Task Force on Climate-related Financial Disclosures (TCFD) Report 2025

Barclays Bank PLC – Asset Management Businesses

BARCLAYS

Contents

1.0 – Introduction 3

1.1 – About and scope of report 3

1.2 – Senior managers' compliance statement 5

2.0 – Barclays PLC and Barclays Bank PLC 6

3.0 – Private Bank Discretionary Portfolio Management (DPM) 7

3.1 – Private Bank DPM Governance 7

3.1a – Private Bank DPM: Sustainability-related governance 7

3.2 – Private Bank DPM: Strategy 9

3.2a – Private Bank DPM: Climate-related risks and opportunities 10

3.2b – Private Bank DPM: Scenario analysis 12

3.2bi – Private Bank DPM: Capital market assumptions 12

3.2bii – Private Bank DPM: Asset level analysis 13

3.3 – Private Bank DPM: Collaborative initiatives 15

3.4 – Private Bank DPM: Risk management 16

3.4a – Private Bank DPM: Climate integration in traditional and sustainable strategies 16

3.4b – Private Bank DPM: Principal Adverse Indicators 17

3.4c – Private Bank DPM: Sovereigns 17

3.4d – Private Bank DPM: Investment risk oversight 17

3.4e – Private Bank DPM: Stewardship 18

3.4ei – Private Bank DPM: Example of climate-related stewardship activity 20

3.4eii – Private Bank DPM: Climate-related votes 20

3.4f – Private Bank DPM: Third party funds 20

3.5 – Private Bank DPM: Metrics and targets 21

3.5a – Private Bank DPM: 2024 metrics 22

4.0 – Barclays Investment Managers 25

4.1 – Barclays Investment Managers: Governance 25

4.2 – Barclays Investment Managers: Strategy 26

4.2a – Barclays Investment Managers: ESG integration in products 26

4.3 – Barclays Investment Managers: Investment risk oversight 26

4.4 – Barclays Investment Managers: Metrics and targets 26

4.4a – Barclays Investment Managers: 2024 metrics 27

5.0 – Calculation methodology 29

6.0 – Data limitations 30

7.0 – Principal Investments 31

7.1 – Principal Investments: Introduction 31

7.2 – Principal Investments: Governance 31

7.3 – Principal Investments: Strategy 31

7.4 – Principal Investments: Risk Management 31

7.5 – Principal Investments: Metrics and targets 32

8.0 – Glossary of key terms 33

9.0 – Disclaimers 35

1 – Introduction

1.1 – About

The Financial Conduct Authority (FCA) climate disclosure requirements, as set out in the ESG Sourcebook Chapter 2.2 (the FCA Rules)[1], apply to asset managers, including investment managers, in the UK. The FCA Rules incorporate recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[2] and apply to four business units within the Barclays PLC Group (the 'Group'). The legal entity for three of these business units is Barclays Bank PLC (BBPLC), which is the focus of this report. The fourth business operates from Barclays Investment Solutions Limited (BISL), which is a separate legal entity and BISL has produced its own report.

The investment management activity within BBPLC in scope of the FCA Rules for this report is carried out by (i) Barclays Private Bank Investment Management (Private Bank), the business unit responsible for the Discretionary Portfolio Management (DPM), (ii) Barclays Investment Managers (BIM) and (iii) Principal Investments (PI).

Barclays PLC published a Climate and Sustainability report within its Annual Report 2024[3] including disclosures consistent with the recommendations of the TCFD for the Group as a whole. Where the Barclays PLC Climate and Sustainability report is relevant to this report, we have referred to it rather than duplicate the content.

BBPLC

BBPLC is a wholly owned subsidiary of Barclays PLC and is the non-ring-fenced bank within the Group.

Private Bank and Wealth Management (PBWM), BIM and PI

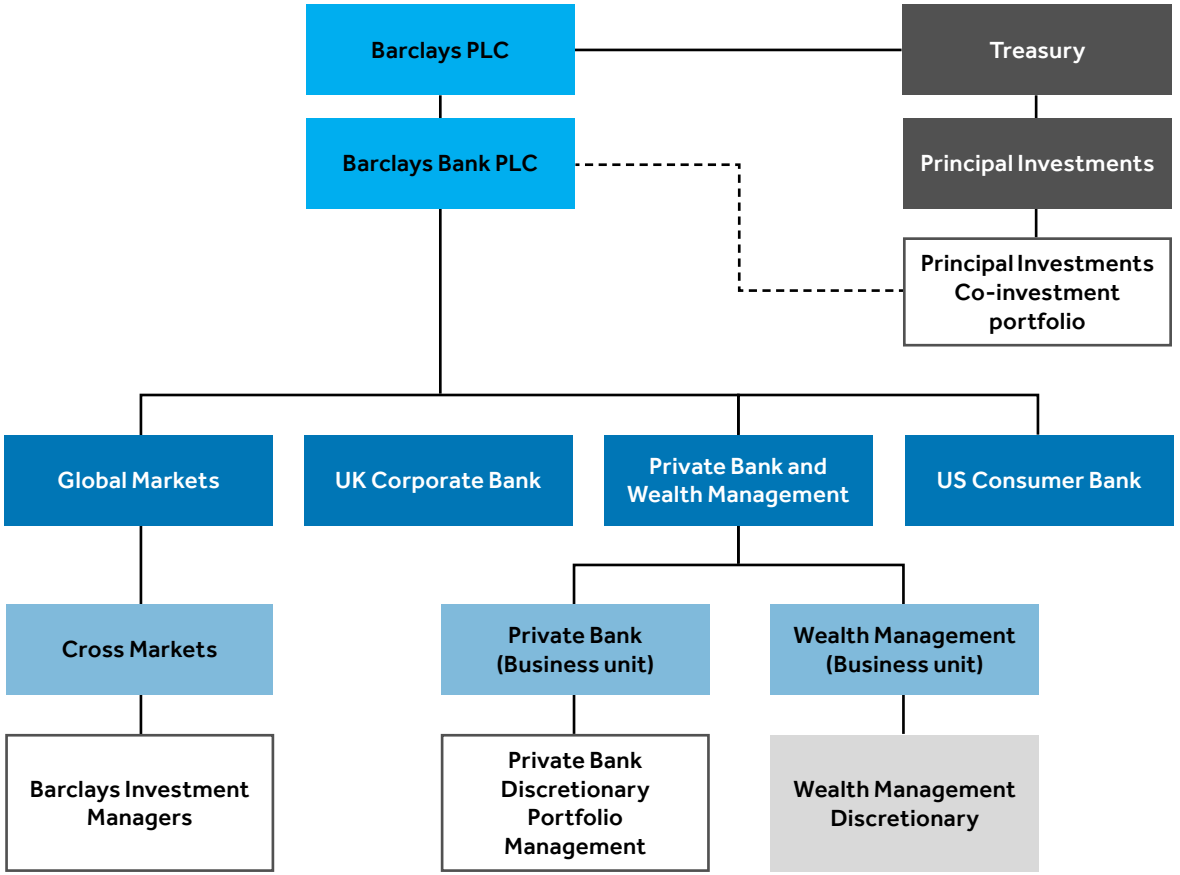
The three asset management businesses of BBPLC service different client bases with distinct mandates:

- DPM UK is within the Private Bank – part of the Private Bank and Wealth Management (PBWM) division, which is one of the five key divisions in the Group structure. The Private Bank provides comprehensive specialist investment, banking, lending and wealth advisory solutions to some of the world's most influential people and their families in the primary global wealth hubs and corridors. Assets under management (AUM) in scope of the FCA Rules for the Private Bank DPM is £14.8bn as of 31 December 2024.
- BIM is a sub-business of Cross Markets within the Global Markets division of the Investment Bank. BIM provides structuring and portfolio management of investment funds and investment mandates that operate with limited discretion (including rules-based methodologies). BIM's AUM in scope of the FCA Rules is £2.6bn as of 31 December 2024.
- PI is within Group Treasury and manages the Group's minority equity investments and, where applicable, any associated co-investments. The AUM in relation to the co-investments as of 31 December 2024 was approximately £273m.

As an asset manager, BISL is in scope of the FCA Rules. However, as BISL is a separate legal entity, a separate BISL TCFD entity report has been published.

[1] Please refer to the FCA Environmental, Social and Governance sourcebook Chapter 2 for further details.
[2] Please see the TCFD and IFRS websites for further details.
[3] Please see the Barclays website.

Organisational structure chart[4]



[4] Condensed organisational structure chart as of 31 December 2024

1.2 – Senior managers' compliance statement

We have considered our obligations under Chapter 2 of the FCA's ESG sourcebook and confirm, in relation to each of the businesses we represent, that the disclosures made in this report, including any third-party or Group disclosures cross-referenced in it, comply with the requirements under that chapter[5]. BBPLC is the legal entity in scope of the FCA Rules and guidance.

This TCFD entity report[6] is separate to the Barclays PLC integrated climate-related financial disclosures – please see the Barclays Annual Report 2024[7] for further details. This report focuses on the climate-related risks and opportunities relating to the investment management activities of Private Bank DPM[8], BIM and PI, and covers the overall assets managed by Private Bank DPM and BIM, and by PI (in relation to the co-investments).

Private Bank DPM, BIM and PI each provide asset management services and leverage, where applicable, policies, procedures and frameworks that are cascaded throughout the Group. There will be instances where specific Group policies will be applied across Private Bank DPM, BIM and PI. Where appropriate, there may be instances where specific business-level policies and procedures are applied by the individual business line.

The reporting period for this report is 1 January 2024 to 31 December 2024. All metrics and data are as of 31 December 2024 unless stated otherwise.

This is the second TCFD report for BBPLC. We will continue enhancing our approach to manage climate-related risks and opportunities. The level of progress varies in each of the businesses in scope of this TCFD report. We have included TCFD-aligned disclosures where it is fair, clear and not misleading for us to do so. Where relevant, we have also explained limitations on our ability to disclose, and the steps being taken to address those limitations.

Jean-Damien Marie
Global Head of Investments, Private Bank and Wealth Management

John-Paul Booth
Global Head of Barclays Investment Managers

Gavin Chapman
Co-Head of Principal Investments

[5] Please refer to the FCA Environmental, Social and Governance sourcebook Chapter 2 for further details.
[6] This report is separate from the Barclays Private Bank DPM, Barclays Wealth Management, BIM and PI client on-demand reports, where requested and required under the FCA ESG Sourcebook.
[7] Please see the Barclays website.
[8] The Private Bank operates businesses in Ireland, the UK, Jersey, Guernsey, Isle of Man, Switzerland, India, Dubai, Monaco and Singapore.

2.0 – Barclays PLC and Barclays Bank PLC

The financial sector has an important role to play in helping to address climate change and the global transition to a lower-carbon economy. Barclays' ambition is to be a net-zero bank by 2050, aligning its financing with the goals and timelines of the Paris Agreement[9], by achieving net-zero operations, reducing its financed emissions and financing the transition – please see the Barclays Annual Report 2024[10] for details.

The climate strategy for Barclays is underpinned by the way it assesses and manages its exposure to climate-related risks. Climate Risk is a Principal Risk within the Barclays Enterprise Risk Management Framework (ERMF). Barclays continues to implement new processes, tools, models and data repository as applicable, whilst also enhancing its existing ones. The Group regularly reviews its approach and practices for alignment with regulatory developments and leading practices for climate risk.

As a subsidiary of Barclays PLC, BBPLC continues to support the Group's commitment to achieve its ambition to be a net-zero bank by 2050, and in 2024 continued to support delivery of the Group climate strategy. However, as asset managers within a banking group, the approaches taken by the Private Bank DPM, BIM and PI differ from the rest of the Group. The climate strategy for each business varies according to its specific capabilities and client mandates, including its approach to setting targets. Please see the specific sections of this report for the approach taken by each business.

BBPLC has a segregated approach in assessing and managing climate-related financial risks and opportunities for the asset management activities in scope of the FCA Rules for each business. Each business unit is responsible for managing its own approach to climate-related financial risks and opportunities. Please see the specific sections in this report for the approach taken to climate-related financial risks and opportunities by each business unit.

Membership of the BBPLC Board is a subset of the Group Board[11]. For further details on the governance of BBPLC, please see the BBPLC Annual Report 2024[12]. Climate-related risks and opportunities are considered within the governance of each business unit and not at a BBPLC level.

Each business unit has its own senior executive and/or management level committees where climate-related matters may be addressed. Please see the specific sections in this report for the governance approach taken to climate-related financial risks and opportunities by each business. Due to the different client bases and mandates for each business, they will each continue with the governance structure in place to manage climate-related matters and will not be seeking to consolidate at a BBPLC level. These governance structures provide escalation paths appropriate for each business area and further oversight at a BBPLC is not required.

As a subsidiary of Barclays PLC, the financial planning process for BBPLC is determined at a Group level. Barclays' 2024 financial planning process included a review of the Group's strategy, implementation and tracking progress on climate-related targets, as well as capturing a view on climate-related risks and opportunities, which aligns with how other risks are managed. Where BBPLC is operating as an asset manager, within the Private Bank DPM, BIM and PI business units, it does not currently incorporate the impact of climate-related risks and opportunities into its business-specific financial planning processes for the AUM in scope of this report.

[9] Please see the United Nations website for further details on the Paris Agreement.
[10] Please see the Barclays website.
[11] Membership of the Barclays PLC and BBPLC Boards is partially consolidated in order to drive efficiency and coordination, whilst also reducing complexity and unnecessary duplication. As a result, membership of the BBPLC Board is a subset of the Barclays PLC Board.
[12] Please the Barclays website.

3.0 - Barclays Private Bank DPM

3.1 – Private Bank DPM: Governance

Several changes occurred in 2024 to enhance our approach to Responsible Investing and climate risk-related governance at PBWM.

The Private Bank and Wealth Management Executive Committee (PBWM ExCo) is the senior executive oversight body within PBWM and replaced the PBWM Management Forum in May 2024. PBWM ExCo comprises the PBWM CEO, the Global Head of Investments PBWM and other senior management. The PBWM ExCo is responsible for setting and ensuring the effective execution of Private Bank DPM's business strategy, inclusive of oversight of its Responsible Investing vision and goals. The PBWM ExCo meets monthly. Climate-related matters were discussed twice at the PBWM ExCo in 2024.

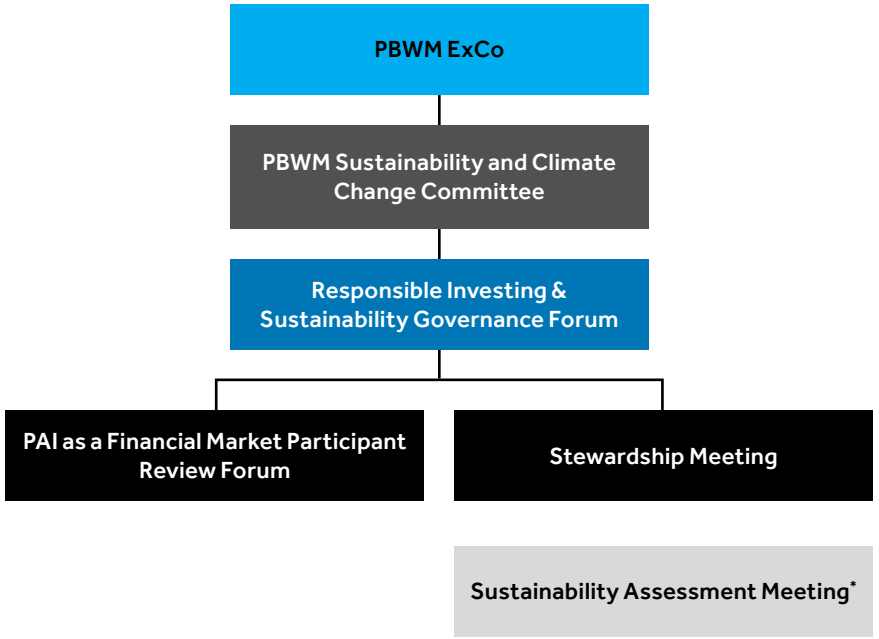
3.1a – Private Bank DPM: Sustainability-related governance

PBWM ExCo has delegated climate change and Responsible Investing related matters to the PBWM Sustainability and Climate Change (SCC) Committee. The SCC Committee was operating from Q3-2024, replacing the PBWM Responsible Investing and Climate Change Forum (RICC)[13]. The SCC Committee is chaired by the Global Head of Investments PBWM, who is also a member of the PBWM ExCo. The SCC Committee allows senior leaders of Private Bank DPM to have oversight and visibility of climate-related matters.

Accountability for all investment management activities, including Responsible Investing and Private Bank DPM, lies with the Global Head of Investments PBWM.

The RICC had three meetings in 2024. Topics discussed included, but were not limited to, climate strategy, stewardship and the review of climate-related metrics. At the SCC Committee, two meetings took place in Q3-2024 and one meeting in Q4-2024. Topics discussed included, but were not limited to, scenario analysis and a review of climate-related metrics.

Table 1 on the following page sets out some of the forums and meetings that manage and oversee sustainable and responsible investment related matters. These meetings all help support Private Bank DPM's governance of climate and sustainability related matters.



*Delegation follows formal reporting lines and does not report into the sustainability governance structure illustrated here. The Sustainability Assessment Meeting has authority to make sustainability decisions at a portfolio and model level.

[13] The RICC was chaired by the Global Head of Investment PBWM. Members included Global Head of Investment Services & Product Management, Investment Strategy, Investment Analytics, senior portfolio managers and members of the Responsible Investing team for the reporting period.

Table 1 – Private Bank DPM Responsible Investing Governance[14]

Name	Purpose	Membership	Meeting frequency
PBWM Sustainability and Climate Change (SCC) Committee	• Advisory Committee for senior management to review, develop and monitor PBWM's sustainability and climate strategies and initiatives. • Recommendations and oversight from the Responsible Investing and Sustainable Governance forum. • Newly created in Q3-2024.	• Chaired by the Global Head of Investments PBWM. Members include the Global Head of Investment Services & Product Management, Investment Strategy, Investment Analytics senior portfolio managers and members of the Responsible Investing team.	Quarterly
PBWM Responsible Investing and Sustainability Governance Forum	• Review, develop and monitor the approach to responsible investing and sustainability. • Escalate to the SCC Committee. • Newly created in Q1-2024.	• Chaired by the Head of Responsible Investing. Members include the Head of International DPM, the Head of Sustainable Portfolio Management, members of the investment team and the Responsible Investing team.	Quarterly
Principal Adverse Impacts (PAI) as a Financial Market Participant (FMP) Review Forum	• Review and assess PAI in the investment decision process. • Escalate to the Responsible Investing and Sustainability Governance Forum and Bank Barclays Bank Ireland PLC (BBI) Private Bank Risk and Control Forum.	• Chaired by the Head of Private BBI DPM. Members include the investment team, Responsible Investing team and the Compliance function.	Quarterly
Sustainability Assessment Meeting (SAM)	• Assess the sustainability of new and existing investments. • Discuss investment stewardship actions related to the sustainability of investments.	• Chaired by the Head of Sustainable Portfolio Management. Participation in SAM includes members of the Multi-Asset DPM and Responsible Investing team.	Weekly
Stewardship Meeting	• Review, develop and monitor the approach to Stewardship.	• Chaired by the Stewardship Lead. Members include the investment team, Responsible Investing team and Legal function.	Quarterly

[14] Table 1 reflects the governance structure as of 31 December 2024.

3.2 - Private Bank DPM: Strategy

At the Private Bank DPM, climate risk considerations are integrated into its approach to Responsible Investing. All the Private Bank DPM strategies seek to deliver competitive investment returns for clients and to create long-term value for stakeholders. Private Bank DPM believes that Responsible Investing helps it achieve this. This is a contributing element in meeting the Private Bank DPM's fiduciary duties towards its clients.

As a long-term investor, Private Bank DPM believes material ESG issues, including climate change, can impact portfolio returns, and so are relevant considerations in managing risk effectively and delivering successful investing outcomes for its clients.

Understanding how businesses are, for example, impacting the environment, engaging with employees and key stakeholders, and practicing good governance, helps the Private Bank DPM assess how well these businesses are positioned, now and for the future. As such, Private Bank DPM believes ESG issues, where material, cannot be separated from investment decisions. Broadly, Private Bank DPM:

- Aims to identify, manage and mitigate ESG risks that could impact the financial or operational performance of a business such that it thinks they may materially impact long-term investment returns.
- Believes ESG risks can also be mitigated and monitored through its stewardship practices.
- Regards Responsible Investing as a contributing element in meeting its fiduciary duties towards its clients.

These beliefs align with Barclays' values of Respect, Integrity, Service, Excellence and Stewardship which apply across Barclays, including to the Private Bank DPM.

More details on the Private Bank DPM's approach to Responsible Investing can be found in the RI Policy[15]. Within the Private Bank DPM due diligence approach, the risks associated with climate change are considered. This is reflected in the ESG integration approaches for the Private Bank DPM strategies.

Private Bank DPM has incorporated climate-related financial risks and opportunities into its assessment of macroeconomic projections and expected asset class risks and returns. This feeds into the strategic asset allocation process[16]. Private Bank DPM is a member of the Institutional Investors Group on Climate Change (IIGCC)[17] and continues to engage and collaborate on approaches to address climate change. See further details in section 3.3.

Private Bank DPM recognises the importance of engaging with companies to positively influence their long-term management of material ESG risks, including climate matters. Through the Private Bank DPM partnership with EOS at Federated Hermes (EOS)[18], it seeks to engage with investee companies on key issues related to climate. EOS's engagement on the topic of climate change encourages company strategies and actions to be aligned to limit climate change to below 2°C and pursue efforts towards 1.5°C while building resilience to the future physical risks of climate change. See further details below in section 3.4e.

With the evolving regulations, the Horizon scanning team in PBWM identifies and assesses how mandated regulatory change could have an impact on PBWM products, processes and services.

Global political and societal changes continued to present challenges throughout 2024 to the Group as a global institution and therefore to PBWM. This has led to the Private Bank DPM requiring further time to assess a possible target for its sustainable strategies[19].

The Private Bank DPM investment team, supported by the dedicated PBWM Responsible Investing team, is involved in managing and evaluating ESG and climate-related risks and opportunities as part of the strategy for Private Bank DPM. The role of the Responsible Investing team is to advise, guide and upskill teams in PBWM on Responsible Investing practices and to provide subject matter expertise. The Responsible Investing team has a climate change specialist leading and supporting climate-related work. Two dedicated ESG analysts are part of the Private Bank DPM investment team, supporting ESG and climate assessments in the investment process.

[15] Please see the Private Bank DPM website for details on its Responsible Investing policy.
[16] Please see the Private Bank DPM: Capital market assumptions section 3.2bi for further details.
[17] Please see the IIGCC website for further details.
[18] Please see the Private Bank DPM: Stewardship section 3.4e for further details.
[19] Please see section 3.4a for details on its sustainable strategies.

3.2a – Private Bank DPM: Climate-related risks and opportunities

Physical and transition risks

Climate physical risks manifest as chronic and acute risks. Chronic risks are longer-term shifts in climate patterns and become evident slowly over time and may cause business interruptions. Acute risks are event-driven from catastrophic events, such as coastal floods or tropical cyclones. Transition risks are the risks associated with transitioning to a lower-carbon economy. These include regulatory and technology changes. Transition risks are expected to occur in all periods, but more broadly over the medium term.

Looking to the longer term, the cumulative effects of global temperature rise are likely to become increasingly pronounced, influencing ecosystems, sea levels and societal structures. Climate change can also trigger tipping points[20] through feedback loops[20] that amplify its effects. Certain tipping points are already under way, manifesting in observable changes across the globe.

Different tipping elements, such as the melting of ice sheets or changes in ocean circulation, have varying time horizons. As the science develops, we are observing that some tipping points may run on a shorter timeline than initially expected. Accordingly, the uncertainty of exact timeframes in which the tipping points are expected to materialise adds a layer of complexity, making it challenging to precisely predict when impacts will materialise.

The potential impacts of physical and transition risk drivers will vary depending on industry, geographic location, business operations and other contextual factors. When considering climate-related risks and opportunities, Private Bank DPM has defined timeframes as: short term – 0–1-year, medium term – 1–5 years and long term – 5–30 years. These timescales are aligned to the categorisation used by Barclays[21]. Private Bank DPM reviewed climate-related risks and opportunities and the associated financial impacts for the AUM in scope of this report, as well as for Private Bank DPM as a business.

[20] Please see Glossary of key terms.
[21] Please see the Barclays Annual Report 2024 for further details

Table 2 – Climate-related risks

Risk	Example risk description	Time horizon	Example potential financial impacts	Magnitude of impact	Likelihood
Transition risks	An increasing and evolving regulatory environment impacting existing and new products.	Short to medium term	Business impact: Change in client preferences. Reduced revenue and assets. AUM impact: Reduced demand for products and services.	Significant	High
	Reputation-driven – shifts in client behaviour. Barclays wider activities have a negative effect on our ability to win inflows.	Medium to long term	Business impact: Increase in operational costs in terms of time, resources and compliance to meet regulatory reporting requirements. AUM impact: Reduced demand for products and services following potential regulatory fines.	Significant	High
	Market-driven – shifts in client behaviour. Clients shift preference away from traditional products (potentially offset by retaining AUM in sustainable strategies).	Medium to long term	Business impact: Negative impact on revenue and assets. AUM impact: Change in portfolios and composition affecting asset valuations. Reduced demand for products and services.	High	High
	Abrupt reduction in AUM value because of climate transition shocks. Radical policy response impacting markets negatively. Portfolios are not fully diversified or aligned to net zero.	Medium to long term	Business impact: Unable to adapt products and services to market shocks. Reduced revenue and assets. AUM impact: Reduced demand for products and services.	Significant	Medium
Physical risks	Increased severity of extreme weather events impacting the value of AUM.	Long term		Medium	High
	Abrupt reduction in AUM value because of climate physical shocks. Climate tipping points collapse and impact global supply chains.	Long term		High	High

Table 3 – Climate-related opportunities

Opportunity	Example opportunity description	Time horizon	Example financial impact
Resource efficiency	Development and expansion of sustainable products.	Short-to-medium term	Business impact: Increased revenue and assets. AUM impact: Increased demand for products and services.
Products and services	Development and expansion of sustainable products. Focus growth on sustainable strategy and alignment to the goals of the Paris Agreement.	Medium term	
Resilience	Development of sophisticated scenario analysis that is integrated into the investment decision-making process.	Long term	Business impact: Asset protection and creating a competitive advantage. AUM impact: Increased demand for products and services.
Adaptation	Development of specific adaptation strategies for capital to be allocated to climate opportunities.	Long term	Business impact: Increased revenue and assets. AUM impact: Increased demand for products and services.

3.2b – Private Bank DPM: Scenario analysis

3.2bi - Capital Market Assumptions

Private Bank DPM has continued developing its use of scenario analysis to help manage climate-related risks and opportunities. Private Bank DPM updated its long-term projections, also known as capital market assumptions (CMAs), and how they are impacted by climate.

Private Bank DPM considers the CMAs as a set of baseline expectations regarding the likely macroeconomic path, and the return and risk parameters for a broad spectrum of asset classes. In 2023, Private Bank DPM first incorporated physical and transition climate-related risks into its modelling framework using the Network for Greening the Financial System (NGFS) Phase III scenarios[22]. In 2024, Private Bank DPM used the updated NGFS Phase IV scenarios – orderly below 2°C, nationally determined contributions (NDC)[23] 2.3°C and fragmented world 2.4°C. Each scenario was given an equal weighting in the model.

The analysis showed that the estimated cumulative physical impact of climate between 2020 and 2035 on global GDP was only c.0.4%. On an annualised basis, this figure becomes even smaller – especially for developed markets, which is the main geographical focus of Private Bank DPM investment strategies. In a stressed scenario where 95% percentiles of the NGFS input data were applied to the CMA framework, estimated global physical damages from 2020 to 2035 rose up to 0.9% of GDP.

Transition risk is estimated to take a greater toll on the countries in scope: Private Bank DPM expects transition efforts to weigh by over 0.1% annually on the growth trajectory of the US, close to 0.05% for eurozone economies and close to 0% for both the UK and Switzerland over the next five years. This feeds into the strategic asset allocation process that underpins all the multi-asset class strategies.

[22] Please see the Network for Greening the Financial System website for further details on the scenarios.
[23] Please see Glossary of key terms for details on each scenario.

3.2bii – Asset level analysis

From a bottom-up approach, Private Bank DPM expanded its assessment of climate-related risks and opportunities. Private Bank DPM undertook scenario analysis to understand the resilience and robustness of the AUM in scope of this report. As part of its continued enhancements to climate-related risks and opportunities, scenario analysis was presented to the SCC Committee. This was to help raise the profile of scenario analysis as a strategic tool and to support the continued knowledge building of climate-related risks and opportunities in Private Bank DPM.

MSCI's Climate Value at Risk (CVaR) methodology[24] was used for this analysis. The CVaR is a forward-looking, quantitative model that forecasts the present value of future costs and benefits under different potential climate scenarios. The CVaR is comprised of transition risks and physical risks. MSCI considers physical hazards or perils that are both chronic and acute. Transition risks comprise technology opportunities and policy risks. These can be broken down further:

- Technology opportunities include modelling the prospects of transitioning to a low carbon economy.
- Policy risks include modelling regulations from NDCs and how they will impact a company's activities in direct and indirect greenhouse gases (GHG)[25].

The TCFD recommends investors consider a set of scenarios, including a '2°C or lower scenario' in line with the Paris Agreement. We have chosen a range of scenarios (please see table 4) to help build our knowledge and how the AUM in scope of this report may be impacted under these scenarios. The NGFS scenarios of disorderly 1.5°C, orderly below 2°C and hothouse world 3°C were used[26].

- Orderly transition scenarios assume climate policies are introduced early and become gradually more stringent, reaching global net-zero CO_2 emissions around 2050 and likely limiting global warming to below 2°C on pre-industrial averages and in line with the Paris Agreement. Both physical and transition risks are relatively subdued.
- Disorderly transition scenarios assume climate policies are delayed or divergent, requiring sharper emissions reductions, achieved at a higher cost and with increased physical risks to limit temperature rise to below 2°C on pre-industrial averages.
- Hothouse world scenarios assume that some climate policies are implemented in some jurisdictions but that globally, efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk, including irreversible impacts like sea-level rise.

Table 4 on the following page shows the impact of different scenarios on the AUM in scope of this report. The data coverage for table 4 is 52% for physical risk and 51% for transition risk[27] for the AUM in scope of this report.

[24] Please MSCI's website for further details on their CVaR Methodology.
[25] Please see Glossary of key terms for further details.
[26] The asset-level scenarios are based on MSCI's standard methodology for CVaR. These may differ from the scenarios used in the capital market assumptions.
[27] Transition risk coverage is given as an average of its two components. Individually, coverage for these components is policy risk 52% and technology risk 50%.

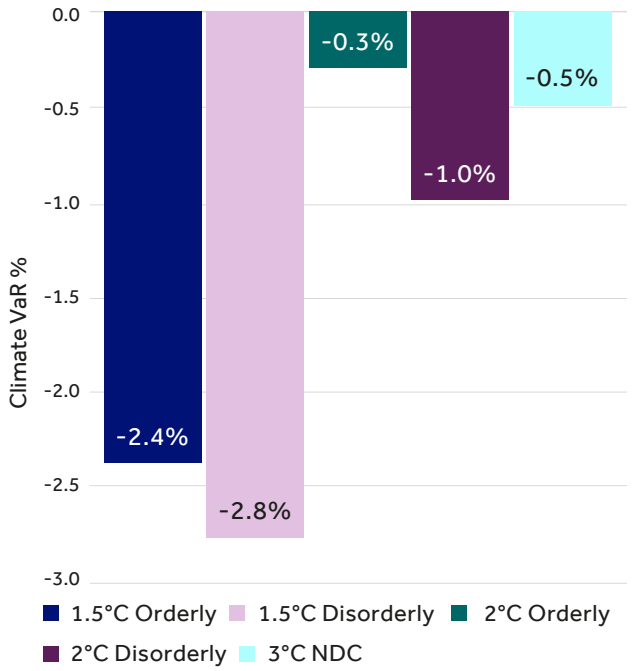
Table 4[28, 29]

	1.5°C Orderly	1.5°C Disorderly	2°C Orderly	2°C Disorderly	3°C Hot House
Transition risk	-2.4	-2.8	-0.3	-1.0	-0.5
Physical risk	-0.4	-0.4	-0.5	-0.6	-0.7
Aggregated CVaR	-2.7	-3.2	-0.9	-1.5	-1.2

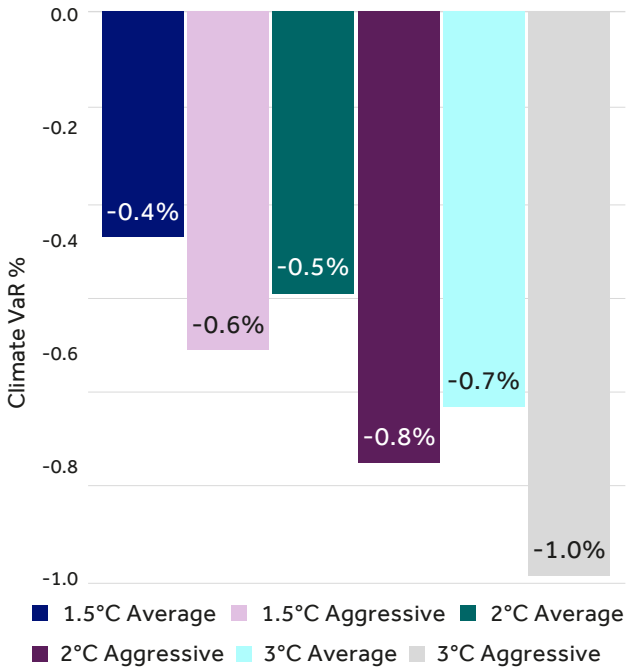
Transition and physical risks have been split to better understand what is driving the aggregated CVaR – see graphs. Transition risks are higher under both the 1.5°C orderly and disorderly scenarios, worse under the 1.5°C disorderly scenario where sharper emission reductions are required. The 1.5°C scenarios have higher transition risks because carbon prices will be typically higher for a given temperature outcome.

The physical value at risk assessment was conducted under average and aggressive scenarios. The average scenario is the expected outcome of a scenario. The aggressive scenario shows the severe downside risk within the distribution tail of all outcomes. The results show that under all temperatures, aggressive scenarios have a more negative impact on the AUM in scope of this report.

Transition value at risk



Physical value at risk



[28] The aggregated CVaR does not equate to the sum of the corresponding transition and physical risks due to rounding up of the numbers.
[29] Scenario analysis is based on the MSCI's average expected outcome.

Private Bank DPM acknowledges the value of scenario analysis, but also recognises that climate considerations are complex. There are inherent uncertainties largely attributed to the limited history of the interactions between climate risks and the economy. An understanding of compounding risks and feedback loops between financial systems, the economy and climate risks remain a challenge, given the lack of historical precedent of such interactions.

Over longer time horizons, it becomes increasingly difficult to capture the range of second-order effects as physical and transition risks evolve, assess the rate in which risks manifest or subside, or identify inflection points. These challenges mean the resulting scenarios could inadvertently understate the potential range of outcomes.

Private Bank DPM is dependent on investee companies' ability to commercially decarbonise their business models, which is influenced by a wide range of external factors, including market developments, technological progress and its financial viability, a stable and supportive policy environment, regulatory alignment, changes to societal behaviour, geopolitical developments and regional variations.

Whilst there is lack of guidance when it comes to best practices, Private Bank DPM will continue evolving its approach to scenario analysis to assess and quantify the impact of both physical and transition risks. This will help to better understand the significant uncertainty that arises from how climatic weather patterns will change, as well as the rapidly evolving nature of the climate transition from government policies and new technologies.

3.3 – Private Bank DPM: Collaborative initiatives

We are part of several collaborative initiatives that promote Responsible Investing practices. Through these initiatives, we actively work with and share our experience and knowledge with peers (whilst respecting antitrust and other regulatory requirements) to better understand important Responsible Investing issues and their implications for our investment processes.

Barclays Private Bank Investment Management is a signatory to the Principles for Responsible Investment (PRI)[30], a leading global initiative in the Responsible Investing space. The PRI is an international network of investors, working together to implement the six PRI principles, and its goal is to encourage its signatories to incorporate ESG issues and stewardship via the six principles into their investment practices.

As a signatory to the PRI, we are committed to Responsible Investing, to evidencing our ability to integrate ESG considerations into our investment processes, and to engaging and voting to enhance returns and better manage risks within portfolio companies. To further demonstrate our commitment to applying the PRI principles, we are also a member of the interactive network of PRI Wealth Managers Working Group. The members and affiliated signatories' goal is to advance Responsible Investment within the industry by collaborating and sharing insights of good practice. Furthermore, the Working Group explores how ESG considerations can be appropriately incorporated into portfolio managers' decision-making.

Private Bank DPM has been a member of the IIGCC since 2023. The IIGCC brings together the investment community to work towards a net-zero and climate resilient future. Private Bank DPM continued its participation in the IIGCC Proxy Voting Working Group and newly joined the IIGCC UK Stewardship Code Working Group, engaging in discussions on aligning investor stewardship with climate considerations. Recent conversations within IIGCC Proxy Voting Working Group have focused on voting trends, investor reflections on climate-related resolutions, and the evolving role of proxy advisers in shaping governance practices.

[30] Further details on the Principles for Responsible Investment are available on its website.

3.4 – Private Bank DPM: Risk management

3.4a – Private Bank DPM: Climate integration in Traditional and Sustainable strategies

Private Bank DPM strategies are classified as either Traditional or Sustainable based on the different approaches taken for ESG integration[31] – please see the Private Bank DPM Responsible Investing policy for further details. The analysis and integration of material ESG issues and climate-related risks as part of Private Bank DPM investment due diligence, help identify key foreseeable risks that may have a financial impact on the companies in which Private Bank DPM seeks to invest. Material ESG considerations, including climate-related considerations, may be incorporated into the investment process to help mitigate these risks.

Equity and Fixed Income holdings in Private Bank DPM's Traditional Multi-asset, Global, European and UK Equity and Sustainable Strategies:

Proprietary ESG dashboards developed by the Private Bank DPM investment team, help identify and integrate material ESG and climate considerations into the investment due diligence for each of the companies held in the Traditional Multi-asset, Global, European and UK Equity and Sustainable equity strategies. The ESG dashboards include climate metrics.

- Climate metrics include the company's Implied Temperature Rise (ITR)[32], fossil fuel involvement and net-zero flags[33].
- A breakdown of absolute carbon emissions of the company across scopes 1, 2 and 3 and an analysis of carbon intensity, comparing the results across peers, help determine the relative carbon intensity of a company as well its carbon impact. They also help highlight any potential vulnerability to the future cash generation of the company, particularly from regulatory pressure regarding climate change.
- The dashboards include a range of theoretical carbon costs[34] to understand the impact on a company's income statement and return profile.
- Details of the historical trend analysis of carbon intensity to assess a company's profile over a given time horizon.
- Several metrics are included to assess a company's ability to transition, including its supply chain power and influence and its ability to upgrade its assets.
- The dashboards assess physical risk, calculating the potential market value loss across several scenarios. Also included are metrics relating to water, waste and biodiversity.

We will seek to continue to develop our dashboards as more data and research becomes available.

Fixed Income strategies:

As part of the Preferred Investment Universe (PIU) process for the Specialist Investment Management (SIM) fixed income holdings, Private Bank DPM undertakes further qualitative analysis if a company is identified as having high carbon intensity, which is defined as scope 1 and 2 carbon emissions being more than one standard deviation above the respective peer group's median carbon intensity.

Detailed qualitative ESG assessments, including climate-related risks, may be conducted to help provide insight into the internal operational quality of a company, and its ability to mitigate against risks to future cash generation that may arise from ESG factors and climate-related risks. Private Bank DPM will continue developing its capabilities as more data and research becomes available.

[31] While we incorporate the same approach in each of our discretionary strategies in all but one of the jurisdictions in which we operate, we may have portfolios with specific requirements where we need to vary our approach to our core strategies.
[32] Please see the section 3.5 and Glossary of key terms for further details.
[33] This includes data from Bloomberg on whether the investee company has a net zero strategy and climate-related data obtained from other data vendors.
[34] The theoretical carbon cost is based on the investment team's views and opinions only. Barclays and Barclays Private Bank DPM do not have an internal formal carbon price.

3.4b – Private Bank DPM: Principal Adverse Impacts (PAI)

The Principal Adverse Impacts (PAI) as a Financial Market Participant (FMP) Review Forum under the EU's Sustainable Finance Disclosure Regulation (SFDR), considers the principal adverse impacts of investment decisions on sustainability factors[35]. This includes climate and other environment-related indicators that are monitored on a regular basis. Investments that have seen a material deterioration on a PAI indicator are referred to portfolio managers for further consideration on the appropriate action to take. An annual PAI statement is published[36] by June each year covering the previous calendar year.

3.4c – Private Bank DPM: Sovereigns

In Q4-2024, PBWM began enhancing its approach to assessing sovereigns from an ESG perspective within the PIU. Based on MSCI's ESG Government Ratings - which provide an opinion on sovereigns' exposure to and management of ESG risks – we apply different weights to the ESG pillars for sovereigns.

The different weights applied to sovereigns and sub-sovereigns reflect our investment views and are based on the economic classification of the sovereign (as identified by MSCI). For example, we perceive strong governance to be a foundational pillar for positive ESG developments. We believe that the environmental pillar should have a higher weight for less developed markets, since developed countries generally have greater resources to address climate change challenges. Therefore, we assign the largest weight to the Governance pillar for all sovereign issuers in the overall PIU score calculations, whilst weights for the Environment and Social pillars vary depending on the sovereign's economic classification. Climate considerations are captured in the Environment pillar, which assesses a government's ability to protect, harness and supplement its natural resources, and to mitigate and adapt to climate change and natural hazards.

3.4d – Private Bank DPM: Investment risk oversight

The PBWM Investment Risk team is a risk management and control function that is independent of the investment management process. This team is responsible for the application of the PBWM investment risk process ensuring that in-scope products deliver a level of risk that is aligned to the risk profile of the client mandate. Furthermore, the team is responsible for the regulatory risk compliance of unitised products offered to clients.

The Investment Risk Framework seeks to challenge each layer of the investment process. This includes the strategic asset allocation (SAA), the shorter-term tactical asset allocation (TAA) overlays, the stock selection process and implementation decisions in both client models and individual portfolios. The framework focuses on a defined list of key risk indicators and the implementation of guidelines and limits within which the investment activity can operate. These risks are mapped to the investment process, with risk ownership attributed at each step. Climate risk considerations were not integrated into the latest iteration of the Investment Risk Framework for the reporting period.

The Investment Risk Framework includes, but is not limited to:

- The PBWM Investment Risk, Performance and Funds Risk Forum, which seeks to identify, monitor and address systemic and idiosyncratic risks arising from investment activity. The forum operates monthly, with ongoing reporting obligations to senior management. Its frequency may be increased should the underlying market conditions warrant greater scrutiny.
- The Global DPM Governance Forum, a monthly forum which reviews non-financial and risk management information/key risk indicators and events.

We continue to evaluate how to further integrate climate risk considerations into the investment risk process.

[35] This is applicable to the Private Bank Barclays Bank Ireland PLC (BBI) where in scope of this report.
[36] Please see the Private Bank website for further details.

3.4e - Private Bank DPM: Stewardship

At the Private Bank DPM, engagement[37] and voting[38] are viewed as important mechanisms through which to hold management to account, and act as a lever to encourage best practice and change in investee companies on material ESG issues where appropriate. This is consistent with our business objectives and aim to deliver competitive investment returns for our clients and to create long-term value for stakeholders. We believe companies that can better manage material ESG issues could be less prone to severe incidents such as fraud, litigation or reputational risks.

Stewardship through engagement and voting is undertaken in partnership with Private Bank DPM's stewardship services provider, EOS at Federated Hermes Limited (EOS)[39]. EOS is a stewardship leader that helps global long-term institutional investors to meet their fiduciary responsibilities and become active owners of public companies. This is a contributing element in meeting our fiduciary duties towards our clients.

The decision to partner with EOS was based on several factors, but not specifically on its approach to managing climate change. Their diversity of skills, experience, global reach and cultural understanding give them the gravitas and credibility to access and maintain constructive relationships with company boards, policymakers and regulators.

EOS engages on behalf of clients, including the Private Bank DPM, with a wide range of stakeholders – including companies, government authorities, trade bodies, unions, investors and NGOs – to seek to identify and respond to both company-specific, market-wide and systemic risks.

Through our partnership with EOS, Private Bank DPM takes a comprehensive approach to stewardship, engaging and voting with corporates and key stakeholders, such as policymakers and regulators globally[40].

The engagement and voting process is regularly reviewed and updated considering existing commitments and ambitions, the rapidly changing external environment (including changing laws and regulations) and is informed by engagement with key stakeholders and our fiduciary duties to our clients. As such, decisions are not solely limited to ESG/sustainability related factors or our membership of any voluntary codes or groups. Private Bank DPM's stewardship approach (guided by our stewardship provider EOS) may differ across different regions.

Private Bank DPM believes in the engagement approach of promoting constructive dialogue with investee companies by building long-term relationships to seek to influence ESG and other practices that may impact our clients' investments. EOS develops engagement strategies specific to each company subject to engagement, informed by its deep understanding across sectors, themes and markets[41]. Specific environmental and nature-related outcomes, aligned to the UN Sustainable Development Goals (SDGs)[42], that EOS seeks to include are as follows:

Climate change

Reducing greenhouse gas emissions, where possible, in line with the goals of the Paris Agreement to limit climate change to below 2°C and pursue efforts towards 1.5°C while building resilience to the future physical risks of climate change.

Natural resources

In addition to limiting climate change to safe levels, protecting, preserving and restoring natural resources and biodiversity by transitioning to sustainable food systems, avoiding antimicrobial resistance and managing water stress, to enable more affordable access to food and clean water.

Circular economy and zero pollution

Controlling pollution of air, land and water to below harmful levels for humans and other living organisms and building a circular economy that avoids waste.

[37] Engagement (on select material ESG considerations) and voting activities are being exercised in relation to all our Private Bank DPM investment strategies globally with the exception of services managed in India. Engagement activity is undertaken for our direct fixed income and equity holdings, while voting activity is only undertaken for our direct equity holdings.
[38] It is our intention to exercise voting in all markets, although at times our ability to do so may be hindered by regulatory and practical considerations as well as internal restrictions.
[39] Please see the EOS website for further details.
[40] It is our intention to exercise voting (with the exception of services managed in India), although at times our ability to do so may be hindered by regulatory and practical considerations, as well as internal restrictions.
[41] Please see EOS' 2024 Annual Review – EOS Voting and Engagement Highlights report.
[42] Please see the Global Goals website for details on the UN SDGs.

For climate change, EOS's engagement focuses on companies having a strategy and GHG emissions reduction targets aligned, so far as possible, to the goals of the Paris Agreement[43], seeking to limit global warming to below 2°C and pursue efforts towards 1.5°C, and take advantage of the opportunities where commercially feasible. In seeking Paris-aligned transition plans, EOS evaluates the credibility of company transition plans, including their acknowledgement of key policy, technology and market dependencies. EOS also continues to engage with companies in high-methane-emitting sectors to take action, so far as possible, to mitigate emissions associated with the high energy demand for AI-related services, build resilience to physical climate risks across relevant sectors and work towards a 'just transition' for employees and communities.

Finally, EOS may also engage companies on developing robust approaches to managing exposure to acute and chronic physical risks, for example, requesting that companies perform quantitative scenario analysis and identify clear actions for managing and mitigating these risks. This also includes natural resource stewardship engagements, given many companies have dependencies on nature and biodiversity, which support resilience and adaptation to physical risk.

EOS uses different methods to escalate and intensify engagement with companies over time, depending on the nature of the challenges faced and the attitude of the board towards dialogue.

Where Private Bank DPM believes engagement is not successful, it may look to take further escalation measures, such as voting against management.

EOS is also an active participant in a number of collaborative industry bodies and initiatives around the world. Engagements through such collaborations are mechanisms that may act as a lever to encourage positive change. As an example, EOS continues to engage and encourage best practice standards related to stewardship via the Institutional Investor Group on Climate Change (IIGCC) and Climate Action 100+.



Source: Barclays Private Bank and EOS at Federated Hermes, 2024

[43] Please see the United Nations website for further details on the Paris Agreement.

3.4ei - Private Bank DPM example of climate-related stewardship activity

EOS has been engaging with a European specialty chemical company for five years. The company develops and produces systems and products that are used for bonding, sealing, damping, reinforcing and protecting in the building and motor vehicle sector.

Through engagement with EOS, the company began internally assessing its scope 3 emissions and seeks to make these publicly available where feasible. Previously, the company was reporting its scope 1 and scope 2 emissions only. EOS also encouraged the company to develop a transition roadmap alongside obtaining external validation for their scope 3 emissions reduction targets by the Science Based Targets initiative (SBTi) in 2024.

The company also published a roadmap highlighting which key levers will be used to reach its net-zero target for its operations. EOS will continue to engage with the company on the topic of climate change, and the emphasis of EOS's engagement remains focused on the company having a strategy and greenhouse gas emissions reduction targets aligned, so far as possible, to the goals of the Paris Agreement, to limit climate change to below 2°C and pursue efforts towards 1.5°C and take advantage of the opportunities where commercially feasible.

3.4eii – Private Bank DPM: Climate-related votes

Voting[44] forms part of our overall stewardship strategy and we use our rights as shareholders to seek to encourage desired change on ESG and other considerations – consistent with our business objectives and aims to deliver competitive investment returns for our clients and to create long-term value for stakeholders. This is a contributing element in meeting our fiduciary duties towards our clients.

For our direct equity holdings, we use our rights as shareholders to seek our desired changes. Our equity portfolio managers are ultimately responsible for making voting decisions.

Following receipt of EOS's voting recommendations, Private Bank DPM's Equity portfolio managers meet to discuss this information for a select number of voting issues and decisions in advance of making the voting decision on behalf of our clients. Voting decisions are made by the lead portfolio managers based on the company's ESG and investment analysis and what the portfolio managers assess to best serve our clients' long-term interests.

Overall, Private Bank DPM's approach is rooted in EOS's Global Voting Guidelines[45, 46], which inform voting recommendations to EOS clients. These guidelines have been informed by international best practice and local regional considerations (e.g. EOS Global Voting Guidelines; Regional voting principles; Country-level voting guidelines). These guidelines are extensive, covering a number of ESG topics, and have been drafted based on decades of experience of seeking change at companies.

3.4f – Private Bank DPM: Third-party funds

The Funds team at Private Bank is responsible for maintaining a panel of third-party managed active funds, from which the Private Bank DPM team can select funds for inclusion in the Global Multi-Asset Class Strategy and Core Plus Fixed Income Strategy (which are both Traditional strategies) and the Multi-Asset Class Sustainable Total Return Strategy (a Sustainable strategy). Investments in third-party funds represent 15% of the Private Bank DPM AUM in scope of this report.

Further work is underway to align the Private Bank DPM and Wealth Management (BISL) approach to assessing ESG and climate-related risks. We will report on progress in next year's report.

[44] It is our intention to exercise voting in all markets. However, our ability to do so may be hindered by regulatory and practical considerations, as well as internal restrictions.
[45] The voting guidelines do not seek to provide an exhaustive list on all voting matters but rather set out the broad position on several key topics with global applicability.
[46] Further details are highlighted in the EOS Policy Documents and Regional Vote Guidelines, and the Barclays Private Bank Responsible Investing Policy (Discretionary Portfolio Management).

3.5 – Private Bank DPM: Metrics and targets

Private Bank DPM believes data and metrics are key to understanding and managing the risks of climate-related risks and opportunities.

The dashboards described in section 3.4a provide a tool for the Private Bank DPM investment team to assess its equity and fixed income holdings. They help Private Bank DPM understand a company's operational quality and identify material risks and opportunities to its cashflow. Climate-related factors considered include but are not limited to a company's ITR[47, 48] and carbon footprint. Private Bank DPM considers a company's resource intensity, which comprises, but is not limited to, physical risk exposure, water stress, waste and biodiversity. These metrics are based on internal data sources and third-party data vendors, such as MSCI, Credit Suisse Holt and Bloomberg.

Private Bank DPM's ESG dashboards include a company's ITR, which measures its temperature alignment, quantified in degrees Celsius (°C). The temperature measurement shows the outcome, if the whole economy had the same carbon budget over-/undershoot level as the company to keeping the world's temperature rise to 2°C by 2100. It provides an indication of how companies and investment portfolios align to global climate targets. At a portfolio level, the ITR is compiled on an aggregated basis for the portfolio companies.

The ITR for the in-scope AUM for Private Bank DPM is 2.1°C. The ITR is a weighted average of the AUM and includes direct holdings and third-party funds. This is an increase from the ITR reported in last year's report of 1.8°C. The increase in the ITR is partly attributed to data quality. We observed that 49.2% of issuers did not have an ITR metric in last year's report. For the current reporting period, c.6% of these issuers now have an ITR. In addition, 0.2% of those issuers identified in the last reporting period now have an ITR of 10°C for this reporting period – this is the maximum ITR MSCI will apply to an issuer based on its methodology.

The assets included in the ITR calculation are 58% of the Private Bank DPM AUM in scope of this report. Last year, the assets included in the ITR calculation were 51% of AUM. Whilst the ITR focuses on carbon emissions from corporates, the majority of the data gap for the ITR is attributed to sovereigns, which MSCI does not include in its ITR methodology. Private Bank DPM is dependent on the methodology and capabilities of MSCI. Please see section 6.0 Data limitations for further details.

Climate-related metrics are presented to the PBWM Sustainability and Climate Change Committee for quarterly management oversight. Private Bank DPM continues to assess how further enhancements can be made to metrics used to measure and manage climate-related risks and opportunities in the investment process.

Against the backdrop of the shifting and rapidly developing geopolitical and regulatory landscape, Private Bank DPM continues to consider potential strategies to address climate-related risks and opportunities, including the setting of targets. We will provide an update in next year's report.

[47] Based on MSCI methodology. Please see Glossary of key terms for further details.
[48] Such temperature metrics are based on projections and so are indicative only, may be sensitive to change and based on estimates which may not be accurate or complete. There is no guarantee that each company has set net-zero targets or that a company will be able to achieve its emission reduction targets or that even if such targets are achieved, future warming or emissions levels will be as predicted.

3.5a – Private Bank DPM: 2024 metrics

As this is our second year of reporting, we have disclosed the previous year's metrics for comparison purposes. The carbon metrics in tables 5, 6 and 7 are in line with the TCFD recommendations and the Partnership for Carbon Accounting Financials (PCAF) standards[49]. For carbon footprint, Private Bank DPM has used Enterprise Value Including Cash (EVIC)[50] as the denominator in accordance with the PCAF standards and to cover both equity and debt. Data is sourced from MSCI as of 31 December 2024.The AUM in scope of this report is £14.8bn as of 31 December 2024. For last year's report the in-scope AUM was £12.8bn.

The scope of assets covered in the metrics in table 5 is 63% of the AUM in scope of this report and includes direct equity and fixed income assets held within third-party active managed funds for Private Bank DPM. Sovereigns (28%), cash, derivatives, alternative investments and structured products[51] are excluded from table 5.

MSCI changed its methodology for supranationals in 2024. This has resulted in adjustments for the 2023 reporting period data. Supranationals have now been included in the calculations in table 5, whereas in last year's TCFD report they had been excluded. Supranationals are 11% of the AUM in scope of this report.

There is a marginal increase in total emissions (scopes 1, 2 and 3) and weighted average carbon intensity (WACI) metrics for the reporting period – see table 5. This is driven mainly by an increase in the AUM of high carbon emitting sectors in the reporting period. A change in the portfolio composition for the AUM in scope of this report has contributed to non-material changes to the footprint for scopes 1, 2 and 3.

Table 5 – 2024 metrics

		2024	2024 coverage	2023	2023 coverage
Total emissions (Metric tons of CO_2e)	Scopes 1 & 2	307,621	60.5%	305,948	50.9%
	Scope 3	2,097,726	60.1%	2,045,011	50.6%
Carbon footprint (Metric tons CO_2e per $m invested)	Scopes 1 & 2	19	60.5%	19	50.9%
	Scope 3	127	60.1%	125	50.6%
Weighted average carbon intensity (Metric tons CO_2e per $m sales)	Scopes 1 & 2	68	60.5%	53	57.7%

[49] Please see the PCAF website for details.
[50] Please see Glossary of key terms.
[51] The asset categorisation used by MSCI is not in line with our internal approach for categorising asset classes. We have not individually identified cash, derivatives, alternative investments and structured products but estimate they total c.1%.

Table 6 – Sector metrics

	Total emissions (Metric tons of CO_2e)				Carbon footprint (Metric tons CO_2e per $m invested)				Weighted average carbon intensity (Metric tons CO_2e per $m sales)	
	Scopes 1 & 2		Scope 3		Scopes 1 & 2		Scope 3		Scopes 1 & 2	
Sector (% of AUM in scope for 2024)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Information Technology (15%)	9,701	8,990	113,988	95,541	4	4	41	44	30	25
Funds excl ETFs (11%)	77,256	35,188	453,410	228,554	37	38	214	245	86	94
Financials (7%)	13,682	24,182	77,016	84,951	10	13	57	47	28	33
Communication (5%)	4,049	7,481	26,322	76,540	4	6	27	63	14	20
Healthcare (5%)	4,012	2,535	60,903	54,656	4	3	65	67	16	14
Industrials (5%)	28,273	16,423	179,522	108,107	32	28	203	185	170	98
Consumer Discretionary (5%)	7,718	2,314	142,086	66,897	9	9	169	266	29	33
ETFs (4%)	39,160	7,614	211,736	56,277	60	34	322	253	156	97
Materials (2%)	29,687	28,831	93,914	148,955	107	85	338	440	527	404
Consumer Staples (1%)	2,100	3,488	33,763	49,027	8	7	130	98	20	26
Utilities (1%)	12,460	11,652	57,676	66,739	120	91	556	519	354	153
Energy (0.2%)	8,324	9,823	108,598	137,106	186	209	2,432	2,910	223	226

The scope of assets covered in table 6 is 54%[52] of Private Bank DPM AUM in scope of this report. It excludes sovereigns (28%) supranationals (11%) and cash, derivatives, alternative investments and structured products[53].

Due to a methodology change from MSCI in 2024, we have recalculated the metrics for the financial sector for the 2023 reporting period. The correction has resulted in ETFs being removed from the financial sector, where they had been previously included in the data reported for 2023. In addition, MSCI has a change in methodology for classification of subsidiary companies[54]. The impact of these changes is a reduction in all the carbon metrics in table 6 for the financial sector compared to the previous year.

The increase in the total emissions for the funds, consumer discretionary, consumer staples sectors and ETFs were due to an increase in holdings in these sectors during the reporting period.

Currently, third-party data vendors are unable to provide data at a granular level i.e. sectoral data for the underlying companies in third-party funds. This is due to the complexity and scale of data involved in obtaining the granularity required to calculate the underlying company sectors. We continue to assess how this data gap could be addressed, recognising that we are dependent on third-party data vendors and their progression to provide data for the underlying companies.

As we continue to evolve our understanding, Private Bank DPM has disclosed its sovereign exposure in table 7, which represents 28% of the AUM in scope of this report. Total sovereign emissions intensity is 152 metric tons of CO_2e / $m GDP nominal for the AUM in scope of this report.

Table 7 – Sovereign emissions intensity[55]

	% of total sovereign AUM[56]	Emissions Intensity (Metric tons of CO_2e / $m GDP nominal)
UK	61%	124
USA	22%	234
France	6%	139
Germany	5%	167
Netherlands	2%	152

Whilst we have included metrics for sovereigns, some of the limitations PCAF has identified for sovereigns include i) the difficulty in accurately allocating emissions along the supply value chains, ii) the involvement of input output models that can vary depending on the third-party data vendors and iii) the time lag in data availability.

Private Bank DPM continues to expand its understanding of external calculation methodologies to determine the best approach to take. Derivatives, alternative investments and structured products are not currently included in the scope of these metrics, as external calculation methodologies have not been developed for these asset classes.

Private Bank DPM is reliant on market and industry developments to guide its metrics and will continue reviewing and monitoring developments on how best to incorporate asset classes currently not included. Private Bank DPM will continue engaging with third-party data vendors such as MSCI to understand how their methodologies evolve and provide input where appropriate.

[52] As the coverage for each sector varies, a weighted average based on the sector AUM has been calculated.
[53] MSCI incorrectly classified GICS sector and GICS Sector Code information for certain issuers prior to November 2024.
[54] MSCI has changed its methodology from the previous reporting period. Subsidiaries are now classified in the same sector as the parent company, whereas previously they were separately categorised.
[55] Table 7 shows 96% of the total sovereign exposure.
[56] In scope of this report.

4.0 - Barclays Investment Managers (BIM)

4.1 - BIM: Governance

The BIM business is responsible for setting and ensuring the effective execution of BIM's business strategy, inclusive of BIM's approach to ESG, and leverages Barclays policies, standards and procedures (PSP) as applicable to consider various Principal Risks, including Climate Risk, as part of the investment process across its funds and mandates. Senior business accountability for BIM adhering to Barclays PSP resides with the Global Head of BIM, with oversight achieved through the applicable governance framework and through supervisory responsibility for BIM. The Global Head of BIM in turn reports into the Head of Cross Markets, a member of the Global Markets Management Team (GMMT).

At the BIM level, the BIM Control Forum (BIM CF) is the control oversight body. It is chaired by the Global Head of BIM and includes representation across senior members of the business, as well as business support functions including but not limited to Legal, Compliance and Risk.

The BIM CF's mandate covers all areas of the business's control environment in the product lifecycle, including all Principal Risks under the Barclays Enterprise Risk Management Framework (ERMF) including Climate Risk. Whilst climate-related risks and opportunities are not a standing agenda item, any escalation items impacting the control environment would be relevant to the scope of the BIM CF. Due to the relative position of the business within the larger organisation, BIM is also subject to the wider Barclays governance ecosystem as applicable to BIM. This is reflected in the reporting structure of the BIM governance forums, which all escalate and feed information into senior Global Markets oversight forums.

For risk and controls, the BIM CF escalates to the Markets Escalation Controls Committee (MECC), which is the equivalent risk and controls forum that oversees all businesses within the Global Markets division (of which BIM is a sub-business unit). The MECC subsequently reports to the BBPLC Control Committee; this has multiple reporting lines into Group-level risk and control committees to ensure timely and consistent reporting of business-specific and thematic climate-related risks to senior management.

For product governance and transaction approvals, the BIM Fund Review Panel (FRP) is comprised of senior business individuals, as well as representation from Legal, Compliance and Risk, and receives delegated authority from the Global Markets Product Governance Oversight Forum (PGOF). The FRP also refers certain proposals with ESG considerations to the Markets ESG Review Forum (MERF). MERF also acts as a point of escalation for material issues and matters relevant to the Markets ESG Framework, including having oversight of the control environment related to ESG within Markets. For funds or mandates with a particular sustainability nexus (including climate), considerations in the investment process and the representation of these characteristics are assessed prior to product launch by the transaction approval forum (which may be business-specific, such as FRP, or division-wide, such as MERF) to validate the characteristics and determine ongoing oversight requirements.

BIM operates additional business-specific governance which underpins the information presented to the BIM CF, such as the BIM Funds & Mandates Meeting (BIM F&M). The BIM F&M oversees the implementation of a number of factors, including proxy voting, engagement and ESG integration across relevant funds and mandates that the desk manages. Ongoing oversight is carried out at a BIM business level by BIM F&M with core members of the BIM team, alongside key control partners in Legal, Compliance and Risk to ensure independent check and challenge. Adherence to mandate rules in respect of ESG integration is therefore a standing agenda point at the BIM F&M.

4.2 – BIM: Strategy

BIM offers investment products which operate with limited discretion. These include implementation of rules-based methodologies, index replication, or delivery of portfolios with limited discretion in portfolio construction within pre-defined investment guidelines. BIM's approach to ESG, including the impact of climate change, is informed by its business model and the types of funds and mandates that it manages. In 2024, BIM updated its Approach to ESG statement[57] to explain how, where possible within the investment guidelines of each fund, it seeks to use the different levers at its disposal to integrate consideration of ESG across its activities. As a sub-business unit within Cross Markets, climate-related risks and opportunities are not as a matter of course analysed at the level of BIM's business activities by BIM. However, BIM's activities are included in the items considered within the wider climate-related risks and opportunities for the Investment Bank.

Climate scenario analysis is not conducted across the BIM product range as it would not be used in investment decision-making given the nature of the products. BIM will assess this position in line with its business strategy and as client and regulatory requirements continue to evolve.

4.2a – BIM: ESG integration in products

For ESG products, BIM integrates ESG characteristics, including climate, by using specific screens, exclusions and best-in-class selection. For instance, it excludes companies that fail to comply with the United Nations Global Compact (UNGC) Principles[58] or those which derive a certain threshold of revenues related to thermal coal.

For non-ESG products which pursue synthetic replication of an index or strategy, BIM may, where the mandate allows, account for sustainability risks and integrate consideration of ESG factors, including climate, within the cash management portfolio by allocating into instruments which achieve a better overall ESG risk score for the portfolio. For physically replicated equity funds and where the mandate allows, BIM engages and exercises voting rights relating to investee companies. It does this in collaboration with the stewardship services provider, EOS at Federated Hermes. This represents 49% of the assets in scope of this report for BIM.

4.3 – BIM: Investment risk oversight

BIM uses data from third-party providers to monitor the integration of sustainability and climate-related considerations in relevant portfolios based on the mandate rules and underlying investments. Where mandates include ESG considerations in the investment management process, controls are agreed as to how the risks will be monitored and managed.

These controls include systematically applied screens that exclude investments that have particular characteristics, such as a cap on the proportion of revenue generated from certain activities that are not aligned with the fund's stated ESG-related goals. Portfolios are monitored against these pre-established controls with regular reporting to the appropriate business governance, which provides oversight that actions are taken as necessary to bring the portfolio back within the fund investment guidelines.

4.4 – BIM: Metrics and targets

As referenced earlier, BIM has access to a range of ESG metrics, including related to climate, for funds which integrate ESG considerations in their investment mandate. These include: ESG risk score at sector and fund level; exposure to certain products or sectors; carbon footprint and carbon intensity; and compliance with UNGC Principles. These are reviewed in the appropriate business forum, including the BIM Funds & Mandates Forum.

Although reports are prepared on a bespoke basis for clients on certain ESG metrics (including climate) for funds with investments in physical assets, BIM does not currently monitor climate risk at product level because such monitoring would not inform its investment decision-making for the products, given their limited discretion and/or the asset classes represented (such as derivatives-based products). For this reason, targets to manage climate-related risks and opportunities have not been set for BIM. BIM has not assessed the alignment of its products and investment strategies under management with a well below 2°C scenario as it is not used by BIM in determining its strategy or risk management. This position will continue to be assessed in line with evolving business strategy, client needs and regulatory requirements.

[57] This document is provided on request to clients and prospects.
[58] Please see Glossary of key terms.

4.4a – BIM: 2024 metrics

The scope of assets covered in the metrics for BIM is approximately 49% of relevant AUM. Sovereigns, supranationals, agency and municipal bonds, cash and derivatives are excluded. Whilst there are some external calculation methodologies and limited data available for some of these, BIM believes they require further development to be appropriate for inclusion in the metrics reported. BIM is reliant on market and industry developments to guide its metrics and will continue reviewing and monitoring developments how best to incorporate asset types currently not included.

Table 8 – 2024 metrics

		2024	2024 coverage	2023	2023 Coverage
Total emissions (Metric tons of CO_2e)	Scopes 1 & 2	87,843	48.6%	62,420	47.6%
	Scope 3	487,019	48.6%	347,100	47.2%
Carbon footprint (Metric tons CO_2e per €m invested)	Scopes 1 & 2	57	48.6%	46	47.6%
	Scope 3	315	48.6%	254	47.2%
Weighted average carbon intensity (Metric tons CO_2e per €m sales)	Scopes 1 & 2	104	48.5%	111	47.6%

Table 9 – Sector metrics

	Total emissions (Metric tons of CO_2e)				Carbon footprint (Metric tons CO_2e per €m invested)				Weighted average carbon intensity (Metric tons CO_2e per €m sales)	
	Scopes 1 & 2		Scope 3		Scopes 1 & 2		Scope 3		Scopes 1 & 2	
Sector (% of AUM in scope for 2024)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Information Technology (42.3%)	15,666	22,719	86,629	103,251	24	42	132	193	90	109
Financials (24.2%)	736	1,313	126,713	50,404	2	4	339	146	7	15
Consumer Discretionary (9.3%)	5,052	4,353	172,160	134,583	35	27	1,194	842	35	33
Consumer Staples (8.2%)	4,570	1,273	32,039	5,1534	36	23	253	92	52	37
Materials (4.9%)	52,439	11,105	39,814	23,154	700	178	531	372	858	516
Industrials (4.6%)	7,765	12,711	25,949	23,572	109	179	364	333	243	271
Telecommunication Services (4.4%)	1,420	3,547	2,894	5,614	21	41	42	65	47	70
Real Estate (1.8%)	175	154	814	858	6	7	29	40	81	93
Healthcare (0.3%)	19	27	7	12	4	4	2	2	9	19
Utilities (0%)	0	5,219	0	500	0	241	0	23	0	971

5.0 – Calculation methodology[59]

This section outlines the calculations used for this report, as well as the pros and cons of them. Metrics for Private Bank DPM and BIM have not been aggregated for this report as each business line operates independently and differently to each other. Table 10 shows the calculation methodology used for the metrics in the relevant Private Bank DPM and BIM sections.

Table 10

	Description	Calculation	Pros	Cons
Total emissions	This measures the total emissions attributed of a portfolio.	$MtCO_2e = \sum\left(\frac{\text{Current value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's GHG emissions}\right)$	• As an absolute metric and it is easier to interpret. • Metric can be used to track changes in GHG emissions in a portfolio.	• Cannot do a relative comparison of the company within its sector. • Is subject to market volatility.
Carbon footprint	This measures the carbon emissions of an investment taking into account the portion of ownership. For a portfolio, it is the total emissions of the portfolio normalised by the market value of the portfolio.	$tCO_2e/\$m \text{ invested} = \frac{\sum\left(\frac{\text{Current value of investment}}{\text{Issuer's EVIC}} \times \text{Issuer's GHG emissions}\right)}{\text{Current porfolio value}}$	• A relative metric that can be used to compare companies across sectors. • It allows for portfolio decomposition and attribution analysis.	• Changes in underlying companies' market capitalisation can be misinterpreted.
Revenue Intensity	This measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity.	$tCO_2e/\$m \text{ revenue} = \sum\left(\frac{\text{Current value of investment}}{\text{Current portfolio value}} \times \frac{\text{Issuer's GHG emissions}}{\text{Issuer's revenue}_i}\right)$	• It can be easily applied across asset classes since it does not rely on equity ownership approach. • The calculation of this metric is fairly simple and easy to communicate to investors.	• The metric is sensitive to outliers. • Using revenue (instead of physical or other metrics) to normalise the data tends to favour companies with higher pricing levels relative to their peers.
Sovereign intensity	This measures exposure to carbon-intensive economies, defined as the portfolio weighted average of sovereigns' GHG intensity.	$\sum_n^i\left(\frac{\text{Current value of investment}_i}{\text{Current portfolio value}} \times \frac{\text{Sovereign issuer's GHG emissions}}{\text{Sovereign issuer's \$m GDP}_i}\right)$	• A relative metric that can be used to compare nations.	• There is an inherent complexity to calculating the emissions profile of multi-faceted sovereign nations.

[59] EVIC is the Enterprise Value Including Cash – please see Glossary of key terms. Total emissions and carbon footprint metrics for Private Bank DPM and BIM are in line with Partnership for Carbon Accounting Financials (PCAF Standard). Whilst the calculation for the weighted average carbon intensity in table 10 is based in US dollars, BIM's metric is based in Euros. Private Bank DPM has calculated this metric in US dollars, as per the table.

6.0 – Data limitations

In creating this report, we have used ESG and climate data from third-party data vendors that we consider appropriate and suitable for these purposes, as at the date on which they were deployed. However, there is currently no universally accepted way of reporting, rating or categorising ESG data and so, where we rely on third-party data, such data may be subject to certain limitations. These limitations can be categorised as follows:

Quality

The ESG and climate data we use is commonly based on estimations that are the output of our third-party data vendors' estimation methodologies, one example of this being the scope 3 GHG emissions of portfolio companies. Furthermore, ESG data may not be audited or otherwise reviewed by an independent third party. While we will use sources that we believe to be reliable, we do not guarantee the information is accurate, complete, and up to date. Our reliance on these estimation methodologies means that the calculated metrics can only be interpreted to be approximate and not precise.

Transparency

We can have limited visibility on the exact details behind an estimated data point from third-party data providers. This prevents us from having full transparency of the estimated ESG and climate data points in our calculations.

Timeliness

We source ESG and climate data from public reports for our portfolio companies, which are commonly produced on a quarterly or annual cycle. Consequently, the ESG and climate data reported against our portfolio companies maybe out of sync as at the end of the TCFD reporting period.

Coverage

The levels of disclosure of ESG and climate data can be low from certain holdings, such as supranationals.

Private Bank DPM and BIM continue to monitor the quality of data, external models and methodologies.

7.0 – Principal Investments

7.1 – PI: Introduction

Principal Investments (PI) is a team within Group Treasury that manages Barclays' minority equity investments and, where applicable, any associated co-investments. The co-investment portfolio for which BBPLC acts as the investment manager is the only role and sub-portfolio within PI that is in-scope for this TCFD report. The co-investment portfolio that is managed by BBPLC was launched in 2007 focusing on private equity opportunities in the natural resources sector.

Since 2015, the co-investment portfolio has been a closed structure, with no new portfolio companies and no new investors. This report covers the reference period 1 January 2024 – 31 December 2024, at the end of which the AUM was approximately £273m.

7.2 – PI: Governance

ESG is part of the consideration that the PI Equity Committee (the Equity Committee) takes into account when evaluating investment opportunities and exits. PI's focus is on investing in a responsible way, integrating relevant ESG risks and opportunities throughout the whole investment process, from pre-investment due diligence, through each investment's life and to ultimate exit. PI believes that ESG and climate change matters present both risks and opportunities within the wider co-investment portfolio.

The Equity Committee undertakes the senior approval responsibilities relating to the execution and management of all principal strategic equity and workout equity transactions managed on behalf of Barclays and all Group entities. The co-investment portfolio is included in the remit of matters for the Equity Committee to consider, with the ability to veto a proposed investment or asset purchase recommended by BBPLC (in its capacity as investment manager) or the right to require BBPLC (in its capacity as investment manager) to reconsider a recommendation by it to sell, to not invest or to not purchase an asset.

The formation and authority of the Equity Committee comes from the Group CEO acting through the Group Executive Committee. The voters on the Equity Committee are comprised of senior representatives of the PI business and the PI risk management department.

As part of a transaction review, the Equity Committee considers climate and sustainability matters, inviting specialist coverage teams to the committee meeting where necessary. The Equity Committee in its role of considering any recommendation from BBPLC in relation to the co-investment portfolio may ultimately decide to exercise its veto or invite BBPLC to reconsider a recommendation, as described above based on ESG considerations (a subset of which is climate risk).

7.3 - PI: Strategy

Climate-related issues could manifest through impact to investment valuations, ability to find a suitable purchaser and could result in stranded assets. The total book size of the co-investment portfolio as of 31 December 2024 is approximately £273m which, taking the conservative assumption of full write-down, would be low materiality based on the Risk Register (which contains identified risks by legal entity and risk type).

Investments are valued semi-annually, and any climate-related risks are considered within the assessment of the valuation. The remaining operating investments are across natural resources-related sectors and are geographically diverse. This means that there are a number of climate-related risks across the portfolio which can be both physical and transitional in nature.

The co-investment portfolio is at a mature stage, with focus on divestment opportunities over the medium term. Climate-related impacts (e.g. to investment valuation, ability to find a suitable purchaser, risk of stranded assets) are expected to be limited given the long-term manifestation of climate risk and will reduce through time as exits are completed. Risks and opportunities associated with sustainability (a subset of which includes climate) are assessed on a qualitative basis both as part of ongoing monitoring and when transactions are referred to the Equity Committee.

7.4 – PI: Risk management

Given the sectors in which the portfolio companies (comprised in the AUM of the co-investment portfolio) operate, a wide range of climate events could have a significant impact on the valuation of the investment (e.g. physical risks such as damage to infrastructure, production facilities or product storage, or transition risks such as policy changes delaying project milestones).

Most of the portfolio companies in the PI co-investment portfolio are asset- heavy and capital-intensive businesses and rely significantly on physical infrastructure and equipment. More frequent droughts and floods can alter the supply of water to sites, damage infrastructure and equipment and disrupt production and operations, requiring downtime whilst repairs take place, as well as reduced production capacity due to disrupted energy supply, extreme temperatures or limitations to water availability.

Extreme heat can decrease worker productivity and result in equipment overheating and raise cooling costs. However, the risk is expected to have limited impact on the value of the portfolio given the overall divestment strategy and that climate-related issues often manifest over a longer time period but noting asset-specific scenario analysis to verify this has not been completed.

During 2024, climate-risk drivers were incorporated within the internal stress test scenario for the first time rather than being considered as a stand-alone exercise or as an addition to the internal stress test. Despite posing risks to some companies, climate-related issues also present economic opportunities for some of the portfolio companies as their products play an important role in the shift towards a low-carbon economy.

PI has board representation at each of co-investment portfolio companies and as part of day-to-day portfolio management, ESG risks and opportunities (a subset of which is climate) are considered and reported on a continuous basis and discussed at board meetings. PI works with portfolio companies, in conjunction with external sector specialist advisers, appointed by BBPLC to support in driving operational and strategic improvements, including identifying and managing matters, such as operational health & safety and community engagement, and other environmental matters that may be significant for their corporate strategy.

An assessment is made by portfolio managers in conjunction with advisers and the portfolio company board on the materiality of the risk and, if deemed material, a board level plan is implemented to address the risk. Where necessary, the portfolio manager will discuss with internal sustainability-focused colleagues and in conjunction with the PI risk management department. If appropriate, matters are escalated to the Equity Committee, where specialist teams are invited to attend to share perspectives. Through the board role, PI can seek to influence an accelerated exit strategy should the ESG risks (a subset of which is climate) be considered heightened.

At a portfolio level (a subset of which is the co-investment portfolio), the risk management department carries out climate monitoring and reporting activities to senior management stakeholders.

7.5 - PI: Metrics and targets

PI makes qualitative assessments based on relevant portfolio company reporting and overall sector knowledge. This is factored into the investment life cycle with the Equity Committee considering such factors formally.

No specific climate metrics are calculated to assess climate-related risks or opportunities on the portfolio companies. Although, over the past year, a number of portfolio companies made several improvements in tracking carbon emissions, energy use and water consumption more closely. Some have also set GHG reduction targets, which reflects their dedication to decarbonisation. Investments are monitored monthly by PI Risk Team and quarterly within the Treasury and Capital Risk Committee. Investments are revalued semi-annually and any specific climate- related risks or events are considered, where relevant.

Given the closed nature and mature status of the co-investment portfolio, no GHG emissions targets are set for the portfolio as a whole or for individual portfolio companies. There are also no GHG emissions calculations for the portfolio. On an individual portfolio company level, the companies are not currently required to report GHG emissions and measurable reduction targets, although some of the portfolio companies have started to set GHG emission reduction targets and monitor their emissions. As a result, PI cannot currently disclose the GHG emissions for the portfolio.

Some portfolio companies operate in the emerging markets where local legislative standards are not as developed, or laws are poorly enforced and thus do not typically report sophisticated measurable metrics. They do not have advanced methodologies and do not currently engage external consultants where internal capability gaps exist. The portfolio companies typically have limited financial resources and focus efforts on qualitative ESG reporting (a subset of which is climate) for the board and shareholders.

Certain portfolio companies are focused on developing plans to reduce carbon emissions from their operations and supply chains wherever possible, as documented in their respective policy statements. Via the board role, PI has the ability to influence the development and implementation of robust sustainability and climate strategy that aligns to Paris Agreement pledge to try to prevent temperatures rising above 2°C above pre-industrial levels and integration of climate considerations into business plans and risk management processes. However, PI does not measure the alignment with a 2°C scenario. PI does not perform climate-related scenario analysis, but qualitative ESG matters are taken into account by the Equity Committee when considering investments and divestments.

8.0 – Glossary of key terms

Adaptation: The process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities. In some natural systems, human intervention may facilitate adjustment to expected climate and its effects (IPCC 2022).

Assets under management (AUM): The AUM represents the aggregate value of client assets managed, advised or otherwise contracted, from which the Group, including joint ventures and associates, earns operating revenue.

Climate tipping point: Please see Tipping point below.

Disorderly 1.5°C scenario: A disorderly transition scenario assumes climate policies are delayed or divergent, requiring sharper emissions reductions which is achieved at a higher cost. There are increased physical risks in order to limit temperature rise to below 2°C on pre-industrial averages.

Enterprise value including cash (EVIC): The sum of the market capitalisation of ordinary shares at fiscal year end, the market capitalisation of preferred shares at fiscal year end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values. Based on the PCAF definition.

Environmental, social and governance (ESG) integration: The systematic inclusion of financially material ESG factors in investment analysis and investment decisions, with the goal of enhancing long-term, risk-adjusted financial returns. Examples include but are not limited to: Environmental – Factors that relate to the quality and functioning of the natural environment, and natural systems. These include carbon emissions, environmental regulations, water stress and waste. Social – Factors that relate to the rights, well-being, and interests of people and communities, such as labour management and health & safety. Governance – Factors that relate to the management and oversight of companies and investee entities, including board structure and pay.

Exchange-traded fund (ETF): A type of pooled investment security that can be bought and sold like an individual stock.

Feedback loop: Feedback loops are a series of events which are triggered by an initial change. Positive feedback loops are feedback loops which amplify the initial change and lead to a repetition of the cycle. An example of a positive feedback loop could be an initial cooling of the earth.

Fragmented world: The Fragmented World scenario assumes delayed and divergent climate policy ambition globally, leading to high physical and transition risks. Countries with net zero targets achieve these only partially (80% of the target), while the other countries follow current policies.

Fund: A fund is a collective investment, where investors' money is pooled together and spread across a wide range of underlying investments, to help the spread of overall risk.

Greenhouse gas emissions (GHG): GHG are gases in the Earth's atmosphere that trap heat. The main ones are carbon dioxide, methane, nitrous oxide hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. GHG emissions from human activities intensify the greenhouse effect, contributing to climate change. Carbon dioxide, from burning fossil fuels such as coal, oil, and natural gas, is one of the most important factors in causing climate change. For further details, please see the European Environmental Agency.

Hothouse world 3°C scenario: The hothouse world scenario assumes only currently implemented policies are preserved. Current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and a failure to limit temperature rise.

Implied temperature rise (ITR): Based on MSCI methodology. The calculation uses an aggregated budget approach that compares the sum of financed projected carbon emissions against the sum of financed carbon emission budgets for underlying portfolio holdings. A company projected to emit carbon below budget can be said to "undershoot" the budget. A company projected to exceed the budget "overshoots" it. This calculation provides an estimation of the total carbon budget under-/overshoot of the portfolio. The total portfolio carbon emission over/undershoot is then converted to a degree of temperature rise.

Intergovernmental Panel on Climate Change (IPCC): Created in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP), the objective of the IPCC is to provide governments at all levels with scientific information that they can use to develop climate policies.

Mitigation (of climate change): A human intervention to reduce the sources or enhance the sinks of greenhouse gases (IPCC 2022).

Nationally determined contributions (NDCs): NDCs includes all pledged policies even if not yet backed up by implemented effective policies. This scenario assumes moderate and heterogenous climate ambition reflected in the conditional NDCs at the beginning of 2024 continues over the 21st century (low transition risks). Emissions decline but lead nonetheless to 2.3°C of warming associated with moderate to severe physical risks. Transition risks are relatively low.

Net zero: Refers to the balance between the amount of greenhouse gas (GHG) that's produced and the amount that's removed from the atmosphere. It can be achieved through a combination of emission reduction and emission removal. (Net Zero Climate).

Orderly below 2°C scenario: An orderly transition scenario assumes climate policies are introduced early and become gradually more stringent. Global net-zero CO_2 emissions are achieved around 2050, and it is likely that global warming will be limited to below 2°C on pre-industrial averages.

Principal Adverse Impact Indicators (PAIs): Under the EU Sustainable Finance Disclosure Regulation (SFDR), financial market participants are required to consider the principal adverse impacts of investment decisions on sustainability. The PAIs are a set of mandatory indicators and metrics which aim to show financial market participants how certain investments pose sustainability risks.

Residual risk: The risk related to climate change impacts that remains following adaptation and mitigation efforts. Adaptation actions can redistribute risk and impacts, with increased risk and impacts in some areas or populations, and decreased risk and impacts in others (IPCC 2022).

Scenario: A scenario describes a path of development leading to a particular outcome. Scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments.

Scope 1 emissions: Direct GHG emissions from sources that are owned or controlled by a company (Carbon Trust).

Scope 2 emissions: Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heat or cooling consumed by a company (Carbon Trust).

Scope 3 emissions: Covers all other indirect GHG emissions not included in scope 2 emissions that occur in the upstream and downstream activities of an organisation (Carbon Trust).

Sustainable Finance Disclosure Regulation (SFDR): SFDR is a European disclosure regime whereby asset managers are responsible for assigning a particular classification to their product and making certain disclosures accordingly. There is no guarantee that the classification assigned by an asset manager to a product is correct. Financial products can be classified as 1) products that have an intended sustainability target, such as reduction of CO_2 emissions (Article 9 products), 2) products that promote environmental or social characteristics (Article 8 products) or 3) other products without specific sustainability considerations.

Taskforce on Climate-related Financial Disclosures (TCFD): The Financial Stability Board created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing a specific set of risks – risks related to climate change.

Tipping point: A tipping point is a critical threshold that, when crossed, leads to large, accelerating and often irreversible changes in the climate system. If tipping points are crossed, they are likely to have severe impacts on human society and may accelerate global warming. Please see the Nature article 'Exceeding 1.5°C global warming could trigger multiple climate tipping points' for further details on tipping points.

United Nations Global Compact (UNGC): A voluntary initiative based on CEO commitments to implement universal sustainable principles and to take steps to support UN goals (UN Global Compact).

9.0 – Disclaimers

Information provided in climate disclosures and sustainability-related content:
What is important to our clients and stakeholders evolves over time, and we aim to anticipate and respond to these changes. Disclosure expectations in relation to climate change and sustainability matters are particularly fast moving and differ from more traditional areas of reporting including in relation to the level of detail and forward-looking nature of the information involved and the consideration of impacts on people and the planet. We have adapted our approach in relation to the disclosure of such matters.

Our climate disclosures and sustainability-related content take into account the wider context relevant to these topics, which may include evolving stakeholder views, the development of our climate strategy, longer timeframes for assessing potential risks and impacts, international long-term climate and nature-based policy goals and evolving sustainability-related policy frameworks (and the harmonisation or interoperability of relevant regulation) and geopolitical developments and regional variations.

Our climate disclosures and sustainability-related content are subject to more uncertainty than disclosures relating to other subjects, given market challenges in relation to data reliability, consistency and timeliness – the use of estimates, judgements and assumptions which are likely to change over time, the application and development of data, models, scenarios and methodologies, the change in regulatory landscape, and variations in reporting standards.

These factors mean disclosures may be amended, updated, and recalculated in future as market practice and data quality and availability develops, and could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any forward-looking statements or metrics included in our climate disclosures and sustainability-related content.

We give no assurance as to the likelihood of the achievement or reasonableness of any projections, estimates, forecasts, targets, commitments, ambitions, prospects or returns contained in our climate disclosures and sustainability-related content and make no commitment to revise or update any such disclosures to reflect events or circumstances occurring or existing after the date of such statements.

ESG data:
There is currently no universally accepted way of reporting, rating or categorising ESG data and so, where we may refer to, or rely on, third-party data, such data may be subject to certain limitations (including in relation to the quality, timeliness, completeness and availability of such ESG data). Importantly, ESG data may not be audited or otherwise reviewed by an independent third party and while Barclays will use sources it believes to be reliable, we do not guarantee the information is accurate, complete, and up to date. The models and methodologies underlying, and any judgements, estimates or assumptions made in determining, ESG data and metrics are rapidly evolving. This may directly or indirectly affect any ESG data or metrics contained in this report.

ESG definitions:
Where we may refer to such terms, there is currently no globally accepted framework or definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, an 'ESG', 'green', 'sustainable', 'climate friendly' or an equivalent company, investment, strategy or consideration or what precise attributes are required to be eligible to be categorised by such terms. This means there are different ways to evaluate a company or an investment and so different values may be placed on certain ESG credentials as well as adverse ESG-related impacts of companies and ESG controversies where these are considered.

The evolving nature of ESG considerations, models and methodologies means it can be challenging to definitively and universally classify a company or investment under an ESG label and there may be areas where such companies and investments could improve or where adverse ESG-related impacts or ESG controversies exist. The evolving nature of sustainable finance related regulations and the development of jurisdiction-specific regulatory criteria also means that there is likely to be a degree of divergence as to the interpretation of such terms in the market. We expect industry guidance, market practice, and regulations in this field to continue to evolve.

Any references to 'sustainable', 'sustainable investment', 'ESG', 'ESG data' or other similar terms or related exclusions in this article are not to any jurisdiction-specific regulatory definition or other interpretation of these terms unless specified otherwise.

Discretionary Portfolio Management:
Where we refer to screening processes, there is currently no market consensus, universally accepted framework (legal, regulatory or otherwise), criteria or purely objective way to select investments for sustainable strategies. We use multiple screening processes and analyse a number of factors in our investment selection process that we consider relevant in accordance with our internally defined criteria.

Where we have referred to investment selection processes, these include subjective elements which require us to consider whether, on balance, a particular investment is appropriate for inclusion in a sustainable strategy based on our criteria, available information (including ESG data) and professional judgement. Further, ESG considerations are rapidly evolving and may vary by sector/industry, market trends, current science or academic thought, and the macro environment.

Other disclaimers:
In preparing the climate disclosures and sustainability-related content within the Barclays Bank PLC TCFD Report wherever it appears, we have:

- Made certain key judgements, estimations and assumptions. This is, for example, the case in relation to measurement of climate risk and scenario analysis.
- Used climate data, models, scenarios and methodologies we consider to be appropriate and suitable for these purposes as at the date on which they were deployed. This includes data, models, scenarios and methodologies made available by third parties (over which we have no control) and which may have been prepared using a range of different methodologies, or where the basis of preparation may not be known to us. Methodologies, interpretations or assumptions may not be capable of being independently verified and may therefore be inaccurate. Climate data, models, scenarios and methodologies are subject to future risks and uncertainties and may change over time. Climate disclosures and sustainability-related content in this document, including climate-related data, models and methodologies, are not of the same standard as those available in the context of other financial information and use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of climate and sustainable financing activities. Climate disclosures and sustainability-related content are also not subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. Historical data cannot be relied on as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data, scenario analysis and the application of methodologies will also be affected by underlying data quality, which can be hard to assess, or challenges in accessing data on a timely basis.
- Continued (and will continue) to review and develop our approach to data, models, scenarios and methodologies in line with market principles and standards as this subject area matures. The data, models, scenarios and methodologies used (including those made available by third parties) and the judgements, estimates and/or assumptions made in them or by us are rapidly evolving, and this may directly or indirectly affect the metrics and data points contained in the climate disclosures and sustainability-related content within this report. Further, changes in external factors which are outside of our control such as accounting and/or reporting standards, improvements in data quality, data availability, or updates to methodologies and models and/ or updates or restatements of data by third parties, could impact – potentially materially – the performance metrics and data points , targets, convergence points and milestones contained in the climate and sustainability content within this report. In future reports we may present some or all of the information for this reporting period (including information made available by third parties) using updated or more granular data or improved models, scenarios methodologies, market practices or standards. Such updated information may result in different outcomes than those included in this report. It is important for readers of this report to be aware that direct, like-for-like comparisons of each piece of information disclosed may not always be possible from one reporting period to another.
- Included in the TCFD Report graphs, text boxes and an illustrative case study and other credentials which aim to give a high-level overview of certain elements of the climate and sustainability content within this report and improve accessibility for readers, and are designed to be read within the context of the report as a whole. There are a variety of internal and external factors which may impact the reported metrics contained within the report.

This report: (i) has been prepared by Barclays Bank PLC and is provided for information purposes only and is subject to change. References to Barclays means any entity within the Barclays Group of companies, where "Barclays Group" means Barclays and its affiliates, subsidiaries and undertakings;

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