

Mr. C.S. Venkatakrishnan
Group Chief Executive
Barclays Plc
1 Churchill Place
London
E14 5HP

Thursday 8 December 2022

Dear Mr. Venkatakrishnan,

I am writing to share ShareAction's 2022 banking survey '**In Planetary Debt. An Assessment of the 25 largest European banks' biodiversity and climate strategies**'. We are extremely grateful for your contribution to our report and for all the positive engagement we have had this year with Barclays.

With COP27 now behind us and little progress made, we need the financial sector to lead the way if we are to reach the Paris climate goal net-zero by 2050. Banks have the opportunity to play a critical role by reducing the financing of harmful activities and increasing the finance to low-carbon alternatives. The report assesses the themes critical to achieving net zero by 2050 and ranked banks based on the performance of their policies. We also highlight leading practice and call out banks whose policies are falling behind their peers.

Our research shows that Europe's largest banks are not yet doing enough to address the twin crises of climate change and biodiversity loss. This exposes banks to risks which pose a serious threat to future revenue and reputation, as well as posing material risks to our planet and everyone on it. While we recognise that the turbulent economic and political environment this year has created challenges, we urge banks to urgently strengthen their climate change and biodiversity policies.

Based on our analysis, your organisation ranked fifth with an overall score of 50% which is equivalent to a B rating band. The climate change section of our questionnaire accounting for two-thirds of the marks. Barclays scored 55% and 38% of the points in the climate section and the biodiversity section, respectively. We would like to commend Barclays for featuring in three Leading Practice case studies, which focus on the breadth of Barclays' high-carbon disclosures, the inclusion of capital markets activities in its sector targets, and the clear disclosures that support its green finance target.

To support you with identifying priorities for 2023, we have outlined three key asks for climate change and one key ask for biodiversity for Barclays which will be the focus of our engagement next year:

- Set a 2030 overarching target to reflect its fair share of absolute emissions reduction across all activities.
- Update its oil and gas policy by (1) Publishing a plan by end 2023 at the latest to restrict financing for new oil & gas. This should include excluding asset financing to new oil & gas fields, new upstream oil & gas projects and unconventional oil & gas projects including related infrastructure such as pipelines, as well as a plan to restrict financing for new oil and gas at the corporate level. This can take the form of a commitment to require clients to publish transition plans by a specific

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date, setting out red lines for it and specifying that these plans must prohibit the development of new oil & gas fields. (2) Updating its unconventional oil and gas policies, with a key focus on fracking and oil sands, across key pillars (asset-level restrictions for fracking and oil sands projects and related infrastructure; financing conditions for companies that are highly dependent on fracking and oil sands; phase out commitment) and apply any financing restrictions to assets and companies regardless of their geographical location.

- Provide additional disclosures on how it ensures that the climate-related lobbying positions of any trade associations it is a member are in line with the Paris agreement, by publicly disclosing areas of misalignment and what actions will be taken by the bank to address these on a regular basis.

Biodiversity loss poses material risks to banks and requires urgent action. We encourage Barclays to prioritise taking action on biodiversity loss with the same urgency as climate change and publish a standalone biodiversity strategy ahead of its 2024 AGM.

We are committed to engaging with and supporting Barclays in the development of its policies and targets, and hope that our constructive dialogue will continue throughout 2023. As a next step, the banking team would appreciate the opportunity to present our report to you in the new year. Leyla Arpaciglu, Engagement Manager (Banks – Climate change and Biodiversity), will be in touch shortly to organise this with you.

I truly wish you and your team a wonderful Christmas break and I'm looking forward to building on our valuable relationship in 2023.

Warm regards,

A handwritten signature in black ink that reads "Catherine Howarth". The signature is written in a cursive, flowing style.

Catherine Howarth
CEO
ShareAction