

Barclays Green Structured Notes Programme – Use of MSCI Climate Paris Aligned Index Family

November 2021

1 Introduction

Barclays Bank PLC Green Structured Notes ('GSN') offer investors a differentiated investment opportunity by combining green use of proceeds in line with the Barclays Green Issuance Framework with a payoff linked to a Green Index selected in line with the Barclays Green Index Selection Principles (the 'Principles').¹

Following a review of the market and investor feedback on potential equity indices, we have added the MSCI Climate Paris Aligned indices ('MSCI CPA'), an index family, as eligible Green Indices for use in the Barclays Bank PLC GSN programme.

2 MSCI CPA Indices

MSCI is a leading index provider of industry equity benchmark indices (such as the MSCI World Index) and ESG ratings for companies and funds.

The MSCI CPA indices were selected and approved for use in the Barclays Bank PLC GSN programme in line with the terms of the Principles:

1. The MSCI CPA indices are aligned to the Environmental Principles set out in the Principles; the indices are Paris-aligned Benchmarks under the EU Low Carbon Benchmark Regulations (Regulation (EU) 2019/2089) therefore meet the EU taxonomy for Sustainable Activities' Climate Change Mitigation Objective and UN Sustainable Development Goal 13 – Climate Action. The MSCI CPA indices can be categorised as "Exclusionary screening" and "Temperature alignment" indices as Paris-aligned Benchmarks, which contain both ESG filtering (based on MSCI controversy scores, weapons and societal norms) and temperature screening (through MSCI's climate VaR models) as part of the construction methodology to cover the respective categories. The indices aim to increase exposure to climate transition opportunities across several categories rather than targeting best-in-class companies for a specific category or theme, and this helps to minimise tracking error.
2. We note that the MSCI CPA indices are not consistent with one element of the Structural Principles set out in the Principles. Where the Principles require rebalancing and recalibration of a Green Index to be done at least quarterly, the MSCI CPA indices are only rebalanced semi-annually. Having completed enhanced due diligence on the indices, the Barclays Green Bond Committee has approved the MSCI CPA indices with an exception to the rebalancing frequency requirement of the Principles for the following reasons:
 - a. The MSCI CPA indices are Paris Aligned Benchmark indices under the EU Low Carbon Regulations, which provides consistency and high standards towards green index construction. The approach to index construction of the MSCI CPA indices goes beyond the minimum requirements of the Paris Aligned Benchmark indices under the EU Low Carbon Benchmark Regulations². We believe that the robust ESG approach mitigates the lower rebalancing frequency as the higher general ESG quality of index constituents partially offsets the probability of a constituent migrating below the Barclays minimum threshold (as implied in the Principles) and remaining a constituent of the index for a longer time period due to the lower rebalancing frequency.
 - b. MSCI is a leading ESG index provider and many of the indices in the MSCI CPA index family are used as green reference benchmark indices in the market.
 - c. In relation to the environmental factors in index construction, many of the data points used for index calibration (such as company level Scope 1, 2 and 3 greenhouse gas emissions or physical asset exposure to physical risk) are only available on an annual basis (rather than quarterly or semi-annually). The impact of semi-annually rather than quarterly index rebalancing is therefore less likely to impact indices from an environmental perspective (versus financial perspective for example where data is more frequent) based on the particular construction approach for the MSCI CPA indices.
3. The MSCI CPA indices were approved by the Barclays Green Bond Committee with a positive recommendation by the Barclays Green Bond Index Subcommittee. As an additional step of enhanced due diligence, an internal reputational risk assessment has also been undertaken for the indices. The Carbon Trust, an independent verification agent and sustainability consultancy, has been engaged to provide assurance that the process by which the indices has been selected by Barclays has been subject to clear and robust governance in line with sustainability market best practices and is publicly available on the Barclays Green Bond site <https://home.barclays/greenbonds/>.

¹ Both the Barclays Green Issuance Framework and Green Index Selection Principles are available on the Barclays Green Bond site <https://home.barclays/greenbonds/>

² Source: MSCI, for more information please see <https://www.msci.com/our-solutions/esg-investing/esg-indices/climate-paris-aligned-indices>.

Disclaimer

Important Notice

This communication is provided for informational purposes only and does not, under any circumstances or in any jurisdiction, constitute or form part of an offer to sell, or a solicitation of an offer to buy, any securities issued by Barclays Bank PLC or its affiliates (“Barclays”) nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and have not been offered, directly or indirectly, and will not be offered or sold, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) absent an applicable exemption from the registration requirements under the Securities Act. Barclays does not intend to register such securities in the United States or to conduct a public offering of securities in the United States or in any other jurisdiction where such offer would be unlawful. Accordingly, no information in this communication or relating to such securities is directed at any person or entity within the United States or at any U.S. person and must not be accessed if you are located in or you are a resident of the United States, and no such communication or information should be released, published or distributed directly or indirectly in or into the United States.

This document is intended to provide non-exhaustive, general information.

The information contained in this document has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. All such representations and warranties, express or implied, are excluded to the extent permitted by law. The information contained herein may be subject to updating, revision, verification and amendment and such information may change materially.

This document is not intended to be and should not be construed as providing legal or financial advice.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments.

The distribution of this document and of the information it contains may be the subject of legal restrictions in some countries. Persons who might come into possession of it must inquire as to the existence of such restrictions and comply with them.

The recipient is solely liable for any use of the information contained herein and Barclays PLC and its subsidiaries shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this document by the recipient.

THIS FINANCIAL PRODUCT IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. (“MSCI”), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY [LICENSEE]. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THIS FINANCIAL PRODUCT OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL SECURITIES GENERALLY OR IN THIS FINANCIAL PRODUCT PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FINANCIAL PRODUCT OR THE ISSUER OR OWNER OF THIS FINANCIAL PRODUCT. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THIS FINANCIAL PRODUCT INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NEITHER MSCI, ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR

COMPILING ANY MSCI INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FINANCIAL PRODUCT TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THIS FINANCIAL PRODUCT IS REDEEMABLE FOR CASH. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION OR LIABILITY TO THE OWNERS OF THIS FINANCIAL PRODUCT IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FINANCIAL PRODUCT.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES WHICH MSCI CONSIDERS RELIABLE, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, LICENSEE'S CUSTOMERS OR COUNTERPARTIES, ISSUERS OF THE FINANCIAL SECURITIES, OWNERS OF THE FINANCIAL SECURITIES, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND MSCI, ANY OF ITS AFFILIATES AND ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MSCI, ANY OF ITS AFFILIATES OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.