Climate Change Statement

February 2024

BARCLAYS

Contents

About this Statement

This statement updates our previous positions as set out in our February 2023 statement and sets out our revised position and approach to sensitive sectors.

February 2024

Background

Our Climate Strategy

In March 2020, Barclays announced its ambition to be a net zero bank by 2050, becoming one of the first banks to do so.

We have a three-part strategy to turn our net zero ambition into action:

1. **Achieving net-zero operations** | Barclays is working to reduce its Scope 1, Scope 2 and Scope 3 operational emissions consistent with a 1.5°C aligned pathway and counterbalance any residual emissions.
2. **Reducing our financed emissions** | Barclays is committed to aligning its financing with the goals and timelines of the Paris Agreement, consistent with limiting the increase in global temperatures to 1.5°C.
3. **Financing the transition** | Barclays is helping to provide the green and sustainable finance required to transform the economies, customers and clients we serve.

Our strategy (including our climate strategy) reflects our Purpose and is driven by consideration of all relevant risks and considerations.

Over the coming years, our strategy will continue to evolve. It will need to adapt to reflect market, technological, regulatory and geopolitical developments affecting the shape and timing of the transition to a low-carbon economy. We will keep our policies, targets and progress under review in light of the rapidly changing external environment and the need to support governments and clients in delivering an orderly energy transition, integrating social considerations and providing energy security. Progress may vary and we need to be able to adapt our approach to maintain our support for the transition, whilst remaining focused on our ambition of becoming a net zero bank by 2050.

Updated Climate Change Statement

We have reviewed our restrictions and conditions to financing of sensitive sectors taking into account relevant risk and other considerations as well as our Purpose. This updated Climate Change Statement sets out our approach to financing sensitive sectors and includes new restrictions on financing upstream oil & gas, as well as Enhanced Due Diligence (EDD) requirements for biomass.

Words in *italics* are defined in the Key Definitions table and clarify the intended scope of this statement.

Oil & Gas

Upstream Oil & Gas

Project Level

From the date of this statement,

- we will not provide *project finance* for *expansion* projects or infrastructure projects primarily to be used for such *expansion* projects.
- we will not provide other *direct financing* to *Energy Groups* for *expansion* projects or infrastructure projects primarily to be used for such *expansion* projects.

Entity Level

Client Transition Framework (CTF)

We assess the information available on *Energy Groups'* plans for alignment with our emissions reduction targets through the *Client Transition Framework* (*CTF*) against several factors including, but not limited to, the following:

- Scope 1 and 2 emissions reduction targets, including methane.
- Scope 3 absolute emissions reduction targets/ commitments.
- Plans to expand production.
- Low carbon business model activities and plans.

By **1 January 2025**, we expect all *Energy Groups* to be producing relevant information in relation to their transition plans or decarbonisation strategies.

Client Transition Review Forum (CTRF)

We have established a senior Client Transition Review Forum (CTRF) to carry out targeted reviews of *Groups* subject to a *CTF* assessment. These are informed by the *CTF* assessment and take into account consideration of relevant risks and other business factors. These reviews help determine our financing appetite (including consideration of client retention and conditions to refinancings) alongside implications for our emissions reduction targets and commercial, credit and reputational impacts.

Energy Groups meeting any of the following will be subject to mandatory annual review by the CTRF to determine whether continued financing support is appropriate in the context of their investment plans and overall decarbonisation or transition plans:

- *Energy Groups* where more than 10% of their total planned upstream oil & gas capital expenditure is in *expansion*.
- *Non-diversified Groups*
    - We recognise that *Non-diversified Groups* may present greater transition risk than diversified *Energy Groups*, in particular those engaged in *long-lead expansion.*
    - We have very limited appetite for *Non-diversified Groups* where they are engaged in *long-lead expansion* - see below for further details.
- *Energy Groups* with the lowest *CTF* assessment scores.

Notwithstanding the outcomes of the CTRF reviews, *financing* decisions are transaction specific and will continue to be subject to consideration by relevant committees, if appropriate, to consider issues such as credit risk, reputational risk and capital impact.

From **1 January 2025** any new *financing* or renewal of existing *financing* for *Non-diversified Groups* where more than 10% of their total planned oil & gas capital expenditure is in *long-lead expansion* would be by exception.

Minimum requirements

From **1 January 2026** we will only provide *financing* to *Energy Groups* if they are able to demonstrate that they are committed to reducing their own emissions by having:

- net zero-aligned *near-term* Scope 1 and 2 emissions reduction targets (absolute or intensity-based); and
- targets to reduce methane emissions by 2030, aligned with OGCI, OGMP2.0, or similar industry guidance; and
- a commitment to end all routine / non-essential venting and flaring by 2030.

New clients

From the date of this statement, we will not provide *financing* to *new clients* that are *Energy Groups* where more than 10% of their total planned oil & gas capital expenditure is in *expansion*.

See "Applicability of Financing Restrictions below" for further detail on how restrictions will be applied.

Unconventional Oil & Gas

Project Level

As at the date of this statement restrictions on business appetite are as follows:

- *Amazon Biome/Ultra-Deep Water/Extra Heavy Oil*
  - We will not provide *direct financing* to *Energy Groups* for any oil & gas projects in the *Amazon Biome*, or any oil & gas projects involving *Ultra-Deep Water* and/or *Extra Heavy Oil*, or infrastructure projects primarily to be used for such oil & gas projects.
- *Arctic Circle*
  - We will not *directly finance* oil & gas projects in the *Arctic Circle*.
- *Hydraulic Fracturing (Fracking)*
  - We will not *directly finance* projects involving *Hydraulic Fracturing (Fracking)* in the UK and Europe.
- *Oil Sands*
  - We will not provide *direct financing* wholly or primarily to be used for the construction of new: (i) *Oil Sands* exploration, production and/or *Oil Sands processing* assets; or (ii) *Oil Sands pipelines*.

Entity Level

As at the date of this statement restrictions on business appetite are as follows:

- *Arctic Circle*
  - We will not provide *financing* to *Clients materially engaged in* oil & gas exploration and production or pipeline transportation operations in the *Arctic Circle*.
  - We will not provide *financing* to *Clients* with ancillary oil & gas businesses in the *Arctic Circle* where proceeds are known to be for supporting new oil & gas exploration, production or new pipeline transportation projects in the *Arctic Circle.*
- *Hydraulic Fracturing (Fracking)*
  - We will not provide *financing* to *Clients materially engaged in Fracking* activities in the UK and Europe.
- *Oil Sands*
  - We will not provide *financing* to *Oil Sands exploration and production companies.*
  - We will not provide general corporate purposes financing that is specified as being wholly or primarily for the construction of new: (i) *Oil Sands* exploration, production and/or *Oil Sands processing* assets; or (ii) *Oil Sands pipelines*.

From **30 June 2024** the following restrictions on business appetite will apply:

- We will not provide *financing* to *Energy Groups* whose aggregate share of production in *Oil Sands*, *Extra Heavy Oil*, *Hydraulic Fracturing* in the UK/EU, and *Arctic Circle* oil & gas exceeds 20% of their total oil & gas production.
- We will not provide *financing* to *Clients engaged in* exploration, appraisal, development, and production of oil & gas in the *Amazon Biome*.

See "Applicability of Financing Restrictions below" for further detail on how restrictions will be applied.

Thermal Coal

Thermal Coal Mining

Project Level

As at the date of this statement, restrictions on business appetite are as follows:

- No *project finance* for greenfield development or *material expansion* of *thermal coal* mines anywhere in the world, including *captives.*
- No *project finance* for development of infrastructure projects primarily to be used for *thermal coal* mines anywhere in the world.

Entity Level

As at the date of this statement, restrictions on business appetite are as follows:

- No *financing* to *new clients* engaged in *thermal coal* mining.
- No general corporate purpose financing that is specified as being for new or *material expansion* of *thermal coal* mining.
- No *financing* to existing *clients* that generate more than 30% of revenues from *thermal coal* mining.
- No general corporate purposes *financing* to *clients* with entities *engaged in* opening new *thermal coal* mines or *material expansion* of existing *thermal coal* mines, unless an undertaking is received from the borrower or we are otherwise satisfied that the proceeds of such *financing* will not be made available to entities *engaged in* opening new *thermal coal* mines or *material expansion* of existing *thermal coal* mines.

By **1 January 2030**:

- For EU and OECD, we will phase out *financing* to all *clients engaged in thermal coal* mining.
- For the rest of the world, we will no longer provide *financing* to *clients* that generate more than 10% of revenue from *thermal coal* mining.

By **1 January 2035**, we will phase out *financing* for all *clients engaged in thermal coal* mining.

General exceptions

General exceptions apply to our *thermal coal* mining policy in the following circumstances:

- In relation to any transition finance provided by Barclays to *clients* reducing their *thermal coal* portfolio including retrofitting of existing facilities.

Thermal Coal Power

Project Level

As at the date of this statement, restrictions on business appetite are as follows:

- No *project finance* to enable the construction or *material expansion* of *thermal coal*-fired power plants anywhere in the world, including *captives*.

Entity Level

As at the date of this statement, restrictions on business appetite are as follows:

- No general corporate purpose *financing* that is specified as being for new or *material expansion* of *thermal coal*-fired power plants.
- No *financing* to *clients* that generate more than 50% of revenue from *thermal coal*-fired power generation.
- No general corporate purposes *financing* to *clients* with entities *engaged in* developing new *thermal coal*-fired power plants or *material expansion* of existing *thermal coal*-fired power plants, unless an undertaking is received from the borrower, or we are otherwise satisfied that the proceeds of such *financing* will not be made available to entities *engaged* in developing new *thermal coal*-fired power plants or *material expansion* of existing *thermal coal*-fired power plants.

By **1 January 2025**, we will no longer provide *financing* to *clients* that generate more than 30% of revenue from *thermal coal*-fired power generation.

By **1 January 2030**:

- For EU and OECD, we will phase out *financing* to *clients engaged in thermal coal*-fired power generation.
- For rest of the world, we will no longer provide *financing* to *clients* that generate more than 10% of revenue from *thermal coal*-fired power generation.

By **1 January 2035**, we will phase out financing for all *clients* engaged in *thermal coal*-fired power generation.

Exceptions to the phase out date(s) for *thermal coal*-fired power generation apply if:

- Remaining *thermal coal*-fired power plants are abated to reduce GHG emissions to near zero; OR
- Remaining *thermal coal*-fired power plants solely utilised as backup to low carbon power supply; OR
- Remaining *thermal coal*-fired power plants are required to remain open by operation of law, regulation or contract.

General exceptions

General exceptions apply to our *thermal coal* power policy in the following circumstances:

- In relation to any transition finance provided by Barclays to *clients* reducing their *thermal coal* portfolio including retrofitting of existing facilities;
- Where Barclays is providing *financing* for decommissioning plants for those unable to transition.

Mountain Top Removal (MTR) Coal Mining

As at the date of this statement, restrictions on business appetite are as follows:

- Barclays will not *directly finance* projects or developments using *MTR* coal mining.

Biomass

From **30 June 2024**, we will conduct EDD on *Groups* that have >500MW installed *Biomass* capacity AND/OR >50% of their total installed capacity as *Biomass*.

Approach to EDD

We conduct EDD on a case-by-case basis on *Groups* in scope of this Statement. This approach is risk based and *Groups* are analysed against specific environmental and social risk considerations in addition to the above requirements which include, but are not limited to:

i. The *Group's* adherence to the Equator Principles (if a *project finance* or credit transaction is deemed to be in scope) including, where appropriate, any relevant International Finance Corporation (IFC) performance standards;
ii. The *Group's* adherence to local and national environmental regulation and standards and industry best practice;
iii. The *Group's* management and implementation of procedures which minimise direct environmental impacts in the context of their operations;
iv. The *Group's* disclosures in relation to corporate governance and oversight of climate change issues and associated corporate risks, including disclosure against principles such as the Financial Stability Board (FSB) Taskforce on Climate-related Financial Disclosures (TCFD) and appropriate transition plans;
v. The *Group's* approach to and track record in protecting the health and safety of the workforce and local communities;
vi. The *Group's* approach to stakeholder engagement and consultation, including its commitment and adherence to the principles of Free Prior Informed Consent (FPIC) where indigenous peoples may be impacted by their operations;
vii. The *Group's* approach to identifying and addressing its human rights impacts, including through due diligence.

Additional EDD questions will vary by sector, for instance, in addition to the EDD criteria outlined above, for *Biomass*, this process will also consider the sustainable sourcing of feedstock.

External technical input may be obtained to assist the business in reviewing and assessing whether certain *Group* activities meet our internal EDD criteria, or where there is uncertainty as to whether a certain activity is within scope of our EDD criteria. Barclays will continue to align its approach to sensitive sectors with developments in government and public policy.

In order to assist and enhance the EDD process, we operate a mandatory training programme for relevant colleagues.

Applicability of financing restrictions

In relation to new restrictions which apply from the date of this statement, whilst we intend to begin applying them from this date, it will take us some time to fully implement the internal systems and controls necessary to apply these restrictions (which we aim to have established by 30 June 2024). Accordingly, there may be transactions that are not identified during this period or, at the point in time at which a transaction is identified, Barclays determines it would be commercially unreasonable not to proceed with the transaction.

Any existing commitments or *financing* entered into prior to any of the restrictions coming into effect under the Upstream Oil & Gas and Unconventional Oil & Gas sections of this statement may remain in place (but refinancings of any such commitments or financing shall be subject to the restrictions described above).

In certain cases, we may enter into *Sustainable Finance or Transition Finance Transactions* with an entity in a *Group* that would otherwise be restricted as a result of the application of the Upstream Oil & Gas section of this statement where Barclays is satisfied that any *Sustainable Finance or Transition Finance Transactions* provided to it will not be used directly to support oil & gas activity.

Disclosures

We intend to disclose in our annual reporting, subject to maintaining client confidentiality, the following:

- Client Transition Review Forum composition and governance (in Annual Report 2023)
- In relation to the *CTF* assessments in the Energy Sector, the *CTF* analysis of outcomes by client count and lending limits, for the relevant financial year
- The combined number and aggregate value of exceptions granted for the relevant financial year to:
    - *Non-diversified Groups* under the "Non-diversified Groups restrictions" above (for financial years starting on or after 1 January 2025), and
    - *Energy Groups* we have provided financing to which have a near term Scope 1 and 2 emissions reduction target (absolute or intensity-based) date falling after 2030 and where exceptions have been approved by Barclays Group Sustainability Committee (for financial years starting on or after 1 January 2026).

Governance

This statement will be reviewed annually by the Barclays Group Sustainability Committee. Any revisions are approved by the Head of Public Policy & Corporate Responsibility and any material changes of strategy or policy are referred to the Board Sustainability Committee. This statement is also noted by the Group Executive Committee.

Referral and escalation procedure

Where *Groups* are assessed as higher risk following either an enhanced due diligence review or following a CTRF assessment they will be considered for escalation to the appropriate business review committee for consideration and a decision on whether to proceed if transaction related.

Should the issues be assessed as presenting material reputational risk they would be escalated to the Group Reputation Risk Committee, which comprises members of the Group Executive Committee.

Third party data

To the extent this statement requires the assessment of a *client* or *Group's* activities, production information, revenue, or other financial information including but not limited to information in relation to clients' transition or decarbonisation plans, we rely primarily on publicly available information or information provided by third party data providers (including aggregators of public data). We note, however, that such data/information can be challenging to obtain, verify and assess. Where data is not available or is not of a reliably high quality, this may impact our ability to apply restrictions and other provisions set out in this statement. Barclays shall have no liability for any errors or omissions in connection with any third-party data which it relies on and considers to be credible.

Key Definitions

Term	***Definition***
Amazon Biome	Refers to the world's largest rainforest, covering 6.7 million km^2 across nine countries (Brazil, Bolivia, Peru, Ecuador, Colombia, Venezuela, Guyana, French Guiana, Suriname). The boundary of the Amazon Biome is defined by the Amazon Network of Georeferenced Socio-Environmental Information (RAISG) as the area formed by: i) the limits of the Amazon biome in Colombia and Venezuela; ii) the limits of the Amazon basin in Ecuador, Perú and Bolivia; iii) the sum of the limits of the basins (Amazonas and Araguaia/Tocantins) and the limits of the administrative Legal Amazon in Brazil; and iv) the whole continental territories of Guyana, French Guyana and Suriname. For further information visit: www3.socioambiental.org/geo/RAISGMapaOnline/
Arctic Circle	Refers to the area within the Arctic Circle, which is subject to sea ice, the Arctic National Wildlife Refuge (ANWR) and Coastal Plains.
Biomass	Refers to energy production from biomass and biogas power plants, which includes the thermal combustion of organic energy sources, including energy crops and woody biomass.
Captives	In relation to Thermal Coal Power, captives refers to *thermal coal* power plants used and managed with the primary purpose of providing power to an industrial or commercial energy user, for their own use. In relation to Thermal Coal Power, captives refers to *thermal coal*-fired power plants used and managed with the primary purpose of providing power to an industrial or commercial energy user, for their own use. In relation to Thermal Coal Mining, captives refers to *thermal coal* mines dedicated to providing *thermal coal* for captive *thermal coal*-fired power plants.
Client Transition Framework (CTF)	Refers to a tool developed by Barclays designed to support our evaluation of our corporate clients' current and expected future progress as they transition to a low-carbon business model.
Client(s)	Means in relation to any proposed transaction the client entity (or entities) entering into the transaction. Any restrictions relating to the % revenue generated by such clients from *thermal coal* activities applies to the consolidated revenues of the entity being financed, whether transacting with a Group parent, subsidiary or joint venture.
Directly finance or direct financing	Refers to *financing* where the use of proceeds is known to be for a particular project.
Energy Group(s)	*Groups* that have over 20% revenue from upstream oil & gas activities (i.e., exploration, development and production) and/or *Groups* that are considered to be supermajor or major integrated oil & gas companies.
Engaged in	In relation to Thermal Coal Mining and Thermal Coal Power, a *client* is defined as “engaged in” if it generates more than 5% of its revenues from the activity. In relation to Amazon Oil & Gas, a *client* is defined as “engaged in” if

	more than 5% of its expenditure (CAPEX and OPEX) are on oil & gas projects in the Amazon Biome.
Expansion	Refers to any upstream oil & gas projects with a final investment decision (or equivalent) after 31 December 2021. This includes, but is not limited to, exploration, development, and production.
Extra Heavy Oil	Refers to Crude Oil with an API gravity of less than 15°.
Finance or financing	Refers to all primary financing activity through lending (including *reserve-based lending agreements*), underwriting, arranging and/or distribution of debt or equity, as well as trade and working capital finance and excludes, without limitation, any debt or securities traded or placed through secondary market activity. Barclays may occasionally continue to be involved in primary financing activity for distressed entities such as (without limitation) debt for equity swaps and other recapitalisation activities. When undertaking such activity, Barclays has a responsibility to minimise losses and will look to deploy possible financing options to manage distressed positions and/or maximise recoveries where it is a liability holder. Such financing arrangements are not typically for the purposes of funding the ongoing operational activity of the distressed entity. Accordingly, any such activity is excluded from the definition of financing.
Group(s)	In relation to any entity, the relevant parent company and its consolidated subsidiaries, as a whole.
Hydraulic Fracturing (Fracking)	Refers to an oil & gas well development technique, using a high-pressure injection of liquid into the rock, which creates fracturing and allows natural gas and oil to flow more freely.
Long-lead expansion	Refers to long-lead time upstream oil & gas projects with a final investment decision (or equivalent) after 31 December 2021. The includes, but is not limited to, exploration, development, and production[1].
Material expansion	In relation to Thermal Coal Mining, refers to an increase in annual tonnage of *thermal coal* extracted from existing *thermal coal* mines, including captives, by more than 20%, measured from a baseline of maximum p.a. tonnage for preceding 3 years reported. In relation to Thermal Coal Power, production refers to an investment to (i) extend the unabated operating lifetime of existing *thermal coal* power plants including captives or (ii) increase net operational thermal power capacity, including captives, by more than 10% measure from a baseline of maximum capacity for preceding 3 years reported. Material expansion in such cases relates to absolute global increases rather than increases for an entity or Group as a result of mergers or acquisitions.
Materially engaged in – Arctic Circle	For Arctic Circle, Groups are defined as "materially engaged in" if they have over 20% revenue from oil & gas activities in the Arctic Circle or

[1] *This definition is informed by the IEA Net Zero Roadmap, 2023 update which highlights that the decline in fossil fuel demand in the IEA NZE Scenario means that no new long-lead time oil & gas projects are approved for development. It also notes that investment in existing fossil fuel supply projects is still needed in the NZE Scenario to ensure that supply does not fall faster than the decline in demand. This includes the use of in-fill drilling and improved management of reservoirs as well as some enhanced oil recovery and tight oil drilling to avoid a sudden near-term drop in supply.*

	have approved capital investment for new exploration and production or new pipeline transportation of oil & gas within the Arctic Circle.
Materially engaged in – Fracking	For Hydraulic Fracturing, Groups are defined as "materially engaged in" if they have over 20% revenue from Fracking activities in the UK and Europe.
Mountain Top Removal (MTR) coal mining	Refers to surface coal mining (and the associated reclamation operations) that remove entire coal seams running through the upper fraction of a mountain, ridge, or hill, by removing all of the overburden and creating a level plateau or gently rolling contour with no high-walls remaining – as defined by the Surface Mining Control & Reclamation Act (SMCRA 1977), available at www.gpo.gov/fdsys/pkg/CFR-2012-title30-vol3/pdf/CFR-2012-title30-vol3- sec716-3.pdf
Near-term	2030 or such other near-term target as approved by exception by Barclays Group Sustainability Committee.
New client(s)	Refers to an entity in relation to whom no member of the Group is an existing client of Barclays.
Non-diversified Groups	Refers to non-state-owned *Energy Groups* that generate almost all of their revenues from upstream oil & gas activities (i.e., exploration, development and production).
Oil Sands	Refers to naturally occurring deposits of water and clay, containing a heavy, viscous oil called bitumen.
Oil Sands exploration and production companies	Refers to *Groups* that majority own (>50%) or operate oil sands exploration, production & *Oil Sands processing* assets, excluding those that generate less than 10% of revenue from these activities.
Oil Sands pipelines	Refers to pipelines whose primary use is for the transportation of crude oil extracted from oil sands.
Oil Sands processing	Refers to Canadian oil sands *clients* that process and upgrade extracted oil sands bitumen in situ only.
Project Finance	Refers to transactions that are a form of loan financing originated by Barclays (either as an agent or as part of a syndicate) where the repayment depends primarily on the project's cash flow and on the collateral value of the project's assets. Project Finance excludes corporate level asset financing.
Reserve-based lending agreement	Refers to a type of asset-based lending whereby a loan is secured by collateral. Reserved-based lending is commonly used in the oil & gas sector, where such loans are secured by an oil & gas field or a portfolio of undeveloped or developed and producing oil & gas assets – known as the borrowing base. These facilities are typically multi-banked, and the asset base is approved subject to majority lender consent.
Sustainable Finance or Transition Finance Transactions	Refers to transactions that qualify under Barclays' Sustainable Finance Framework or Transition Finance Framework as amended from time to time.
Thermal Coal	Thermal coal (also known as steam coal) are grades of coal used for power and heat generation. These typically include lignite and sub-bituminous grades of coal.
Ultra-Deep Water	Refers to waters where the water depth is 1,500 metres or more.