

# Barclays Submission – Health and harmony: the future for food, farming and the environment in a Green Brexit

## Introduction

Barclays is a transatlantic consumer and wholesale bank with global reach, offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US. With over 325 years of history and expertise in banking, Barclays operates in over 40 countries and employs approximately 85,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

Barclays welcomes the opportunity to input into DEFRA's consultation on 'Health and Harmony: the future for food, farming and the environment in a Green Brexit'. We recognise that the agriculture sector is one of primary importance for the UK, both now and in a post-Brexit world, and with over 270 years of experience in this sector, we are keen to support the Government as they seek to strengthen the sector going forward.

As a supporter of the transition to a low-carbon future, we also appreciate the need to secure a Green Brexit for the benefit and wellbeing of current and future generations. In response to the landmark deal secured at the UN's COP-21 conference in Paris, Barclays has been proactively assessing our own role in enabling this transition (outlined in more detail below) and engaging in the policy-making process to encourage the Government to be suitably ambitious in this space. We welcome DEFRA's leadership on the issue, and would be happy to discuss further if of interest.

Barclays has inputted into the UK Finance's industry-wide submission, however have outlined some specific Barclays insights below, as is useful.

## Changing agricultural policy

Barclays is an integral feature of the UK agricultural industry. We have supported the sector for over 270 years, and last year alone supported 34,000 UK farmers to plan and diversify for the future, cementing our position as a leading bank in this sector. From our vantage point, we benefit from seeing both short and long-term trends within this competitive marketplace, and therefore recognise the significance of the decision to leave the European Union (EU) on this sector in particular.

Following the decision to leave the EU, the UK's agricultural sector has experienced increased uncertainty regarding new potential policy in this area. The EU's Common Agricultural Policy has been a permanent feature of the UK agricultural sector for the past four decades, and we are keen to ensure that the set of policies which succeed this are equally, if not more beneficial to the sector going forward.

## Supporting diversification across the farming industry

As the agricultural sector has become more challenging, diversification of revenue streams has become an increasing focus for farmers across the UK. As such, Barclays have been working closely with the sector to encourage the diversification of farming businesses to increase margins and add income lines. A means by which we have both supported and encouraged more businesses to address this long-term trend is through the Barclays Agricultural Lending Fund. As of 2017, this Fund amounts to £200m and it is dedicated to supporting farming businesses invest in infrastructure, agri-tech and/ or further diversification into new revenue streams.

The Barclays Agricultural Lending Fund was initially launched in 2016 with £100m of funding, however, due to its positive reception and take-up we doubled this last year to £200m last year. The Fund offers a maximum loan amount of £2.5m, with pre-set arrangement fees depending on the term of the loan. It seeks to promote key growth areas within the sector, such as infrastructure and agri-tech, while also encouraging firms to seek new revenue streams to help agricultural businesses compete successfully in a global environment. Technological change and efficiency of production are now such a constant feature, that businesses must continually adapt in order to compete successfully.

**Barclays goes Green**

As indicated, following the COP-21 Climate Change Conference in Paris 2015, there has been a material shift by governments, businesses and regulators to support the transition to a low-carbon world. It is now widely acknowledged that climate change is one of the most serious global threats facing the planet, requiring both national leadership and global collaboration to provide the solutions required.

Similarly, industry leadership such as that possible within the agricultural sector is critical to supporting both citizens and society move towards a more sustainable model. We therefore welcome the momentum building around the need for a Green Brexit, as industries begin to prepare for the important transition away from membership of the EU.

Barclays recognises its own role in supporting the low-carbon transition, and so in addition to having ambitious internal targets in place – such as the goal to reduce our global carbon footprint by 30% by the end of 2018 – we have also been working hard to create commercial Green products and services which support our clients and customers on their own transition to a greener future.

Barclays suite of Green Banking products

In order to consolidate our commercial efforts in this space, last year Barclays created a Green Banking Council, dedicated to maximising our green finance efforts, for the benefit of our clients. Since its creation, the Council has excelled at utilising skills from across the Barclays Group, and developing aspirational green products for the UK marketplace. These include:

No.	Product name	Product description
1.	Green Bonds	<p><u>Green Bond investment:</u> Barclays is a leading investment in green bonds, in having committed to purchase up to £2bn worth of green bonds in 2015. We currently hold over £1.5bn.</p> <p><u>Green Bond issuance:</u> In November Barclays became the first UK bank to issue a green bond using UK assets, having successfully priced and issued a 0.625% \$500m green bond, under the <a href="#">Barclays Green Bond Framework</a>, released in September 2017.</p> <p><u>Green Bond origination:</u> During 2017, Barclays also originated more than \$20bn of green bonds for our global client-base.</p>
2.	Green Loan	<p>Barclays Green Loan is a term lending product where the proceeds of financing are used for eligible Green projects with the following qualifying environmental themes and activities:</p> <ul style="list-style-type: none"> <li>- Projects focused on renewable energy and energy efficiency</li> <li>- Green transport</li> <li>- Sustainable food, agriculture and forestry</li> <li>- Waste management</li> <li>- Sustainable water</li> <li>- Cross-sector activities such as carbon energy financing.</li> </ul>

3.	Green Deposits	The Green Deposit is an innovative market development, allowing clients to deposit their excess liquidity into a new product aligning to the Green agenda. The deposits are earmarked against the Green Bonds, and as above are able to be matched against a range of climate-related projects. It is currently available to our larger client-base.
4.	Green Asset Finance	Green Lending supports Asset Finance products where the purpose of funding is used exclusively for eligible assets that support the qualifying environmental themes and activities as defined in the Barclays Green Product Framework.
5.	Green Innovation Finance	In addition to the Green Loan, we have expanded our Innovation Finance capabilities to cover Green Lending.
6.	Green Home Mortgage	Barclays will reward customers with a lower mortgage rate on certain deals when they purchase an energy efficient new build home. Barclays is the first major UK bank to offer a Green Mortgage product.
7.	Green Trade Loan	Supports the green working capital needs of clients from procurement through to final sale of goods. By securing funding from the initial purchase until final payment is received, clients can trade with confidence and plan and manage their cash-flow more accurately.
8.	Green Eagle Labs	Our Green Eagle Labs foster a collaborative working environment, offering subsidised desk spaces to support local British expertise in the low-carbon and sustainable sectors. Residents can access a structured programme of knowledge development, professional networking, and mentors from successful green businesses and Barclays.

### Government leadership

Leadership from the UK Government is critical to tackling climate change in a substantive manner, and Barclays welcomes both BEIS’s Clean Growth Strategy and DEFRA’s 25 Year Environment Plan as two key planks of the Government’s approach to spurring the Green economy and protecting our natural environment. On the latter, we warmly welcome the plans for a plastic deposit scheme later this year, and would encourage DEFRA to be even more ambitious on tackling plastic and non-recyclable waste, where possible.

Prior to the 2017 Autumn Statement Barclays submitted an entirely Green-oriented Budget Submission for Government consideration (which we attach again now), and we’re delighted to have supported the Government’s Green Finance Taskforce, whose recommendations led to the launch of our Green Mortgage product – the first of a major high street lender – in early April.

However, there are additional policies which we would recommend DEFRA pursue, to support the agricultural industry to thrive both before leaving the EU, and after leaving the Common Agricultural Policy.

### Policy recommendations

A new environmental land management system	<p>Environmental income can be a crucial part of a farm’s business cash-flow, most notably in more marginal farming areas. Farms increasingly rely on incomes generated through tourism and biodiversity, and maintaining and developing habitats can be a complex undertaking for many businesses.</p> <p>Barclays supports the creation of a simplified system of scheme entry. This would be an important strand of any</p>
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	<p>domestic agricultural policy, and should include clarity around the specific timings of payments, among other things. We recommend the scheme including set targets for biodiversity and habitat enhancement where the public will benefit from an improved tourism landscape.</p>
<p>Managing risk and volatility</p>	<p>We have two key proposals to ensure volatility with the agriculture industry is managed appropriately:</p> <ol style="list-style-type: none"> <li>1. Increasing investment within infrastructure to improve the efficiency of the agricultural industry, and the resilience to withstand periods of more volatility more robustly.</li> <li>2. Proactive promotion of the agri-tech industry by the Government. Agri-tech ensures that a business's Management Information (MI) is properly stored online, enabling banks to better support businesses during both strong and more volatile times. However, take-up is low amongst farmers, and proactive promotion (and continued funding of innovation within the sector) would help improve this.</li> </ol>
<p>Helping rural communities prosper</p>	<p>Increased uptake of beneficial innovations such as those seen within agri-tech are only possible if broadband coverage is available. We recommend that the Government therefore promote and secure broadband coverage across rural communities within the UK, to enable the industry to best make use of the technological innovations available to them.</p>
<p>International trade</p>	<p>The UK agricultural industry is a high-trading sector, which experiences good trading relationships across the EU. We therefore we recommend it is given a distinct, standalone chapter within any future Free Trade Agreement or future partnership agreement between the UK and the EU.</p>
<p>Access to talent</p>	<p>The UK agricultural sector is dependent on a wide-range of labour, both skilled and unskilled. various skill levels. The availability of this labour is key to the success of the sector and is at the forefront of client concern. This is shown most acutely in field-scale vegetable, fruit, dairy and livestock sectors.</p> <p>We therefore recommend that the sector's reliance on both skilled, and unskilled labour, is accommodated within any future migration policy.</p>

**Conclusion**

As the shift towards a low-carbon future intensifies, and the UK's agricultural policy is re-written, Barclays welcomes the opportunity to collaborate with DEFRA, the agricultural sector and others to help shape and progress this important area of work.