

Barclays Bank PLC

PROGRAMMATIC POST-ISSUANCE VERIFICATION LETTER

LOW CARBON BUILDINGS, LOW CARBON TRANSPORT, MARINE RENEWABLE ENERGY, SOLAR ENERGY, WIND ENERGY CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: April-June 2023

Approved verifier: Sustainalytics

Contact address for engagement: De Entree 35-37 – 1101 BH, P.O. Box 22703 – 1100 DE, Amsterdam, The Netherlands

Post-Issuance Engagement Leader:

Lea Muething, lea.muething@morningstar.com, (+44) 20 3107 0137

Post-Issuance Engagement Support:

Anchal Verma, anchal.verma@morningstar.com

Abhishek Pruseth, abhishek.pruseth@morningstar.com

Scope and Objectives

Throughout 2021 and 2022, Barclays Bank PLC (“Barclays” or the “Bank”) issued Green Structured Notes (GSN) and European Commercial Paper (ECP), referred to as the “Green Instruments”, certified under various criteria of the Climate Bonds Standard Version 3.0, aimed at financing or refinancing low-carbon buildings, renewable energy generation projects and clean transportation in the UK and India. In March 2023, Barclays engaged Sustainalytics to review the assets financed with proceeds¹ from the Green Instruments (the “Nominated Assets”) and provide an assessment as to whether they met the Post-Issuance Requirements and Low Carbon Buildings,² Low Carbon Transport,³ Marine Renewable Energy,⁴ Solar Energy⁵ and Wind Energy⁶ criteria of the Climate Bonds Standard Version 3.0.⁷

The Nominated Assets include:

- Low Carbon Buildings
 - Energy-efficient residential buildings in the UK that are among the top 15% of buildings in terms of carbon intensity.
- Low Carbon Transport
 - Electric vehicles
- Marine Renewable Energy
 - Generation of electricity from offshore wind power
- Solar Energy
 - Generation of electricity from solar power
- Wind Energy
 - Generation of electricity from onshore wind power

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

¹ Sustainalytics notes that the verification exercise is limited to the use of proceeds component of such instruments.

² Climate Bonds Initiative, “Buildings Criteria”, (2020), at:

https://www.climatebonds.net/files/files/standards/Buildings/Low%20Carbon%20Building%20Criteria_V_1_1_July2020.pdf

³ Climate Bonds Initiative, “Land Transport Criteria”, (2020), at:

https://www.climatebonds.net/files/files/standards/Land%20transport/CBI%20Transport%20Criteria%20document_Jan2020%281%29.pdf

⁴ Climate Bonds Initiative, “The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard”, (2020), at:

https://www.climatebonds.net/files/files/standards/Marine%20Renewable/Criteria%20Marine%20Renewables_Criteria_V1_2_Jul2020_Final.pdf

⁵ Climate Bonds Initiative, “Sector Criteria for Solar”, at: https://www.climatebonds.net/files/files/standards/Solar/Sector%20Criteria%20-%20Solar%20v2_1.pdf

⁶ Climate Bonds Initiative, “Wind Sector Eligibility Criteria of the Climate Bonds Standard”, (2020), at:

https://www.climatebonds.net/files/files/Sector%20Criteria%20-%20Wind%20v1_2_28September2020.pdf

⁷ Climate Bonds Initiative, “Climate Bonds Standard Version 3.0”, (2019), at: <https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf>

Post-Issuance Evaluation Criteria

Post-Issuance Requirements of the Climate Bonds Standard Version 3.0:

- Use of Proceeds
- Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

Issuing Entity's Responsibility

Barclays is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, 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 Instruments, issued to finance the Nominated Assets, and provided an independent opinion informing Barclays as to the conformance of the Green Instruments with the Post-Issuance Requirements and Buildings, Low Carbon Transport, Marine Renewable Energy, Solar Energy and Wind Energy criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Barclays with respect to the Nominated Assets. 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 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 the assessment of the bond.

Verifier's Responsibility

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000) – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The work undertaken as part of this engagement included conversations with relevant Barclays employees and review of relevant documentation to assess the conformance of Barclays' Green Instruments with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.

Exceptions

No exceptions were identified. All projects and assets aligned with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0 and were in conformance with the Low Carbon Buildings, Low Carbon Transport, Marine Renewable Energy, Solar Energy and Wind Energy 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 allocation of GBP 383 million from Barclays' Green Instruments is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

Schedule 1: Detailed Overview of Nominated Projects and Assets

Allocation Details of the Nominated Projects & Assets are provided below as of February 28, 2023:

| Asset Type | Eligible Green Assets | Allocation Amount (GBP) |
|-------------------------|-----------------------|--------------------------------|
| Low Carbon Buildings | Residential buildings | 29,315,089 |
| | | 78,811,040 |
| Low Carbon Transport | Electric cars | 1,580,679 |
| Marine Renewable Energy | Offshore wind | 55,911,979 |
| | | 43,832,898 |
| | | 13,522,322 |
| | | 65,905,930 |
| | | 40,330,241 |
| | | 17,075,112 |
| Solar Energy | Solar photovoltaic | 34,087,222 |
| | Solar photovoltaic | 3,498,754 |
| Wind Energy | Onshore wind | |
| Total | | 383,871,267⁸ |

Further Details of the Nominated Low Carbon Buildings Projects and Assets are provided below:

| | Residential Building 1 | Residential Building 2 | Total |
|--|--|--|--------------------|
| Project Type | New Build | Acquisition | |
| Country | United Kingdom | United Kingdom | |
| Gross Building Area (m²) | 19,407 | 49,584 | |
| Number of Units | 360 | 637 | |
| Electricity Consumption (kgCO_{2e}/m²) | 14.91 | 9.9 | |
| CBI Low-Carbon Building Criteria | Top 15% Performance based on Emissions Intensity in the local regional context | Top 15% Performance based on Emissions Intensity in the local regional context | |
| Allocated Amount (GBP) | 29,315,089 | 78,811,040 | 108,126,129 |

⁸ Sustainalytics notes that the Barclays Green Issuance Framework July 2021 states that assets already utilized by Barclays as collateral in any existing external funding transaction will not be selected as eligible assets. Sustainalytics further notes that, as of 28 February 2023, Barclays had included GBP 103.5 million of the total eligible green assets in retained securitization notes. GBP 25.2 million of these securitized notes were posted externally as collateral and were, hence, utilized as collateral and part of the eligible asset pool at the same time. Barclays has confirmed that the retained securitization notes were not labelled as green, social or sustainable (GSS) instruments and that all eligible green assets have been removed from retained securitizations temporarily pending further review. Barclays will inform investors and other stakeholder groups accordingly in case it plans to re-include the green assets in securitizations.

Further Details of the Nominated Low Carbon Transport Projects and Assets are provided below:

| Project Type Financed | Loan Total (GBP) | Number of Cars |
|--------------------------------|------------------|----------------|
| Electric Vehicles ⁹ | 1,580,679 | 44 |

Further Details of the Nominated Renewable Energy Projects and Assets are provided below:

| | Technology | Country | Generation Capacity (MW) | Allocation Amount (GBP) |
|------------------|--------------------|----------------|--------------------------|-------------------------|
| Project 1 | Solar photovoltaic | United Kingdom | 566 | 34,087,222 |
| Project 2 | Solar photovoltaic | India | 910 | 3,498,754 |
| Project 3 | Wind (onshore) | India | 762 | |
| Project 4 | Wind (offshore) | United Kingdom | 1,200 | 55,911,979 |
| Project 5 | | | 1,200 | 43,832,898 |
| Project 6 | | | 1,200 | 13,522,322 |
| Project 7 | | | 1,140 | 65,905,930 |
| Project 8 | | | 448 | 40,330,241 |
| Project 9 | | | 142 | 17,075,112 |
| Total | | | | 274,164,459 |

Details on the Green Instruments:

| Type | Note ISIN | Note Issue Date | Maturity Date | CCY | Notional CCY | Notional GBP |
|----------------------------|--------------|-----------------|---------------|------------|--------------|--------------------|
| GSN (Equity) ¹⁰ | XS2315553078 | 20/12/2021 | 27/12/2028 | USD | 2,236,000 | 1,691,313 |
| | XS2316643860 | 17/02/2022 | 24/02/2025 | USD | 574,000 | 421,297 |
| | XS2316664783 | 17/02/2022 | 24/02/2025 | EUR | 2,846,000 | 2,374,595 |
| | XS2320894152 | 08/12/2021 | 08/12/2026 | EUR | 15,000,000 | 12,858,980 |
| | XS2326914509 | 21/02/2022 | 21/02/2029 | GBP | 252,340 | 252,340 |
| | XS2338720167 | 17/02/2022 | 18/02/2027 | USD | 1,769,000 | 1,298,387 |
| | XS2345447721 | 07/02/2022 | 08/02/2027 | EUR | 30,000,000 | 25,364,187 |
| | XS2345477470 | 09/02/2022 | 10/02/2025 | EUR | 2,000,000 | 1,687,365 |
| | XS2377613836 | 14/07/2022 | 14/07/2025 | GBP | 5,000,000 | 5,000,000 |
| XS2377613919 | 14/07/2022 | 14/07/2025 | GBP | 10,000,000 | 10,000,000 | |
| GSN (Other) ¹¹ | XS2409676934 | 30/11/2022 | 30/11/2028 | EUR | 29,273,000 | 25,261,428 |
| ECP | XS2486861979 | 25/05/2022 | 24/05/2023 | USD | 170,000,000 | 135,307,227 |
| Total | | | | | | 221,517,119 |

⁹ Barclays has confidentially shared with Sustainalytics the list of fully electric passenger vehicles that were financed under the Framework.

¹⁰ Instruments where pay-offs are equity-linked. Sustainalytics 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.

¹¹ Instruments where pay-offs are rates-linked. Sustainalytics 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.

Schedule 2A: Post-Issuance Requirements of the Climate Bonds Standard

| | |
|--|---|
| <p>Use of Proceeds</p> | <p>5.1 The Net Proceeds of the Bond shall be allocated to the Nominated Projects & Assets.</p> <p>5.2 All Nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per Clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.</p> <p>5.4 Nominated Projects & Assets shall not be 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) unless it is demonstrated by the Issuer that:</p> <p>5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments; or</p> <p>5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</p> <p>5.5 Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.</p> <p>5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.</p> <p>5.7 The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 Additional Nominated Projects & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond's objective as set out in Clause 6.1.1.</p> <p>5.8.1. Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier's Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.</p> |
| <p>Process for Evaluation and Selection of Projects & Assets</p> | <p>6.1 The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p> <p>6.1.1. A statement on the climate-related objectives of the Bond;</p> <p>6.1.2. How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3. The Issuer's rationale for issuing the Bond;</p> |

| | |
|---------------------------|---|
| | <p>6.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;</p> <p>6.1.5. Other information provided by the Issuer as described in Clause 2.2</p> |
| Management of Proceeds | <p>7.1 The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.</p> <p>7.2 The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3</p> <p>7.3 While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets. Pending such allocations to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be:</p> <p>7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> <p>7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</p> <p>7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.</p> |
| Reporting – Post-issuance | <p>8.1 The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.</p> <p>8.1.2. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board.</p> <p>8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments.</p> |

Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

| Evaluation Criteria | Factual Findings | Error or Exceptions Identified |
|---|---|--------------------------------|
| Use of Proceeds | <p>5.1 A list of Nominated Projects & Assets is provided in Schedule 1.</p> <p>5.2 The Nominated Projects & Assets meet the documented objectives of the finance and are in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Net Proceeds have been allocated to Nominated Projects & Assets upon the issuance of the Bond.</p> <p>5.4 Barclays has confirmed that the Nominated Projects & Assets 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>5.5 Barclays has confirmed that it has tracked the share of the Net Proceeds used for financing and refinancing.</p> <p>5.6 Barclays' Green Bond Framework documents that the Net Proceeds are tracked following a formal internal process.</p> <p>5.7 Barclays has confirmed that the Net Proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 N/A</p> <p>5.8.1 N/A</p> | None |
| Process for Evaluation and Selection of Projects & Assets | <p>6.1 Barclays' Green Bond Framework documents a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets.¹² This includes, without limitation:</p> <p>6.1.1 A statement on the climate-related objectives of the financing;</p> <p>6.1.2 How the climate-related objectives of the financing are positioned within, the context of the Barclays's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3 Barclays' rationale for issuing the bond;</p> <p>6.1.4 A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in the Climate Bonds Standard;</p> <p>6.1.5 Other information provided by Barclays as described in Clause 2.2¹³</p> | None |

¹² Barclays has listed their decision-making process to evaluate and select the eligible projects as per the Framework's eligibility criteria in their 2021 Green Issuance Framework.

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>

¹³ Barclays has established an ESG governance forum comprised of senior representatives from the Bank's sustainability and ESG functions, representatives from business lines that manage the eligible assets and the respective notes programmed, and representatives of the compliance and legal teams. The ESG governance forum is responsible for considering material risks and potential mitigants along with environmental and social impacts associated with the eligible assets. This process is identified in Barclays Green & Social Notes Framework 2023 and is also applicable to the issuances identified in this report.

| | | |
|----------------------------------|---|-------------|
| <p>Management of Proceeds</p> | <p>7.1 Barclays confirmed that Net Proceeds of the bond were credited to a sub-account, moved to a sub-portfolio or otherwise identified by Barclays in an appropriate manner, and documented.¹⁴</p> <p>7.2 Barclays has confirmed that it maintained an earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets.</p> <p>7.3 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.</p> | <p>None</p> |
| <p>Reporting – Post-issuance</p> | <p>8.1. Barclays is committed to preparing an Update Report at least annually while the financing remains outstanding.¹⁵</p> <p>8.1.2. The Update Report will be made available to the lenders and to the Climate Bonds Standard Board.</p> <p>8.1.3. Barclays will provide an Update Report to the lenders on a timely basis in case of material developments.</p> | <p>None</p> |

¹⁴ Barclays has provided its process to allocate and manage the use of proceeds in its 2021 Green Issuance Framework. 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>

¹⁵ Barclays has committed to annually reporting on the allocation and impact reporting of the use of proceeds in a public Green Issuance Report in their 2021 Green Issuance Framework. 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>

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