Transition Finance Framework

Version 1.1 / February 2025

BARCLAYS

Contents

1. Approach to tracking performance against transition finance targets

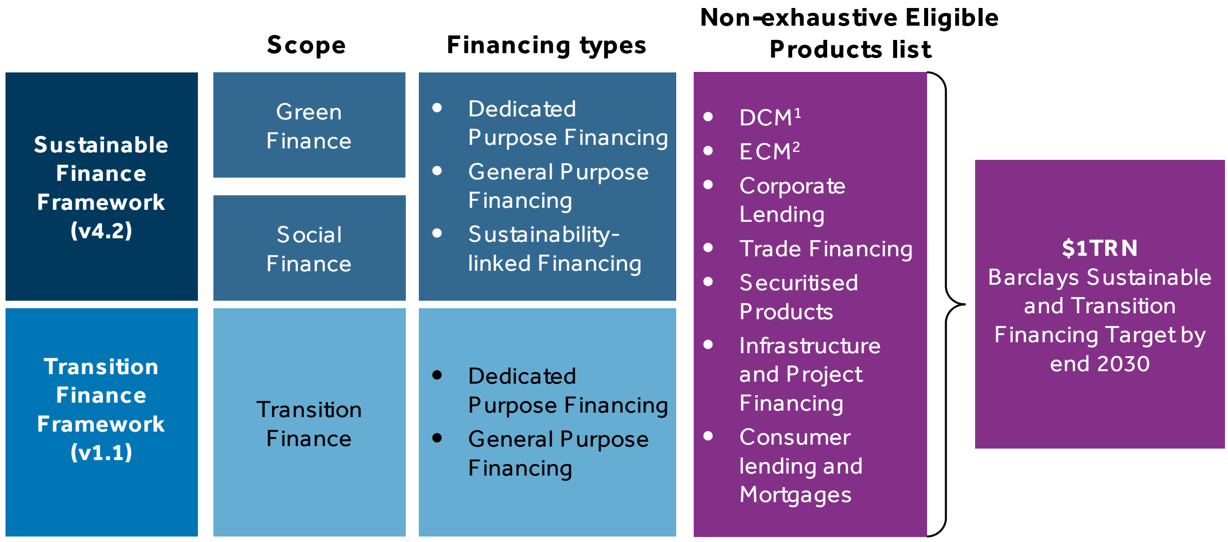
1.1 Purpose of the Transition Finance Framework

A transparent methodology to classify financing as transition, augmenting the scope of the Barclays' Sustainable Finance Framework.

The Barclays Transition Finance Framework (the "Framework") sets out our methodology for classifying financing as "transition" for the purpose of tracking and disclosing our performance against our target to facilitate $1trn of Sustainable and Transition Financing between 2023 and the end of 2030 (the "Target"). The inclusion of transition financing in this Target reflects our recognition of the importance of lending, facilitating funding and investing into technologies and activities that support greenhouse gas emissions reduction (directly or indirectly) primarily in high-emitting and "hard-to-abate" sectors. See section 1.3 and 1.4 for our definitions.

This Framework is complementary to our Sustainable Finance Framework (the "SFF"). The SFF sets out our methodology for classifying "sustainable finance" (other than transition finance) for the purpose of tracking and disclosing our performance against (amongst other targets) our Target. The Transition Finance Framework augments the scope of Barclays' SFF, it will determine the eligibility of transition activities that sit outside the sustainable finance already covered by our SFF.

Figure 1. Relationship of Transition Finance Framework with Sustainable Finance Framework



[1] Debt Capital Markets
[2] Equity Capital Markets

1.2 General principles

- **Review process:** This Framework applies to all Barclays businesses globally. We will review this Framework periodically. Updates to this Framework will be effective from publication, unless otherwise specified, and not applied retrospectively to prior full year reported transition finance performance against our Target, other than updates to the eligible transition activities set out in Section 2 which will be updated from time to time as specified in Section 1.4. Eligibility for our Target setting will be determined at a point in time and from the date of commencement of eligible transition finance. In this latest version of this Framework we have added enhancements to the categorisation of transition activities (such as 'pink hydrogen') and further expansion to include eligible social and just transition expenditures for corporate and public sector issuers.
- **Reporting:** Updates on progress against our Target will be included in our Annual Report and performance reporting will be subject to external limited assurance as set out in the Annual Report.
- **Effective date:** This Framework is valid from the date of publication and will be applied to eligible financings entered into on or after 1 January 2025 on the basis set out in this Framework, and subject to internal governance.

1.3 Defining transition finance

Successfully meeting the goals and timelines of the Paris Agreement, consistent with limiting the increase in global temperatures to 1.5C requires a plurality of approaches to decarbonization. There is a need to not only scale up zero or near-zero emitting technologies and businesses, but also to support emissions reductions in high-emitting and hard-to-abate sectors. There is a number of economic activities that although currently high-emitting, are nevertheless needed for future development but are very hard to abate given current technologies and business models. For instance, materials produced by heavy industries such as cement, chemicals and steel play a critical role and require financing to invest in decarbonisation of current operations as well as supporting the next generation of lower carbon technologies. As all sectors need to dramatically reduce emissions in a pathway towards net-zero emissions, the heavy industry sectors and long distance transport modes are areas where decarbonisation is particularly challenging. This is in large part because the technologies that will be relied upon to deliver deep reductions in emissions in these sectors are at comparatively early stages of development (International Energy Agency, IEA). The deployment of new lower carbon technologies could rapidly and cost-effectively reduce energy consumption and Greenhouse Gas (GHG) emissions across a broad range of industries. As the global economy needs to decarbonize and financial flows need to follow lower GHG emission pathways to help deliver the transition, transition finance is key to achieving climate goals. Despite growing interest and broad consensus among the financial community on increasing opportunities for transition finance, defining "transition" remains challenging and thus a universal definition is still lacking for a few reasons:

- "Transition" by nature is a dynamic process and as we move to a more decarbonised future, what today is "transition" might change rapidly as lower carbon alternatives emerge and new technologies are deployed.

- The lower carbon transition is unique to each country's socio-economic and domestic context. These differences translate to some economic activities and technologies being further deployed or retained in certain jurisdictions while being phased out in others.

1.4 Our definition and approach to transition finance and transition finance activities

As there is no universal consensus as to how to define "transition finance" activities, for purposes of financings included in our Target, Barclays has developed its own definition of transition finance as follows:

For the purposes of this Framework we define "transition finance" as any financing including lending, capital markets and other financing solutions provided to clients for activities (including technologies) that support greenhouse gas emission reduction, directly or indirectly, in high-emitting and hard-to-abate sectors towards a 1.5C pathway[3].

We have also developed a set of transition finance principles to guide us in the application of this definition of transition finance. Broadly, an activity will qualify as potentially eligible for the purposes of this Framework where it falls into one of the following categories:

- The activity references to key sectorial decarbonization levers identified in established 1.5C low/no overshoot benchmark global scenarios such as IEA NZE, IPCC and PRI developed by globally accepted and influential institutions; OR
- The activity references to relevant existing regional or national scenario pathways where available to reflect local market developments and jurisdictional policy; OR
- The activity falls within relevant thresholds set out in regional sustainable and transition finance taxonomies (e.g., EU Taxonomy) or adapted proxy policy driven performance thresholds (e.g., Inflation Reduction Act).

Based on our definition of transition finance and the transition finance principles set out above, we have developed a list of activities which we currently consider to be eligible transition activities for purposes of transition finance as set out in Section 2 of this Framework. Activities cover specific use cases for 7 key cross-sectoral technologies (e.g., Carbon Capture Utilisation and Storage (CCUS), blue hydrogen, low-carbon fuels) as well as sector-specific decarbonisation activities across the value chain (e.g., clinker substitutes for cement upstream production).

We have also identified certain transition activities that are potentially eligible based on the definition of transition finance and the principles set out above (and therefore are included in Section 2 of this Framework), but which we have determined should be subject to enhanced review as we consider that the activity does not have the same level of industry consensus as other activities we have determined are eligible transition activities (Enhanced Review). Depending on the activity, Enhanced Review may require further consideration, amongst other matters, of the regional and sector context, potential displacement effects for renewables, avoidance of lock-in and issuer track record.

[3] Dedicated financing for Financial Institution Group (FIG) clients is included within the scope of this Framework, provided that the financing is linked to use of proceeds allocated to activities that meet the eligibility criteria defined herein

This list of eligible transition activities (including those that require Enhanced Review) will be reviewed on a regular basis. Additional eligible transition activities may be agreed upon on an ad-hoc basis following the review and approval of the Group Sustainability Committee and the Group Sustainability team, and financings in relation to those activities will be applicable for inclusion in the Target following the date of such approval. We do not intend to publish updates to Section 2 at the time of such approvals but will include, unless specified otherwise, an updated Section 2 when otherwise publishing an updated version of this Framework. The list of activities requiring Enhanced Review (and any updates to internal guidelines) will also be agreed upon on an ad-hoc basis by the Group Sustainability team.

Barclays is an active participant in a range of industry groups working to develop harmonised definitions, including in relation to transition finance. As innovation and market principles in relation to transition finance continue to accelerate and evolve, we will continue to consider and develop our definition of transition finance and the coverage under this Framework.

The importance of transition finance is recognised in the findings in November 2024 by the United Kingdom's Transition Finance Market Review report[4] that has usefully set out recommendations on scaling a robust transition finance market. Barclays participated in the Review and supported the final report's findings and recommendations. We also released a policy paper which spotlights three focus areas where policymakers should take action and will facilitate the delivery of the TFMR's recommendations, including developing a National Transition Plan with clear sector decarbonisation pathways, a stronger suite of internationally competitive incentives for companies looking to raise financing, and financing mechanisms to de-risk and facilitate the growth of transition finance in the UK. We also recommend the development of a supportive and balanced regulatory and policy framework[5].

Barclays will continue to track global developments on transition finance and may incorporate relevant guidelines and principles in future versions of this Framework.

1.5 Transition Finance Framework: decision tree and additional eligibility criteria

Figure 2. Approach to activity & entity level financing

	Financing type	Rationale	Requirements
Activity (Dedicated Purpose)	Dedicated Purpose	1 Supports financing of specific transition activities	• Proposed activity satisfies the transition eligibility criteria • Clarity on use of proceeds for any financing transaction • Meets client review requirements
Entity (General Purpose)	General Purpose	2 Supports "pure play" recipients primarily focused on transition activities	• 'Pure play' derives greater than 90% of revenue cumulative from activities eligible under this Framework or this Framework and SFF • Meets client review requirements

[4] https://www.theglobalcity.uk/tfmr
[5] https://home.barclays/news/press-releases/2024/10/three-actions-to-bolster-the-uk-s-transition-finance-efforts-/

1.5.1 Eligibility requirements: decision tree developed to identify financing types eligible for transition financing

The decision tree below sets out the process for identifying eligible transition financing for the purposes of Barclays' Target.

Figure 3. Decision tree

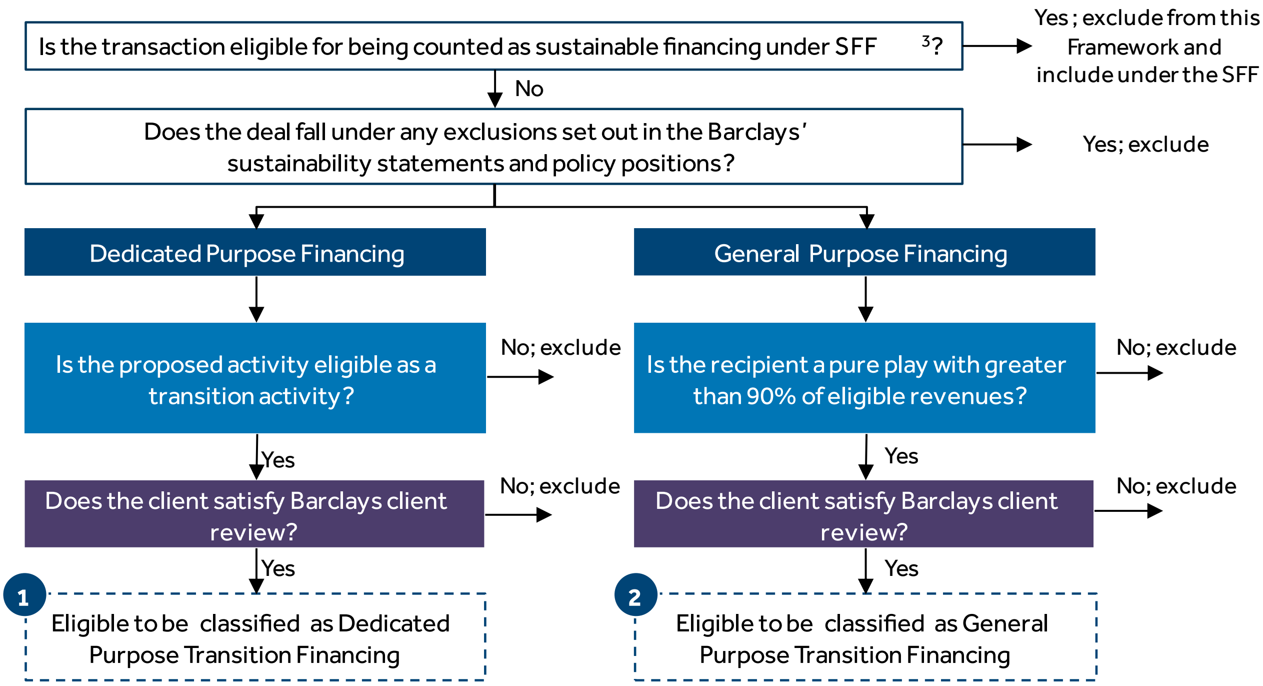
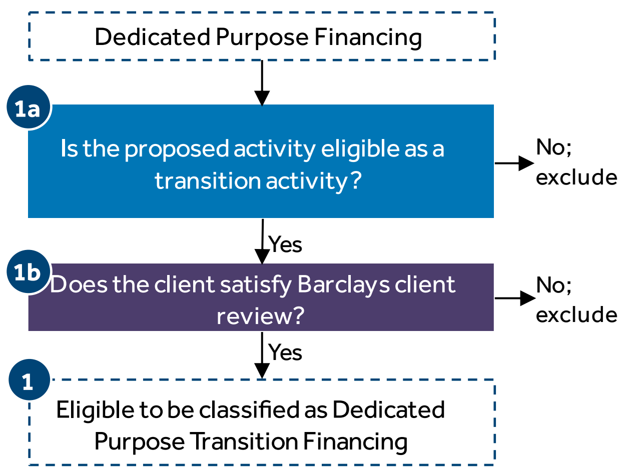


Figure 4. Dedicated purpose financing: decision tree and additional eligibility criteria

Dedicated purpose financing decision flow	Eligibility criteria for dedicated purpose financing



1a Dedicated purpose financing will be eligible as transition financing, for the purpose of our Target if it is determined by Barclays to be eligible as a transition activity pursuant to Section 1.4 of this Framework[6]; AND

1b If the recipient satisfies Barclays client review. See "client review" set out below.

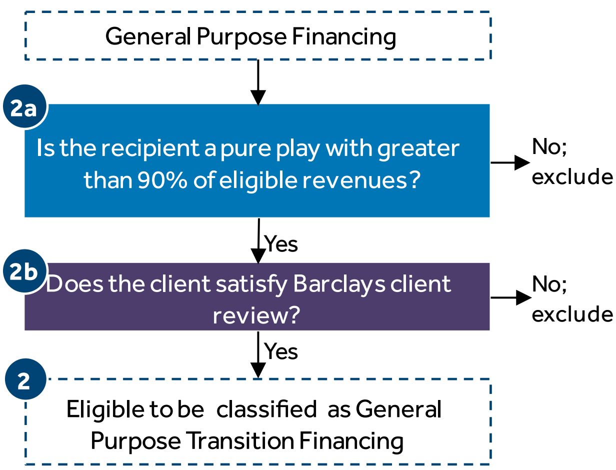
If 100% of the funds are directed towards eligible activities, the entire transaction is eligible to be classified as a Dedicated Purpose Transition Financing (and counted towards our Target[7]).

[6] In certain circumstances, for dedicated purpose financing transactions, the assessment is based on the implied use of proceeds, provided the underlying activity meets the transition eligibility criteria pursuant to Section 1.5.1

[7] Dedicated purpose financing transactions with use of proceeds categories eligible under the SFF and TFF respectively will be apportioned pro-rata based on an equally weighted allocation to each of the use of proceeds categories

Figure 5. General purpose financing: decision tree and additional eligibility criteria

General purpose financing decision flow



Approach to general purpose financing eligibility

2a General purpose financing will be eligible as transition financing, for the purpose of our Target if it is determined by Barclays:

- The recipient derives either (i) greater than 90% of revenue from activities determined to be eligible as transition activities pursuant to Section 1.4 of this Framework or (ii) greater than 90% revenue (in aggregate) from such TFF activities and activities eligible under the SFF, OR
- **For power generation only:** The recipient derives either (i) greater than 90% of its energy generation mix from energy sources determined to be eligible as transition activities pursuant to Section 1.4 of this Framework or (ii) greater than 90% of its energy generation mix (in aggregate) from such activities and qualified renewable energy sources eligible under the SFF; OR
- **For pre-revenue entities only:** the recipient dedicates greater than 90% of its Capex / R&D expenditure to activities eligible as transition activities pursuant to Section 1.4 of this Framework; AND

2b If the recipient satisfies Barclays client review. See "client review" set out below.

- 100% of transaction will be eligible to be classified as General Purpose Transition Financing (and counted towards our Target).

1.5.2 Client review

When reviewing whether a financing will be eligible as transition finance for the purpose of this Framework, Barclays may consider, amongst others[8]:

- the transition plans or decarbonisation strategies the client produces, including any just transition elements ; AND
- the management of any identified environmental and social risks associated with the relevant purpose of the financing or, where the client is a pure play client, its activities as a whole.

[8] Other factors will be considered such as client size, industry or sector (e.g. Pure Play), region, and the view of the client's forward-looking commitments

1.6 Overview of Barclays' sustainability statements and policy positions

Barclays applies broader restrictions and/or enhanced due diligence requirements for specific sensitive sectors as set out in our statements and policy positions, including upstream oil and gas (including certain unconventional oil and gas), thermal coal, defence, forestry and agricultural commodities. These statements and policy positions, apply to all of Barclays' financing and not just financing assessed for eligibility under this Framework and are available on our website[9].These statements and policy positions may from time to time refer to this Framework (for example to include additional eligibility criteria for certain sensitive sector financings under this Framework) and where this is the case, the provisions of this Framework should be read together with the provisions in the statements and policy positions.

1.7 Governance

This Framework has been reviewed by the Group Sustainability Committee, a management committee which is responsible for climate and sustainability matters and reports to the Group Executive Committee. The Framework has been approved for publication.

At the time of publication of this Framework:

- Responsibility for managing the Framework, including periodic reviews and adding eligible transition activities is the responsibility of, and as applicable, requires the approval of the Group Sustainability team;
- Updates to this Framework will require the review and approval of the Group Sustainability Committee;
- The Framework will be embedded into classification processes at a Business Unit level. All eligibility decisions for a transaction will also be subject to approval at the relevant sustainable finance governance forum depending on product group and business area. This will usually include representation from business lines, sustainable finance business heads as well as the Group Sustainability team, Compliance and Legal teams. The relevant forum has decision making rights on the classification of assets, activities and transactions as 'transition' for the purposes of transition financing included in our Target.

Whilst our governance bodies and processes may change going forward, Barclays will at all times maintain robust governance in relation to this Framework and the approvals required under it.

Barclays acknowledges that, due to the nascent nature of technology in this space and the evolving market for transition finance, certain transactions may sit outside the list of eligible activities set out below. As such, the designated forum has the authority to make decisions on a transaction by transaction basis to classify assets and entities under this Framework where it is possible to demonstrate alignment with the principles set out in Section 1.4.

[9] home.barclays/sustainability/esg-resource-hub/statements-and-policy-positions/

1.8 Areas for future development

We will continue to develop and enhance our approach to transition finance as industry principles and approaches mature, there is greater consensus on appropriate global, regional and national pathways, and as policy and regulatory frameworks, taxonomies and technology solutions evolve.

The second version of this Framework has taken a relatively narrow focus on dedicated purpose financing for core activities as well as entity-level general purpose financing for pure players. We expect this approach to develop further as industry principles, approaches and transition plans mature and evolve.

Areas of likely future focus for the financial sector and Barclays include consensus on attributes for assessing companies as ‘aligned’ or ‘aligning’, the approach to managed phaseout of carbon intensive assets and the carbon accounting treatment of transition finance for portfolio alignment targets.

2. Transition activity list

At the date of this Framework, Barclays has developed a comprehensive list of over 110 transition activities covering 11 high emitting and hard-to-abate sectors and activities which may be eligible to be classified as transition finance activities for the purpose of this Framework.

- 11 sectors:
  - Agriculture
  - Aviation
  - Cement
  - Chemicals
  - Energy
  - Ground Transport
  - Metals
  - Mining
  - Power & Utility
  - Real Estate
  - Shipping
- Activities also cover:
  - Use cases for seven key cross-sector technologies e.g., CCUS, blue hydrogen, low-carbon fuels
  - Sector-specific decarbonisation activities across the value chain e.g., clinker substitutes for cement upstream production
- Activities enabling eligible transition activities are also eligible in this Framework:
  - Activities (input) that enable the eligible transition activities mentioned in this section e.g., the production of equipment for a CCUS facility
  - Activities (output/related services) that are secondary to the eligible transition activities mentioned in this section e.g., the maintenance of a CCUS facility

The activity level criteria is supported by further detailed internal guidance including regional and sector differences, variation in specific performance thresholds based on national/regional taxonomies or other regulatory measures.

(*) Activity exclusions are activities we have identified at the date of this Framework as having the potential to be carbon intensive and/or activities which may create some lock-in risk. We generally expect these to be excluded from being classified as transition finance for the purposes of this Framework. However, in exceptional circumstances we may on a case by case basis, determine that these activities are eligible as transition activities, including where there are relevant mitigants to address carbon intensity and/or lock-in risk. For instance, we will typically not consider as eligible CCUS used exclusively for Enhanced Oil Recovery (EOR), however given the fast evolving and nascent industry, there may be a situation in which we are providing financing to a carbon transport facility that may have an end-user that could potentially use the carbon for EOR. Inclusion of financing in relation to these activities in the Target will be subject to approval by the relevant sustainable finance governance forum.

2.1 Transition activity list

Sector / Theme	Eligible transition activities	Activity exclusions*
Agriculture		
Agriculture-specific	• Production of advanced-bioenergy crop on marginal lands and pasture land • Agricultural machinery that reduces emissions but is not at or fully zero emissions today (e.g., biofuel powered tractors, higher efficiency water pumps, etc.) • Processes and technologies that reduce methane from livestock farming (e.g., technologies to reduce livestock methane via diet supplements and additives, selective breeding for lower GHG emitting livestock, etc. • Activities that lead to better manure management via improved storage and handling (e.g., adding covers to existing tanks, ponds, lagoons, etc.) • Installation/retrofit of energy efficient cold chain and processing facilities (that are not at or near zero emissions)	
Aviation		
Aviation-specific	• Improvements for airplanes related to energy efficiency (i.e., retrofits or improvements related to engines, upgrades to enable biofuels/sustainable aviation fuel - SAF usage, aerodynamics, weight & control systems to enhance air fleet efficiency, etc.) • Efficiency improvements in existing aviation infrastructure (e.g., airport terminals, etc.)	
Cement		
Blue hydrogen	• Use of blue hydrogen in cement production	
CCUS	• CCUS for cement production • Transportation and storage (T&S) for eligible CCUS • R&D and demonstration for eligible CCUS	• T&S or R&D excluded for ineligible CCUS
Cement-specific	• Blending of alternative materials into cement to replace clinker (inc. limestone and calcined clay) • Electrification of equipment (e.g., electric kiln, ancillary equipment) • Use of renewable energy in industrial processes in combination with fossil-based energy	
Coal-to-gas	• Coal to gas switching for cement production process, with a plan for future continued decarbonization that is demonstrated to be aligned with IPCC 1.5°C decarbonization pathways	
Waste to energy	• Incineration of segregated waste for industrial process as the last-resort usage	• Incineration of unsegregated waste

Sector / Theme	Eligible transition activities	Activity exclusions*
Chemicals		
CCUS	• CCUS for chemical production processes • Transportation and storage (T&S) for eligible • R&D and demonstration for eligible CCUS	• T&S or R&D excluded for ineligible CCUS
Chemicals-specific	• Electrification of equipment (e.g., electric steam cracker) • Efficient chlorine production using electricity • Efficient production of carbon black • Efficient production of soda ash • Efficient production of organic basic chemicals • Efficient manufacture of nitric acid • Manufacture of plastics in primary form • Use of renewable energy in industrial processes in combination with fossil-based energy	
Coal-to-gas	• Coal to gas switching for chemicals production process, with a plan for future continued decarbonization that is demonstrated to be aligned with IPCC 1.5°C decarbonization pathways	
Waste to energy	• Incineration of segregated waste for industrial process as the last-resort usage	• Incineration of unsegregated waste in chemical production process
Blue Hydrogen	• Use of blue hydrogen to produce derivatives and synthetic fuels (i.e., ammonia, liquid organic hydrogen carriers (LOHC))	
Energy		
Low-carbon fuels[10]	• Production of 2nd Gen biofuels/-gas or biofuels/-gas from waste feedstock (e.g., UCO, Tallow) that also qualify per the regional taxonomy/policy thresholds; • Biofuels/-gas transport and distribution infrastructure (e.g., pipelines) • Retrofitting of ethanol plants into SAF plants	• 1st gen biofuels/-gas and any related activity, including T&D and land use (applicable in EU only)
Blue Hydrogen	• Use of blue hydrogen to produce derivatives and synthetic fuels (i.e., ammonia, liquid organic hydrogen carriers (LOHC)) • Infrastructure (e.g., pipeline) to deliver hydrogen in end use sectors where 100% H2 is used (not blended) and sectors where there are no-low carbon alternatives • New or retrofit of infrastructure dedicated to supporting primarily blue hydrogen (inc. pipelines, storage) • Greenfield blue hydrogen production using natural gas	• Unabated hydrogen production from natural gas (production of grey hydrogen)

[10] Low-carbon fuels include fuels such as biofuels, renewable gas, biogas, biohydrogen, biomethane and any other low-carbon fuel derivatives. Low-carbon fuels produced from a combination of different feedstocks are also included.

Sector / Theme	Eligible transition activities	Activity exclusions*
CCUS	• CCUS for waste composting / GHG capture solution for anaerobic digestion • CCUS for biofuels and biogas production, including Bioenergy with CCUS • CCUS used for existing oil & gas assets (excluding for EOR) • CCUS used for hydrogen production (excluding for EOR) • Transportation and storage (T&S) for eligible CCUS • R&D and demonstration for eligible CCUS • Use of new tankers or retrofit of existing tankers for CO2 transport	• CCUS used exclusively for enhanced oil recovery (EOR) and other oil extraction purposes • T&S or R&D excluded for ineligible CCUS
CDR	• Carbon dioxide removal technology such as Direct Air Carbon Capture & Storage (DACCS) • Carbon dioxide removal technologies such as Bioenergy Carbon Capture & Storage (BECCS)	
Energy-specific	• Elimination of flaring for existing O&G assets • Methane emissions reduction for existing O&G assets • Energy efficiency improvements of existing O&G assets • Electrification of existing O&G assets	
Ground Transport		
Low-carbon fuels[11]	• Biofuels/-gas transport and distribution infrastructure (e.g., specialized trucks)	• Transport and distribution primarily (>50%) of 1st gen biofuels/-gas (Applicable inside EU only)
Ground Transport-specific	• Fleet upgrade to enable alternative fuel usage for on-road freight transport (e.g., biofuels) • Development and operation of more fuel efficient and climate-friendly public or mass transport systems for land or sea • Operational efficiency measures in on-ground freight transport (e.g., platooning and automation) • Electrification of existing diesel or steam powered rail transport, to be operated on electricity derived from use of coal or natural gas in short term but with clear plan to decarbonize long term	
Hybrid Transport	• Development, production and sale of full hybrid and plug-in hybrid vehicles where there is a sunset date, and where it doesn't lead to displacement of battery-electric or fuel-cell-electric vehicles	• Sale of mild-hybrid vehicles
Metals		
CCUS	• CCUS for metal production (e.g., steel, aluminium) • Transportation and storage (T&S) for eligible CCUS • CCUS R&D and demonstration for eligible CCUS	• T&S or R&D excluded for ineligible CCUS

[11] Low-carbon fuels include fuels such as biofuels, renewable gas, biogas, biohydrogen, biomethane and any other low-carbon fuel derivatives. Low-carbon fuels produced from a combination of different feedstocks are also included.

Sector / Theme	Eligible transition activities	Activity exclusions*
Coal-to-gas	• Coal to gas switching for industrial production, with a plan for future continued decarbonization that is demonstrated to be aligned with IPCC 1.5°C decarbonization pathways	
Metal-specific	• Electrification of equipment (e.g., Electric Arc Furnace), smelter retrofitting to enable fuel switching, blast furnace retrofitting • Recycling of metals (e.g., aluminium recycling, scrap-based production of steel) • Iron ore electrolysis • Novel anode technologies	
Mining		
Mining-specific	• Electrification of equipment • Mining of critical minerals for use in energy transition technologies as identified in IEA's 2021 report[12] : lithium, graphite, cobalt, nickel, manganese, rare earth elements, copper	
Blue hydrogen	• Use of hydrogen in processes such as iron ore production via induration	
Power & Utility		
Low-carbon fuels[13]	• Use of bio-based feedstock in power generation (e.g., biogas-based power generation, biomass co-firing)	• Use primarily (>50%) of 1st Gen biofuels/-gas (Applicable inside EU only)
Blue Hydrogen	• H2 blending into existing fossil fuel energy usage and associated supply (e.g., H2 co-firing, gas grid blending)	• Ammonia co-firing with coal for power generation
CCUS	• CCUS for existing coal power generation assets • CCUS for natural gas-fired power generation (new & existing) (includes technologies like closed-loop gas-fired power generation) • Transportation and storage (T&S) for eligible CCUS • R&D and demonstration for eligible CCUS	• CCUS paired with coal-based new power generation facilities • T&S or R&D excluded for ineligible CCUS
Coal-to-gas	• Gas-fired power generation for non-OECD countries for coal-to-gas switching • Abated gas-fired power generation for OECD countries for peaking/ firming/ baseload power	• Unabated gas-fired power generation in OECD countries
CDR	• Carbon dioxide removal technology such as Direct air carbon capture & storage (DACCS) • Carbon dioxide removal technologies such as Bioenergy carbon capture & storage (BECCS)	
Nuclear Power	• Nuclear small modular reactors (SMR) when used for industrial heat or co-generation • Nuclear power generation of electricity and/or heat, including for hydrogen production (defined as 'pink hydrogen')	

[12] The role of Critical Minerals in Clean Energy Transitions, IEA 2021

[13] Low-carbon fuels include fuels such as biofuels, renewable gas, biogas, biohydrogen, biomethane and any other low-carbon fuel derivatives. Low-carbon fuels produced from a combination of different feedstocks are also included.

Sector / Theme	Eligible transition activities	Activity exclusions*
	• Extension of existing nuclear power generation assets • Research into nuclear processes/R&D with minimal waste from fuel cycle	
Power & Utilities-specific	• Retrofit of transmission lines, distribution systems, or substations to reduce energy use / losses • Improvement of existing transmission grid or development of new transmission grid for primarily (>50%) renewably-sourced electricity • Blending of Renewable Natural Gas RNG/H2 for industrial use and other gas utility applications	
Waste to energy	• Incineration of segregated waste for power generation as the last-resort usage	• Incineration of unsegregated waste
Real Estate		
Real Estate-specific	• Financing 100% dedicated to energy efficiency retrofitting, where Sustainable Finance Framework criteria are not met or energy efficiency improvement is not known (residential and commercial real estate) • Hydrogen-ready and hydrogen boilers • High-efficiency biomass heaters • High-efficiency gas-fired water heaters • Blending of Renewable Natural Gas RNG/Hydrogen for building (residential/commercial) use	
Shipping		
Low-carbon fuels[14]	• Biofuels/-gas transport and distribution infrastructure (e.g., port facility for handling biofuel)	• Transport and distribution primarily (>50%) of 1st gen biofuels/-gas (Applicable inside EU only)
CCUS	• Use of new tankers or retrofit of existing tankers for CO2 transport	
Shipping-specific	• Operational efficiency measures in shipping (e.g., optimized routing) • Upgrading existing marine transport assets to enable alternative fuel usage (e.g., retrofitting of assets to enable usage of e-fuels)	

[14] Low-carbon fuels include fuels such as biofuels, renewable gas, biogas, biohydrogen, biomethane and any other low-carbon fuel derivatives. Low-carbon fuels produced from a combination of different feedstocks are also included.

3. Financing the Just Transition

Barclays aims to contribute to a just transition that seeks to manage the negative social impacts of the transition on people, maximise socioeconomic opportunities for people, and engage with affected people on these impacts and opportunities. When doing so, Barclays considers all its stakeholders, including its workers, communities, customers, and supply chains. This is anchored in external best practice and guidance, including the UK TPT guidance on a just transition.

The challenge presented is how to ensure that transition activities and related financing not only tackle climate change but do so in a way that prevent and mitigate potential negative impacts on society and people and seek to maximize positive social and economic impacts on society and people. We have considered how financing could support mitigating negative social impacts and maximizing positive social impacts. We have developed a list of eligible just transition-related expenditures, recognizing that managing and mitigating any negative social impacts is an essential element of transitioning to net zero.

Just transition-related expenditure will qualify as eligible for the purposes of this Framework where it falls into one of the principles defined above in Section 1.4

Table 1 Just transition related expenditures.

Sector	Impacted value chain	Objective	Eligible expenditure
Corporate programmes[15]	Workforce	Employment and skills distribution	• Clean energy skills training: delivering a qualified workforce for a low-carbon economy, including programs dedicated to transitioning workers into lower carbon technologies, design and materials • Skills training for workers in traditional energy sectors and high-emitting industries, such as reskilling and upskilling programmes for the transition away from coal. This includes programs dedicated to transitioning workers and/or career mobility in a company to lower carbon activities related jobs • Targeted academic programmes put in place by companies and educational institutions to prepare workers for the upcoming skills that the transition brings • Provision of social protections for workers affected by just transition processes. This includes investments in job preservation in the decommissioning/repurposing phase of production facilities/activities
	Community	Community investment, engagement and inclusion	• Targeted programmes for inclusiveness, such as improving access to education and skills training in clean energy technical areas for youth and all under-represented groups

[15] Adapted from i) ICMA, KPI registry related to social-themes, ii) IEA, Net Zero by 2050, iii) IEA, Skills Development and Inclusivity for Clean Energy Transitions, iv) IEA World Energy Employment, v) IEA, Global Summit on People-Centred Clean Energy Transitions

Sector	Impacted value chain	Objective	Eligible expenditure
			• Business investments to support infrastructure projects and economic diversification in impacted communities. • Targeted support to ensure that impacted communities benefit from the low-carbon energy transition
	Consumer	Access and affordability	• Targeted support to customers including individual advice and guidance to manage/optimize their consumption, reduce their bills and limit fuel poverty
Sovereign / Supranational / Municipalities[16]	Workforce	Employment and skills distribution	• Provide workers who will retire earlier than planned due to coal phase-out, with a pathway to retirement without compromising retirement benefits. • Investment to enable workers to connect with potential new employment opportunities and make informed decisions about retraining (in collaboration with employers, provinces and municipalities) • Funding programs to address workers' needs across the stages of securing a new job, including income support, education and skills building, re-employment, and mobility.
	Community	Community investment, engagement and inclusion	• Re-employment support, training, and social support services in impacted communities • Investment to support the establishment and operation of locally driven employment transition centres to help support people experiencing job loss • Investment in community infrastructure working with governments at all levels. Governments should look for ways to fund local infrastructure projects to help offset employment losses and support economic growth and job creation.
	Consumer	Access and affordability	• Targeted support to customers including individual advice and guidance to manage/optimize their consumption, reduce their bills and limit fuel poverty

[16] Adapted from existing transition processes at national and regional level across several countries that incorporate principles associated with a just transition

4. Product scope and measurement basis

All financing products will be eligible under this Framework, provided they satisfy the requirements above, with the exception of:

- Merger and acquisition advisory services;
- Sustainability-linked products; and
- Assets under management in ESG Funds and Products

Also out of scope is the following:

- Trading/Market making of securities/provision of price liquidity;
- Liquid financing of securities (prime/fixed income financing); and
- Derivatives products

We include both new facilities and refinancing of existing facilities. Set out below is a non-exhaustive list of product categories that are eligible under this Framework.

Business unit	Product category	Measurement basis
CIB	Debt Capital Markets	Proportional bookrunner share[17]
CIB	Equity Capital Markets	Proportional bookrunner share[18]
CIB	Corporate Lending	Limits at issuance (and any incremental increase to limits)
CIB	Trade Financing	Limits at issuance (and any incremental increase to limits)
CIB	Structured Lending and Financing	Proportional bookrunner share[19]
CIB	Infrastructure and Project Financing	Limits at issuance (and any incremental increase to limits)
BUK	Mortgages	Total mortgage lending
BUK	Lending	Total lending to small businesses

[17] Total deal value divided by total number of bookrunners, proportional on a pro rata basis
[18] Total deal value divided by total number of bookrunners, proportional on a pro rata basis
[19] Total deal value divided by total number of bookrunners, proportional on a pro rata basis

4.1 Reporting overview

Public capital markets transaction data is collected from Dealogic and Bloomberg. Data for all other products is sourced from Barclays' internal lending systems.

All data is reviewed by business teams. We are continuing to invest in enhancing data capture and classification processes. This includes a dedicated team within our Global Finance function to continue to enhance processes, systems and controls for sustainable and transition finance reporting. External progress reporting against our Target is subject to independent limited assurance. Eligibility for inclusion in a target is assessed based on information available at a point in time prior to reporting against progress in our Annual Report.

Barclays reports on progress against our Target in the Annual Report on an annual basis. See https://home.barclays/investor-relations/reports-and-events/annual-reports/.

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