

Barclays Response to Call for Evidence on a Sector-Neutral Framework for private sector transition plans

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Barclays is a universal consumer and wholesale bank with global reach, offering products and services across personal, corporate and investment banking, credit cards and wealth management. With over 330 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. In March 2020, we announced our ambition to be a net zero bank by 2050, becoming one of the first banks to do so.

We welcome the opportunity to respond to the Transition Plan Taskforce (TPT) Call for Evidence on a Sector-Neutral Framework for private sector transition plans.

Executive Summary

Barclays welcomes the work of the Transition Plan Taskforce (TPT) to develop a sector-neutral framework for private sector transition plans. We strongly support the work to create a consistent framework for high quality transition plans across sectors. A robust transition planning framework is essential to enable banks to support companies in their transition, to facilitate transition finance, and to enable the delivery of net zero ambitions. Greater standardisation of the transition planning framework will also help companies provide the information required by financial institutions. This should be led by governments, in conjunction with established global industry and expert-led groups such as GFANZ, and not left to market forces.

We welcome the TPT's commitment to draw on existing and international best practice. If there is insufficient consistency and coordination of approaches, international businesses will become subject to multiple requirements in different jurisdictions with the same objective. Less efficient processes will inhibit progress to net zero as incoherent frameworks give rise to, for instance, mismatches in the pricing of investments and the viability of green investment projects. We therefore strongly encourage continued coordination with other standard setters as this work continues. This should avoid fragmentation, promote greater consistency and comparability of disclosures, and reduce reporting costs. We suggest that the TPT framework should be iterative as global standards emerge to ensure this consistency and interoperability.

Our other key suggestions are listed below:

- We consider that prioritisation should be based on i) the highest-emitting sectors, and ii) critical infrastructure. Additional consideration should also be given to the availability of emissions data, availability of appropriate benchmark scenarios, and the technological feasibility of transition for a sector / industry.
 - We recommend prioritizing the same high emitting sectors as the Net Zero Banking Alliance (NZBA) - agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport.
 - Within this list we would suggest prioritizing the oil and gas and power generation sectors given organisations in these sectors are at the heart of the global real economy transition.
- Plans should be expected to provide decision-useful information. Where the framework is asking firms to provide information on specific management activities (e.g. short, medium and long term activities; CapEx and OpEx etc.), while evidence of these actions is of in itself

useful to show a firm's commitment to the transition, it is the translation of that action into impacts on the firm's emissions that will be useful for users.

- As the world and firms proceed along their transition journey – considerations around a just transition are crucial. However, the methods for measuring impact in this regard and for having a standard of what can be considered 'good' or 'adequate' actions for firms in different sectors and regions are still emerging. Nevertheless, firms should be encouraged to take and disclose actions around this issue.
 - Specific actions could include using metrics recommended by existing frameworks such as Climate Action 100+ Net Zero Benchmark.
 - We would note that flexibility on what is deemed acceptable should be shown initially. The TPT should support efforts to better define what actions firms are expected to take.
 - It should be made clear that considerations of a just transition should not be used by firms as a justification for delaying action to decarbonise in-line with a 1.5°C aligned pathway or ambition.
- Biodiversity and nature are important considerations when it comes to transition – but as methods, measurement, and metrics in this area are nascent, these considerations should be phased in over time.
- The Sector-Neutral Framework should be prescriptive in its base guidance to promote disclosure comparability and clarify where there may be additional sector specific requirements. To incorporate firm-to-firm disclosure flexibility, companies could elaborate if their plans are more ambitious or robust than the requirements, or explain if there are extenuating circumstances that prevent compliance.
- Standardising data, methodology, and metrics continues to be important in the climate change space in general and specifically for use in transition plans.
 - Beyond the GHG Protocol, currently there are not standard global methods for measuring emissions (e.g. many different approaches to measuring / modelling / estimating GHG emissions across Scopes 1, 2 & 3 exist within and across sectors) or measuring interim alignment with climate goals (e.g. absolute emissions levels vs emissions intensity levels vs measurements of the rate of change in aforementioned metrics).
 - At the most fundamental level a consistent global approach to reporting needs to be developed by policymakers. This should ensure, to the greatest possible degree, that accurate measurements and consistent boundaries / perimeters are used for reporting.
 - Methods for target setting also need to be brought on to a more consistent / comparable basis over time. Likewise with consistent boundaries / perimeters for what is included in targets, consistent target types, consistent use of scenarios etc.
 - Over time it is crucial that actions taken by firms can be compared on a reasonable basis.
- Verification of targets and transition plans will eventually be important. However, without the standardised approaches to methods and metrics of alignment, and with data still improving, this should not be a requirement of the framework in the near term. The UK TPT should support the development of standards that would mean verification can become an easier step with a universal interpretation.
- We consider that these rules should apply to both listed and private companies on a proportionate basis akin to the roll out of Task Force on Climate-Related Financial Disclosures (TCFD) across the UK.