

# Barclays

**Type of Engagement:** Allocation Review

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## Introduction

In November 2020, Barclays PLC issued a Green Bond (the “2020 Green Bond”) under the 2019 Barclays Green Bond Framework,<sup>1</sup> aimed at financing or refinancing a portfolio of green mortgages for energy-efficient residential buildings. Throughout 2021 and 2022, Barclays Bank PLC also issued Green Structured Notes (“GSN”), collectively referred to as the “Green Instruments”, under the 2021 Barclays Green Issuance Framework<sup>2,3</sup> aimed at financing or refinancing renewable energy and energy efficiency projects. Barclays PLC and Barclays Bank PLC are collectively known as “Barclays” or the “Bank”.

In April 2024, Barclays engaged Sustainalytics to review the projects financed or refinanced with proceeds from the 2020 Green Bond and Green Instruments and provide an assessment as to whether the projects met the use of proceeds criteria outlined in the respective Barclays Green Bond Framework and Barclays Green Issuance Framework (the “Frameworks”). This report will be published on Barclays’ website pursuant to the 2019 Green Bond Framework and 2021 Barclays Green Issuance Framework. Sustainalytics has calculated the estimated impact achieved by the 2020 Green Bond and the Green Instruments in a separate report.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets financed or refinanced with proceeds from the 2020 Green Bond and the Green Instruments based on whether the projects and programmes met the use of proceeds and eligibility criteria of the respective Frameworks.<sup>4</sup>

Tables 1 and 2 list the relevant Use of Proceeds and Eligibility criteria from the Frameworks

**Table 1: 2019 Green Bond Framework - Residential Mortgage Eligibility Criteria<sup>5</sup>**

Use of Proceeds Category	Eligibility Criteria
<b>Buildings</b>	<p>Proceeds may be allocated towards financing and/or refinancing energy efficient residential properties in England and Wales (the Residential Mortgages) based on Energy Performance Certificate (EPC) data and which are originated within the three years prior to the date of the relevant Barclays Green Bond issuance.</p> <p>A formula is used to estimate the maximum carbon intensity of residential properties which can qualify as Eligible Mortgage Assets. The formula was derived using the below components:</p> <ul style="list-style-type: none"> <li>• Properties that meet the top 15% carbon intensity threshold in terms of estimated emissions performance in their local market;</li> <li>• The UK government’s linear target of ‘close to zero’ emissions by 2050; and</li> </ul>

<sup>1</sup> Barclays, “Barclays Green Bond Framework”, (2019), at: <https://home.barclays/content/dam/home-barclays/documents/investor-relations/fixed-income-investors/20191212-Green-Bond-Framework.pdf>

<sup>2</sup> Barclays, “Barclays Green Issuance Framework”, (2021) at <https://home.barclays/content/dam/home-barclays/documents/investor-relations/debtinvestors/creditratings/20211021-Barclays-Green-Issuance-Framework-July-2021.pdf>

<sup>3</sup> Barclays issued a new Green and Social Notes Framework in 2023 but has not issued under it as of 31 December 2023

<sup>4</sup> Sustainalytics notes that for the Green Instruments, the review is limited to the use of proceeds components only.

<sup>5</sup> While the 2019 Barclays Green Bond Framework includes several use of proceeds categories, table 1 only includes the use of proceeds categories financed with proceeds from the 2020 Green Bond.

	<ul style="list-style-type: none"> <li>The mid-point between issuance date and maturity of the potential Barclays Green Bond.</li> </ul> <p>The formula will be updated when a new EPC dataset is released and will be set out in the terms and conditions of each Barclays Green Bond issuance that finances and/or refinances Eligible Mortgage Assets.</p> <p>Using the July 2019 data release, the top 15% carbon intensity threshold for properties within the dataset is 26 kgCO<sub>2</sub>/m<sup>2</sup>/year. Accordingly, the formula to determine the carbon intensity of a property in the midpoint for a potential Barclays Green Bond is <math>y = -0.8387x + 1719.4</math>, where x is the year of the bond midpoint, and y is the resulting target carbon intensity of the property in kgCO<sub>2</sub>/m<sup>2</sup>/year.</p>
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**Table 2: 2021 Barclays Green Issuance Framework - Relevant Use of Proceeds & Eligibility Criteria<sup>6</sup>**

Use of Proceeds Category	Sub-category	Eligibility Criteria
<b>Energy Efficiency</b>	Commercial and residential buildings	<p>Building Level</p> <ul style="list-style-type: none"> <li>Development, acquisition, retrofit and/or refurbishment of new or existing buildings achieving a rating of LEED Gold or above, BREEAM Excellent or above, or other equivalent internationally recognised green building certification schemes, complying with a recognised threshold set by the CBI, or otherwise evidenced to be performing in the top 15% of buildings in the relevant market.</li> <li>Energy efficient new build buildings with an Energy Performance Certificate (EPC) rating of A or B, as issued through the Barclays Green Home Mortgage (i.e. qualifying for a pricing discount under the product criteria).</li> <li>Retrofit of existing buildings achieving a minimum 20% energy and/or carbon emission reduction or energy efficiency after retrofit is within the top 15% of buildings in the relevant market.</li> </ul>
<b>Renewable Energy</b>	Electricity generation	<ul style="list-style-type: none"> <li>The generation of electricity from: <ul style="list-style-type: none"> <li>Wind power<sup>7</sup></li> <li>Solar power,</li> <li>Geothermal power with a direct emissions threshold of &lt; 100 grams of CO<sub>2</sub>/kWh</li> <li>Biomass or biogas power from waste materials or certified sustainable crops<sup>8</sup></li> <li>Ocean power</li> <li>Small-scale (&lt;25 MW), run-of-river hydropower</li> <li>Large-scale (&gt;25 MW) hydropower where the lifecycle emissions from decaying organic matter</li> </ul> </li> </ul>

<sup>6</sup> While the 2021 Barclays Green Issuance Framework includes several use of proceeds categories, table 2 only includes the use of proceeds categories financed by the Green Instruments.

<sup>7</sup>For avoidance of doubt, offshore wind facilities are assessed using the CBI Marine Renewable Energy criteria at <https://www.climatebonds.net/standard/marine>

<sup>8</sup> Sustainable crops are defined as, among others, crops certified under the Roundtable on Sustainable Biomaterials (RSB) or ISCC Plus; soy certified under RTRS; sugarcane certified under Bonsucro. Additional certification schemes may be considered but should be as or more credible and robust as those listed here.

		<p>are &lt;100 gCO<sub>2</sub>/kWh or where the power density of the dam is &gt; 5 Watts/m<sup>2</sup></p> <ul style="list-style-type: none"> <li>• The generation of electricity from waste to energy processes.</li> <li>• The construction and operation of a facility used for cogeneration of heat/cooling and power from renewables.</li> </ul>
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## Issuer’s Responsibility

Barclays is responsible for providing accurate information and documentation relating to the projects financed or refinanced, including description of projects and amounts allocated.

## Independence and Quality Control

A leading provider of ESG research and ratings to investors, Sustainalytics conducted the verification of the use of proceeds from the Barclays’ 2020 Green Bond and Green Instruments. The work undertaken as part of this engagement included collection of documentation from Barclays and review of said documentation to assess conformance with the Frameworks.

Sustainalytics relied on the information and the facts presented by Barclays. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Barclays.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>9</sup> the reviewed projects meet the use of proceeds criteria outlined in the Frameworks. Nothing has come to Sustainalytics’ attention that causes us to believe otherwise.

## Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects financed or refinanced with proceeds from the 2020 Green Bond and Green Instruments to determine if the projects meet the use of proceeds criteria outlined in the Frameworks.	All projects reviewed complied with the use of proceeds criteria.	None

<sup>9</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the financed or refinanced projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: 2020 Green Bond Allocation (as at 31<sup>st</sup> December 2023)

Use of Proceeds Category	Sub-category	Net Bond Proceeds Allocation (GBP)
<b>Buildings</b>	Residential mortgages	400,400,222
<b>Total amount</b>		<b>400,400,222</b>

### Appendix 2: Green Instruments Allocation (as at 31<sup>st</sup> December 2023)

Use of Proceeds Category	Sub-category	Net Bond Proceeds Allocation (GBP)
<b>Renewable Energy</b>	Mixed solar and wind	801,591
	Solar PV	7,999,642
	Wind	70,707,167
<b>Energy Efficiency</b>	Residential buildings	8,742,497
<b>Total amount</b>		<b>88,250,897</b>

### Appendix 3: Details on the Green Instruments

Type	Note ISIN	Issuance Date	Maturity Date	CCY	Notational CCY	Outstanding GBP
<b>GSN (Equity)<sup>10</sup></b>	XS2315553078	20/12/21	27/12/28	USD	2,116,000	1,663,457
<b>GSN (Equity)</b>	XS2316643860	17/02/22	24/02/25	USD	518,000	407,217
<b>GSN (Equity)</b>	XS2316664783	17/02/22	24/02/25	EUR	2,809,000	2,398,928
<b>GSN (Equity)</b>	XS2320894152	08/12/21	08/12/26	EUR	15,000,000	12,810,225
<b>GSN (Equity)</b>	XS2326914509	21/02/22	21/02/29	GBP	252,340	252,340
<b>GSN (Rates)<sup>11</sup></b>	XS2338720167	17/02/22	18/02/27	USD	1,769,000	1,390,669
<b>GSN (Equity)</b>	XS2345447721	07/02/22	08/02/27	EUR	30,000,000	25,620,450
<b>GSN (Equity)</b>	XS2345477470	09/02/22	10/02/25	EUR	2,000,000	1,708,030
<b>GSN (Equity)</b>	XS2377613836	14/07/22	14/07/25	GBP	12,000,000	12,000,000
<b>GSN (Equity)</b>	XS2377613919	14/07/22	14/07/25	GBP	5,000,000	5,000,000
<b>GSN (Rates)</b>	XS2409676934	30/11/22	30/11/28	EUR	29,273,000	24,999,581
<b>Total</b>						88,250,897

<sup>10</sup> Instruments where pay-offs are equity-linked. Sustainability notes that the review exercise is limited to the use of proceeds component of such instruments and that information on the structure of securities is solely included for transparency purposes.

<sup>11</sup> Instruments where pay-offs are rates-linked. Sustainability notes that the verification exercise is limited to the use of proceeds component of such instruments and that information on the structure of securities is solely included for transparency purposes.

## Disclaimer

Sustainalytics has also been engaged to deliver a CBI Post-Issuance report, which has been prepared by a distinct, separate team.

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