceed available standards, and should comply with high energy efficient certification or rating schemes | <ul style="list-style-type: none"> • Construction of new buildings driven by fossil fuels |
| | Public services | <ul style="list-style-type: none"> • Installation of energy-efficient lighting or equipment to increase the operational energy efficiency of utilities and other public services • Improvement of heat efficiency of utilities, power plants, and other public services. Example projects could include rehabilitation of district heating systems, heat-loss reduction, and/or increased recovery of wasted heat • Retrofit of renewable energy power plants | |
| | Agricultural processes | <ul style="list-style-type: none"> • Improving the energy efficiency of machinery and equipment, irrigation, and other agriculture processes | |
| | Industrial processes and supply chains | <ul style="list-style-type: none"> • Development, manufacture, distribution and/or installation of products or services that increase the energy efficiency of industrial processes • Industrial/utility energy-efficiency improvements involving changes in processes, reduction of heat losses and/or increased waste heat recovery. This includes the installation of cogeneration plants. • Developing increased energy efficiency in a company's existing product supply chains | <ul style="list-style-type: none"> • Projects to improve the energy efficiency of fossil fuel production and/or distribution |

| Themes | Sub-themes | Eligible Activities | Exclusions |
|--|---------------------------------------|---|--|
| Energy efficiency <i>(continued)</i> | Transmission and distribution systems | <ul style="list-style-type: none"> • Retrofit of distribution systems, transmission lines or substations to reduce energy use and/or technical losses (except for capacity expansion) | <ul style="list-style-type: none"> • Projects/ systems where 25% or more of electricity transmitted is fossil-fuel-generated |
| | Energy efficiency technologies | <ul style="list-style-type: none"> • Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, lighting etc. | <ul style="list-style-type: none"> • Technologies that increase the energy efficiency of fossil fuel production and/or distribution |
| Renewable Energy | Electricity generation | <p>The generation of electricity from:</p> <ul style="list-style-type: none"> • Wind power • Geothermal • Solar power • Biomass or biogas power that does not decrease biomass or carbon pools in soil • Ocean power • Small-scale, run-of-river hydropower | <ul style="list-style-type: none"> • Projects that are large-scale (>25MW) dam or reservoir based hydro projects • Issuers or companies that are involved in large-scale (>25MW) dam or reservoir based hydro projects |
| | Transmission systems | <ul style="list-style-type: none"> • Improvement of existing transmission systems (or other infrastructure) to facilitate the integration of electricity from renewable sources into the grid • Development of new transmission systems to facilitate integration of renewable energy sources into the grid | |
| | Heat production and thermal energy | <ul style="list-style-type: none"> • Thermal applications of solar, geothermal or bioenergy in any sector • Development of heat pumps | |
| | Renewable energy technologies | <ul style="list-style-type: none"> • Development and/or manufacture of renewable energy technologies, including equipment for renewable energy generation and energy storage. Examples could include wind turbines, solar panels | <ul style="list-style-type: none"> • Technology and equipment for the development of large-scale hydro (>25MW) |

| Themes | Sub-themes | Eligible Activities | Exclusions |
|--|---|--|--|
| Green Transport | Vehicle energy efficiency | <ul style="list-style-type: none"> • Vehicle, rail or boat fleet retrofit or replacement with technologies including electric or hydrogen technologies | <ul style="list-style-type: none"> • Efficiency improvements involving conventional fossil-fuel combustion engines (hybrid engines and technologies are eligible) |
| | Urban transportation systems and infrastructure | <ul style="list-style-type: none"> • Development and operation of sustainable public or mass transportation systems. This could also include equipment for bus and other rapid transit systems • Development of infrastructure for non-motorized transport (bicycles and pedestrian mobility) • Improvement of energy efficiency of infrastructure and transport. An example could include reduction of empty running • Urban planning and development that leads to a reduction in the use of passenger cars. Examples could include creating walking communities, improving transit connectivity, facilitating multiple land-use, developing car-free city areas • Management of transport demand that leads to a reduction in use of passenger cars (and GHG emissions). Examples could include setting high-occupancy vehicle lanes, road pricing, parking management | <ul style="list-style-type: none"> • Development and improvement of transport links to airports |
| | Freight transport | <ul style="list-style-type: none"> • Development or improvement of railway transport to ensure a modal shift from road to rail • Development or improvement of water transport to ensure a modal shift from road to waterways | <ul style="list-style-type: none"> • Systems and infrastructure used primarily for the transportation of fossil fuels |
| Sustainable Food, Agriculture, and Forestry | Sustainable forest management | <ul style="list-style-type: none"> • Afforestation (plantations) on non-forested land • Reforestation on previously forested land • Forest management activities that mitigate the impact of forestry. An example could include managing the increase in soil carbon stocks • Reduction of emissions that result from deforestation and degradation of ecosystems. An example could include a biosphere conservation project | |

| Themes | Sub-themes | Eligible Activities | Exclusions |
|--|-------------------------------------|--|---|
| Sustainable Food, Agriculture, and Forestry <i>(continued)</i> | Sustainable food and agriculture | <ul style="list-style-type: none"> • Development of agriculture projects that do not deplete or that improve existing carbon pools. Examples could include reduction in fertilizer use, reduction in water use (incl. irrigation), reduction in pesticide use, wildlife habitat management, grazing by livestock management, collection and use of agricultural waste, rehabilitation of degraded lands • Sustainable management of livestock to reduce methane or other GHG emissions. An example could include manure management with bio-digestors • Production of biofuels | <ul style="list-style-type: none"> • Biofuel production with large impact on food supplies and forestation |
| Waste Management | Waste and wastewater | <ul style="list-style-type: none"> • Solid waste management that reduces methane emissions. Examples could include landfill gas combustion, landfill gas capture • Processes that facilitate treatment of wastewater on a significantly large scale, i.e. beyond compliance with legal requirements • Processes that recycle waste materials as inputs into new products or use waste materials as a resource • Development, manufacture, installation or operation of technologies, systems or facilities that recycle, compost or increase efficiency of wastewater processing | |
| GHG Emission Reduction not attained through Energy Efficiency | GHG emission reduction | <ul style="list-style-type: none"> • Reduction in GHG emissions resulting from improvements to industrial processes • Reduction in GHG emissions resulting from retrofit of existing commercial, residential or industrial infrastructure with cooling agents that have a lower GHG footprint • Processes that facilitate the reduction of methane emissions in the oil and gas industry • Developing processes/systems to reduce GHG emissions in a company's existing product supply chain | |
| Cross-sector activities | Policies, regulations and trainings | <ul style="list-style-type: none"> • Developing energy sector policies and regulations, including policies around mitigation of climate change. Examples could include developing energy efficiency standards or schemes, developing renewable energy policies, developing regulations on efficient energy generation/distribution etc. • Developing systems for monitoring the emissions of GHG • Developing education, training and/or capacity-building programs around climate change mitigation and sustainable energy. This could include research into climate change mitigation | |

| Themes | Sub-themes | Eligible Activities | Exclusions |
|--|--------------------------------|--|---|
| Cross-sector activities <i>(continued)</i> | Carbon/ Energy financing | <ul style="list-style-type: none"> Financing activities in carbon markets. Examples could include all financing activities relating to compliance with various national and international agreements, like the Clean Development Mechanism (CDM) Financing renewable energy or energy-efficiency products in the relevant thematic areas | |
| Sustainable Water | Sustainable Water Management | <p>Products, services and projects that attempt to resolve water scarcity and water quality issues, including minimizing and monitoring current water use and demand increases, improving the quality of water supply, and improving the availability and reliability of water.</p> <ul style="list-style-type: none"> Infrastructure and engineering projects developing new or repairing existing water and sanitation pipelines, including equipment and technology providers resulting in improved quality and/or water use efficiency Technologies and products that reduce, reuse, or recycle water as a means of conservation (smart metering devices, low-flow equipment, rainwater harvesting systems) Investments in the protection of land, forests and other vegetation in the upper watershed as a means to improve the quality of water bodies and groundwater recharge areas | <ul style="list-style-type: none"> Distribution of drinking water without measurable improvements to water quality, water efficiency or climate change resilience components |

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