Mr. Jes Staley

Chief Executive Officer

Barclays Group plc

1 Churchill Place

London

26 April 2021

Dear Mr. Staley,

We are writing to you almost a year after Barclays became the first mainstream bank to set a net-zero ambition. Barclays has taken strong steps to start operationalising its net-zero ambition in the past year. In particular, we welcome the bank's decision to join the Partnership for Carbon Accounting Financials (PCAF), develop a methodology to measure and reduce greenhouse gas emissions that covers its capital markets activities, and set emissions reduction targets for its energy and power & utilities portfolios. We were also pleased to see Barclays's commitment to extend its targets to its 'Cement' and 'Metals' portfolios in 2022.

However, we remain concerned about the bank's exposure to fossil fuel assets, including coal and oil sands. Barclays's 'Climate Change statement[1]', published in April 2020, suggests a gap between the bank's long-term climate ambition and the kind of activity it finances now. According to the Rainforest Action Network, Barclays has increased its financing of the world's top 30 oil sands production companies and five key oil sands pipeline companies by 49% from 2019-2020[2]. The GCEL also identified Barclays as the 5th-largest lender to the coal industry globally (US$13.4 billion), and the 18th-largest underwriter, between October 2018 and October 2020[3].

On Monday 19 April 2021, a group of 35 investors representing $11 trillion in assets, some of which have also signed onto this letter today, published a set of expectations for banks on climate change and called on banks to phase out non-Paris aligned financing[i]. We strongly believe it is in shareholders' and the company's own interests to do so. Decarbonisation across sectors is expected to accelerate with tightening regulations, which increases climate-related risks for banks with high-exposure to the fossil fuel sector. Credit risk needs to be properly priced and reduced by curtailing support for the riskiest activities. Reputational risk arising from Barclays's fossil fuel financing activities also presents a threat to other parts of your business. For example, recent surveys[4] have demonstrated that Barclays's retail client base is largely unaware of these activities and that 12 per cent of customers would be 'very likely' to consider changing banks once presented with information

[1] Barclays (2020). Barclays' position on climate change – April 2020. Available online at: https://home.barclays/society/esg-resource-hub/statements-and-policy-positions/
[2] RAN (2021). Banking on Climate Chaos. Available online at: https://www.ran.org/bankingonclimatechaos2021/
[3] Urgewald (2021). GCEL. Available online at: https://coalexit.org/investments-bank-ct?name=Barclays
[4] Deloitte (2020). Making an impact: ESG factors are a priority for customers when choosing a bank. Available online at: https://www2.deloitte.com/uk/en/pages/press-releases/articles/making-an-impact-esg-factorsarea-priority-for-customers-when-choosing-a-bank.html & Market Forces (2021). Barclays and HSBC at risk of losing three million customers over continued investment in fossil fuels. Available online at: https://www.marketforces.org.au/barclays-and-hsbc-at-risk-of-losing-threemillion-customers-over-continuedinvestment-in-fossil-fuels/

on Barclays's fossil fuel financing track record, with an additional 22 per cent of customers being "fairly likely" to do so.

Schroders' latest Climate Progress Dashboard finds that current levels of fossil fuel production growth are compatible with a 6.1°C global temperature rise[5]. Against this backdrop, the need for Barclays, which was found to be Europe's second largest provider of financing for fossil fuel expansion[6], to align its fossil fuel financing activity with the Paris climate goals is clear.

We therefore request that Barclays:

- Adopts a prohibition on the provision of financial services in connection with new oil sands projects and related infrastructure, such as pipelines, and companies that are highly dependent on oil sands, regardless of their carbon intensity;
- Adopts a prohibition on general corporate financing, underwriting and advisory services to companies that are developing new coal mines and power plants;
- Commits to a clear, time-bound plan to phase out existing exposure to coal and oil sands assets;
- Commits to help clients develop, publish and implement coal and/or oil sands phase-out plans by a specific date and no later than December 2023;
- Provides additional information on the bank's expectations for clients highly exposed to fossil fuels with regards to their transition plans.

We look forward to your response. Please send it to Jeanne Martin, Senior Campaign Manager, Jeanne.martin@shareaction.org

All the best,

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[5] Schroders (2021). Climate Progress Dashboard – navigating risks and opportunities. Available online at: https://www.schroders.com/en/lu/professional-investor/featured/climate-change-dashboard/
[6] RAN (2021). Banking on Climate Chaos. Available online at: https://www.ran.org/bankingonclimatechaos2021/

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Clare Reilley
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[i] IIGCC (2021). Investor expectations for the banking sector. Available online at: https://www.iigcc.org/resource/investor-expectations-for-the-banking-sector/