



# Barclays PLC

## POST-ISSUANCE VERIFICATION LETTER

### LOW CARBON BUILDINGS CRITERIA OF THE CLIMATE BONDS STANDARD

**Type of engagement:** Assurance Engagement

**Period engagement was carried out:** June 2024

**Approved verifier:** Sustainalytics

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### Scope and Objectives

In November 2020, Barclays PLC (“Barclays” or the “Bank”) issued a green bond (the “Barclays Green Bond 2020”), to finance or refinance a portfolio of green mortgages for energy-efficient residential buildings in England and Wales. In May 2024, Barclays engaged Sustainalytics to review the projects financed with proceeds from the Barclays Green Bond 2020 (the “Nominated Projects”) and provide an assessment as to whether the Nominated Projects meet the Post-Issuance Requirements of the Climate Bonds Standard Version 4.0.<sup>1</sup>

The Nominated Projects include:

- Energy efficient residential properties in England and Wales that are among the top 15% of buildings in terms of carbon intensity in their local market, based on the Energy Performance Certificate.

Schedule 1 provides details of the Nominated Projects and the disbursement of proceeds.

### Post-Issuance Evaluation Criteria

Post-issuance Requirements of the Climate Bonds Standard Version 4.0:

- Use of Proceeds
- Evaluation and Selection of Projects, including conformance with the relevant Sector Criteria<sup>2</sup>
  - Low Carbon Buildings
- Management of Proceeds
- Reporting

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<sup>1</sup> Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: [https://www.climatebonds.net/files/files/CBI\\_Standard\\_V4.pdf](https://www.climatebonds.net/files/files/CBI_Standard_V4.pdf)

<sup>2</sup> Climate Bonds Initiative, Low Carbon Buildings Criteria, at: <https://www.climatebonds.net/standard/sector-criteria>

### **Issuing Entity's Responsibility**

Barclays is responsible for providing accurate information and documentation relating to the details of projects that have been funded, including description, total development cost of each project and disbursed amounts.

### **Independence and Quality Control**

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the Barclays Green Bond 2020 to provide an independent opinion on its conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

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

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over this assessment.

### **Verifier's Responsibility**

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 4.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000).

The work undertaken as part of this engagement included conversations with relevant Barclays employees and review of relevant documentation to assess conformance of the Barclays Green Bond 2020 with the Post-Issuance Requirements of the Climate Bonds Standard Version 4.0.

### **Exceptions**

No exceptions were identified. All projects meet the Post-Issuance Requirements of the Climate Bonds Standard Version 4.0 and the Low Carbon Buildings criteria.

### **Conclusion**

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Barclays Green Bond 2020 is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

# Schedule 1: Overview of Nominated Projects

**Table 1: Amount allocated as per mortgage type**

Category	Mortgage type	Number of loans	Allocation Amount (GBP million)
Green Buildings	Buy-to-let mortgages	2	0.3
	Residential mortgages	1,846	400.1
<b>Total</b>		<b>1,848</b>	<b>400.4<sup>3</sup></b>

**Table 2: Estimated carbon intensity of the portfolio<sup>4</sup>**

Total estimated carbon intensity of the portfolio	26,710 kgCO <sub>2</sub> /m <sup>2</sup> /year
Average estimated carbon intensity of the portfolio	14.45 kgCO <sub>2</sub> /m <sup>2</sup> /year
Annual estimated KgCO <sub>2</sub> avoidance of allocated Eligible Mortgage Assets (EMA) portfolio versus national EPC average <sup>5</sup>	5,686,093 kgCO <sub>2</sub> 6,268 US <sub>t</sub> CO <sub>2</sub>

**Table 3: Asset breakdown by estimated carbon intensity**

Carbon intensity (kgCO <sub>2</sub> /m <sup>2</sup> /year)	Aggregate account balance (GBP)	% of Total value	Number of loans	% of Loans
00 - 1.99	848,220	0.21%	3	0.16%
02 - 3.99	3,524,195	0.88%	15	0.81%
04 - 5.99	3,455,432	0.86%	19	1.03%
06 - 7.99	6,020,595	1.50%	27	1.46%
08 - 9.99	9,603,308	2.40%	44	2.38%
10 - 11.99	15,495,612	3.87%	66	3.57%
12 - 13.99	57,410,173	14.34%	228	12.34%
14 - 15.99	188,792,324	47.15%	834	45.13%
16 - 17.99	96,316,090	24.06%	494	26.73%
18 - 19.99	15,787,263	3.94%	99	5.36%
20 - 21.99	2,569,913	0.64%	15	0.81%
22 - 22.5	577,097	0.14%	4	0.22%
<b>Total</b>	<b>400,400,222</b>	<b>100.00%</b>	<b>1,848</b>	<b>100.00%</b>

<sup>3</sup> This figure represents the total proceeds allocated loans qualifying as Barclays Green Home Mortgages

<sup>4</sup> The details pertaining to total estimated carbon intensity, average carbon intensity, and estimated emissions avoided of the allocated portfolio have been calculated by Barclays and shared with Sustainalytics.

<sup>5</sup> Barclays communicated to Sustainalytics the following regarding its methodology to calculate avoidance of CO<sub>2</sub> emissions: The calculation compares the average estimated carbon intensity of the allocated portfolio of EMAs against a comparable domestic baseline. The domestic baseline is the average estimated carbon intensity of all properties in the most recent EPC dataset which includes approximately 26 million properties in England and Wales with EPCs issued up to and including 31st May 2024. This dataset is only used for the purpose of projecting the national average of carbon intensity for properties in England and Wales. The total number of domestic properties in England and Wales exceeds the number of buildings used in the dataset. Further information can be found here: <https://home.barclays/investor-relations/fixed-income-investors/funding-and-liquidity/green-and-social-bonds/>

**Table 4: Distribution of number of loans by year**

Year of Inspection	Number of loans	Amount allocated (GBP)	Percentage of amount allocated
2017	5	1,214,924	0.30%
2018	37	8,044,995	2.01%
2019	468	98,543,647	24.61%
2020	576	128,025,463	31.97%
2021	302	60,567,117	15.13%
2022	264	56,475,279	14.11%
2023	196	47,528,798	11.87%
<b>Total</b>	<b>1848</b>	<b>400,400,222</b>	<b>100.00%</b>

**Table 5: Asset breakdown by property type**

Property type	Number of loans	Amount (GBP)	Share of allocation (%)
House	1,717	377,138,466	94.19%
Flat/Maisonette	128	22,940,627	5.73%
Bungalow	3	321,129	0.08%
<b>Total</b>	<b>1,848</b>	<b>400,400,222</b>	<b>100.00%</b>

**Table 6: Asset Breakdown by region**

Region	Aggregate account balance (GBP)	% of Total value	Number of loans	% of Loans
East Midlands	28,962,741	7.23%	151	8.17%
Eastern England	66,722,605	16.66%	273	14.77%
Greater London	12,132,972	3.03%	54	2.92%
North East	20,564,352	5.14%	112	6.06%
North West	29,847,282	7.45%	168	9.09%
South East	114,153,321	28.51%	461	24.95%
South West	57,290,231	14.31%	274	14.83%
Wales	5,459,525	1.36%	27	1.46%
West Midlands	23,611,956	5.90%	112	6.06%
Yorks And Humberside	41,655,238	10.40%	216	11.69%
<b>Total</b>	<b>400,400,222</b>	<b>100.00%</b>	<b>1,848</b>	<b>100.00%</b>

**Table 7: Seasoning of mortgage loans**

<b>Age of mortgage loans (months)</b>	<b>Aggregate account balance (GBP)</b>	<b>% of Total value</b>	<b>Number of Loans</b>	<b>% of loans</b>
0 - 2	3,227,062	0.81%	17	0.92%
2 - 4	6,412,114	1.60%	29	1.57%
4 - 6	15,685,777	3.92%	64	3.46%
6 - 8	10,318,544	2.58%	43	2.33%
8 - 10	19,667,040	4.91%	86	4.65%
10 - 12	11,787,845	2.94%	52	2.81%
14 - 16	3,077,672	0.77%	14	0.76%
16 - 18	17,445,560	4.36%	83	4.49%
18 - 20	12,071,565	3.02%	55	2.98%
20 - 22	12,349,333	3.08%	61	3.30%
22 - 24	9,559,289	2.39%	51	2.76%
24 - 26	4,370,004	1.09%	30	1.62%
26 - 28	6,519,769	1.63%	39	2.11%
28 - 30	3,596,179	0.90%	18	0.97%
30 - 32	4,885,775	1.22%	23	1.25%
32 - 34	34,449,956	8.60%	147	7.96%
34 - 36	32,713,973	8.17%	142	7.68%
36 - 38	31,598,239	7.89%	131	7.09%
38 - 40	25,868,250	6.46%	124	6.71%
40+	134,796,278	33.67%	639	34.58%
<b>Total</b>	<b>400,400,222</b>	<b>100.00%</b>	<b>1,848</b>	<b>100.00%</b>

## Schedule 2: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard<sup>6,7</sup>

Requirement	Factual Findings	Error or Exceptions Identified
A.3.1. Use of Proceeds	<p>3.1.1 A list of Nominated Projects is provided in Schedule 1.</p> <p>3.1.2 The Nominated Projects meet the documented objectives of the debt instrument and are in conformance with the Sector Criteria requirements of the Climate Bonds Standard.</p> <p>3.1.3 The net proceeds were allocated to Nominated Projects and assets within 24 months of the debt instrument's issuance.</p> <p>3.1.4 See 3.1.9 below.</p> <p>3.1.5 Barclays confirms that the Nominated Projects have not been nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>3.1.6 Barclays confirms that it has tracked the share of the net proceeds used for financing and refinancing.</p> <p>3.1.7 Barclays's documents that the net proceeds are tracked following a formal internal process.</p> <p>3.1.8 Barclays has confirmed that the net proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated projects or the relevant proportion of the total Market Value of the Nominated projects which are owned or financed by the issuer.</p>	None
A.3.2. Process for Evaluation and Selection of Projects and Assets	<p>3.2.1 Barclays established a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>i. A statement on the climate-related objectives of the debt instrument;</li> <li>ii. How the climate-related objectives of the debt instrument are positioned within the context of the Barclays's overarching goals, strategy, policy and/or processes relating to environmental sustainability;</li> <li>iii. Barclays's rationale for issuing the debt instrument;</li> </ul>	None

<sup>6</sup> Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: [https://www.climatebonds.net/files/files/CBI\\_Standard\\_V4.pdf](https://www.climatebonds.net/files/files/CBI_Standard_V4.pdf)

<sup>7</sup> For ease of reference, the numbering in this section follows the numbering of the Climate Bonds Standard Version 4.0.

	<ul style="list-style-type: none"> <li>iv. A process to determine whether the Nominated Projects meet the eligibility requirements specified in the Climate Bonds Standard;</li> <li>v. Other information provided by Barclays as described in Clause A.2.2.</li> </ul>	
A.3.3. Management of Proceeds	<ul style="list-style-type: none"> <li>3.3.1 Barclays confirmed that net proceeds of the debt instrument were credited to a sub-account, moved to a sub-portfolio or otherwise identified by Barclays in an appropriate manner and documented.</li> <li>3.3.2 Barclays confirmed that it maintained an earmarking process to manage and account for allocation of net proceeds to the Nominated Projects.</li> <li>3.3.3 Barclays has confirmed that proceeds were fully allocated immediately upon issuance and that the total value of eligible assets has exceeded the cumulative amount issued at all times. Hence, no temporary investments were made. Barclays confirms its commitment to holding proceeds in the liquidity buffer and informing investors about the same in case of temporary investments pending full allocation.</li> </ul>	None
A.3.4. Reporting – Post-issuance	<ul style="list-style-type: none"> <li>3.4.1 Barclays is committed to preparing an update report at least annually while the financing remains outstanding.</li> <li>3.4.2 Barclays is committed to providing an update report on a timely basis in case of material developments.</li> <li>3.4.3 The update report will be made available through existing debt market reporting channels and to the Climate Bonds Standard Board.</li> <li>3.4.4 Barclays is committed to include allocation reporting, eligibility reporting, and impact reporting in its update report</li> <li>3.4.5 Barclays will provide update reports annually to bondholders, lenders or other stakeholders, or make the reports available to the public, for as long as the debt instrument remains outstanding.</li> </ul>	None

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