

# Sustainable Finance Overview

IEMA Webinar: Understanding Sustainable  
Finance



Leilani Weier - Vice President, Sustainability

Sustainability colleagues on the Webinar: Yaa Ofori-Ansah, Assistant VP and  
Luke Waldron, Assistant VP.

12 December 2018

# A very brief overview covering:

About Barclays

Sustainable Finance

- Setting the context | the sustainable finance opportunity
- Barclays Is a Leader in Sustainable Finance

The Risks and Opportunities

- Task Force for Climate-related Financial Disclosures (TCFD)
- Barclays Coal Statement

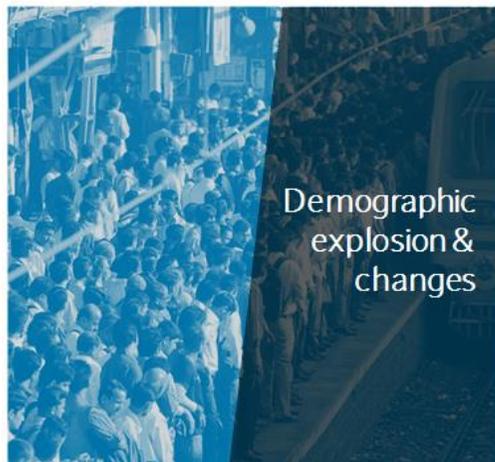
# About Barclays

- > a transatlantic consumer and wholesale bank offering products and services across personal, corporate and investment banking, credit cards and wealth management
- > a strong presence in our two home markets of the UK and the US
- > over 325 years of history and expertise in banking
- > operates in over 40 countries and employs 82,000 people
- > Barclays moves, lends, invests and protects money for customers and clients worldwide

For further information about Barclays, please visit our website  
[www.barclays.com](http://www.barclays.com)

# Setting the context | the sustainable finance opportunity

Pressing challenges are creating investment opportunities



Significant funding needs will require access to capital markets ...

**\$89 trillion**

in infrastructure investments to keep within a 2 degree Celsius Temperature rise by 2030<sup>1</sup>

**\$2.4 trillion**

per year in additional investments to meet UN Sustainable Development Goals<sup>2</sup> to improve life all around the Globe.

...and momentum is building with financing initiatives increasingly seeking to solve these issues

**26% of all global assets**

managed professionally ( \$23Tn in 2017) now incorporate elements of ESG & Impact Investing<sup>3</sup>

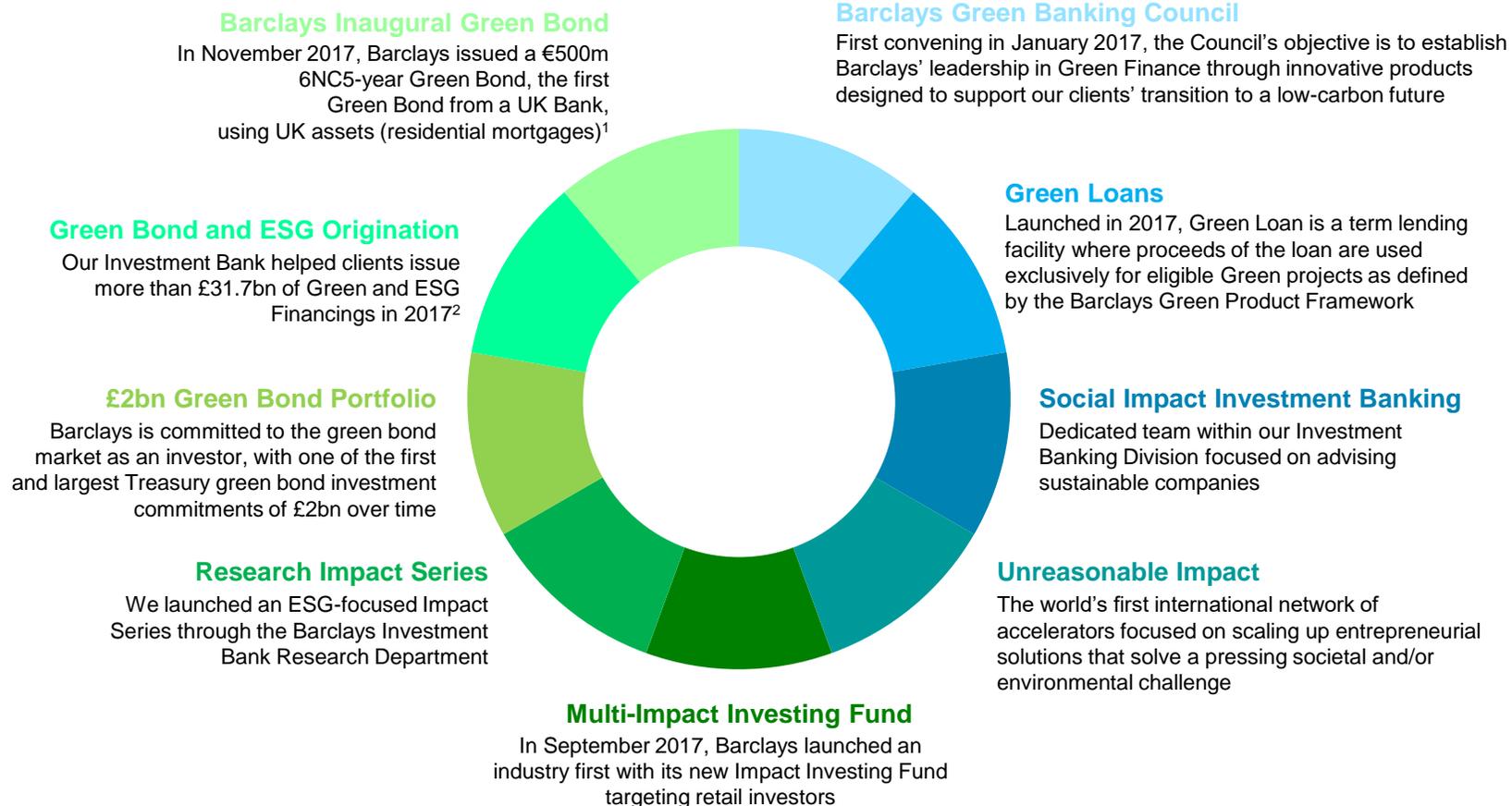
1. New Climate Economy

2. UNCTAD / Global Sustainable Investment Review

3. Global Sustainable Investment Alliance (GSIA), 2016

# Barclays Is a Leader in Sustainable Finance

Significant resources and focus across the Barclays franchise



<sup>1</sup> Certified by the Climate Bonds Initiative with second party opinion published by the Carbon Trust confirming that Barclays Green Bond Framework meets the ICMA Green Bond Principles.

<sup>2</sup> Financing volume based on a use of proceeds framework. Within KPMG's limited assurance scope.

# Examples 1 & 2:

## Barclays Multi-Impact Growth Fund

### Key Characteristics of the Fund

- Seeks to achieve long term capital growth, and to a lesser extent income
- Invests in a range of third party funds which pursue a broad variety of equity and fixed income strategies, the managers of which incorporate impact considerations into their investment process
- Covers multiple assets classes, regions and third party fund managers
- The Impact Style covers the themes of catalytic (addresses a societal challenge), sustainable (pursues sustainability aims which benefit stakeholders, and responsible (mitigates ESG risk that could harm stakeholders).



INVESTMENT  
WEEK  
SUSTAINABLE INVESTMENT  
AWARDS 2017

**WINNER**  
Award for Innovation  
(Funds & Portfolios)

## Transaction | Sustainability Linked Loans

**\$1,400,000,000**

**CMS ENERGY**

**Consumers Energy**

*Count on Us*

**Sustainability-Linked  
Revolving Credit Facilities**

*Sole Sustainability Structuring Agent*

**BARCLAYS**

*June 2018*

- This transaction represents the first ever sustainability-linked RCF (revolving credit facility) from a U.S. corporate borrower
- Barclays is serving as the Sole Sustainability Structuring Agent on the facilities and worked with the company to design a structure that was consistent with its corporate objectives
  - Barclays considered a range of potential sustainability metrics and ultimately chose a construct that was agreeable to both the company and lenders
- We anticipate this structure will continue to gain traction in both the U.S. and abroad, especially for borrowers who have explicit environmental or social initiatives in place

## Example 3: Key features of Barclays Green Home Mortgage

Barclays Green Home Mortgage offers customers a lower rate on certain fixed rate mortgages when they purchase a new-build home with an EPC<sup>1</sup> rating of A or B from eligible house builder partners...



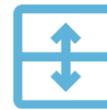
Up to 10bps discount  
compared to  
core mortgage rates



Energy efficiency  
rating of 81-100



Fixed rate  
2 & 5 year terms  
Inc. Help to Buy



Available with five  
partner housebuilders



Pilot phase expansion  
planned for 2019

... has supported UK households through facilitation of capital to purchase energy efficient homes that offer economic and health benefits<sup>2</sup>

### Outcomes

- First UK bank to launch a green mortgage product
- Fastest uptake of any recently launched Barclays Mortgage product

### Considerations

- New-build mortgage market is dominated by brokers, therefore product choice appears to be driven by pricing competitiveness

# Barclays Green Product Framework

To support the transition to a lower carbon economy, Barclays Green Solutions offers finance to businesses with qualifying themes and activities. These qualifications are defined within the Barclays Green Product Framework.

## Working together to identify Green projects



We've collaborated with Sustainalytics, a leading global provider of environmental, social and corporate governance research and ratings, to develop a custom impact eligibility framework. It identifies projects and activities that have a positive environmental impact. Sustainalytics has extensive experience in supporting financial institutions in developing eligibility criteria for Green products and funds and providing verification for bonds.

## The importance of third-party validation

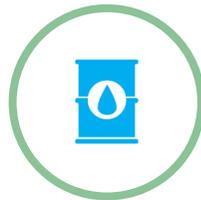


Stakeholder expectations and supply chains will evolve as companies increase their understanding and engagement of environmental issues. And customer demands will dictate that businesses actively manage and minimise their environmental impact. To help demonstrate environmentally responsible actions, validation from a third party is essential to offer extra assurance. That's why our Green Product Framework is supported by Sustainalytics, to help guarantee the Green credentials of businesses. And enable their stakeholders to better understand their environmental actions.

Our Green Product Framework is divided into these subsections to help us better assess each funding application.



Energy efficiency projects and renewable energy



Greenhouse gas emission reduction



Green transport



Sustainable food, agriculture and forestry



Waste management



Sustainable water

# Corporate Banking Product Overview

	Innovation Finance	Green Loan	Infrastructure & Project Finance	Green Asset Finance	Green Deposits	Green Trade Loan
Minimum amount	£100k	£3m	£20m	£10k	£500k	£250k
Maximum amount	£5m	No maximum	No maximum	No maximum	No maximum	No maximum
Eligible companies	SMEs and Small mid-caps	Any Barclays corporate client	Non-recourse SPVs	Any Barclays corporate client	International CB, Large Corporate, Key Clients	Any Barclays corporate client
Applicable products	Term Loan and Revolving Credit Facility	Term Loan and Property Development Loan	Term Loan and Revolving Credit Facility	Lease Purchase, Lease and Loan	65 Day & 95 Day Notice Deposit (GBP, USD)	Trade Loan
Commercial, reputational and regulatory benefits?						

# TCFD Implementation and Disclosure (1/3)

11 July 2017

**Jes Staley, CEO, Barclays PLC:**

"As a contributing member to the work of the FSB Task Force over the past 18 months, Barclays is pleased to be able to continue our involvement by joining this UNEP FI Working Group. Putting the theory into practice – or exploring how best the Recommendations can be implemented – and creating greater transparency for all participants, is an endeavour we look forward to working on with our fellow Working Group participants."

April 2018

"This report provides a practical way to assess the physical risks of climate change, which we have piloted on our real estate mortgage portfolio to consider how flood risks could impact Barclays' customers now and in the future. This type of assessment helps us to manage climate change risk and opportunity, both at a transactional and portfolio level."

**JON WHITEHOUSE**  
**Head of Government Relations & Citizenship**  
Barclays

July 2018

Anticipating how the transition to a lower-carbon economy could impact our portfolio, will help us better advise our customers to manage the related risks and opportunities. Working within the UNEP FI TCFD Pilot Working Group, Barclays is able to tackle the challenges associated with understanding the financial impacts of climate change. This is the start of a longer-term process for the industry to explore approaches to climate stress testing and we look forward to continuing to work with UNEP FI and its members to find possible solutions.

**JON WHITEHOUSE**  
**Head of Government Relations & Citizenship**  
Barclays

## Statement of Support for the TCFD Recommendations (Final TCFD Report Launch June 2017)

In signing this statement, we affirm our commitment to support the voluntary recommendations of the industry-led Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD). We believe that climate change will have significant impacts across many sectors and that we, as business leaders, have an important role to play in ensuring transparency around climate-related risks and opportunities.

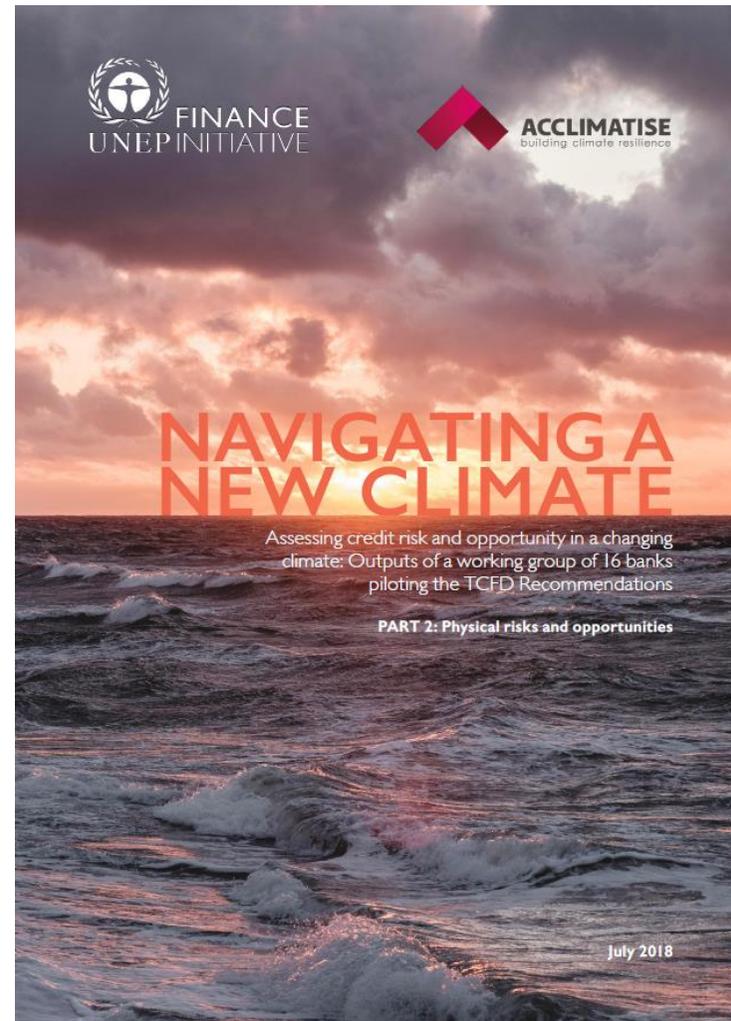
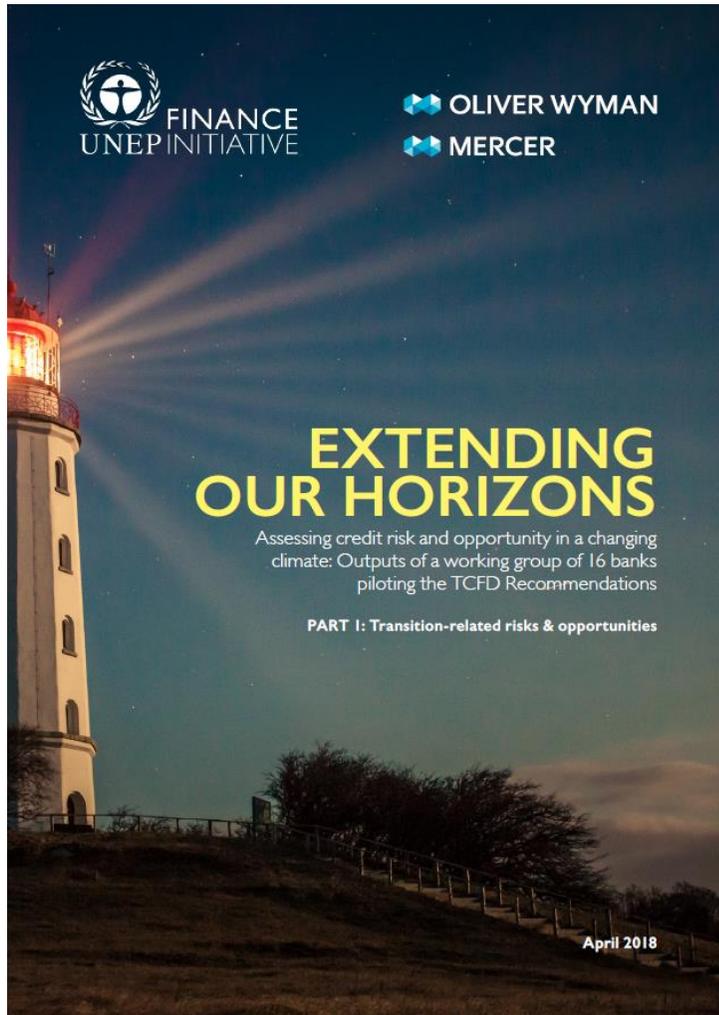
We encourage other business leaders to join us in this united effort to improve disclosure across sectors and regions. The Task Force's recommendations will catalyze more consistent, comparable, and reliable disclosure of climate-related information that will facilitate more informed business and investment decision-making.

These disclosures are an important step forward in enabling market forces to drive efficient allocation of capital and support a smooth transition to a low-carbon economy.

In signing this letter, we are proud to express our support for better disclosures of climate-related risks and opportunities and we urge other business leaders to do the same.

**Barclays, Jes Staley, Group Chief Executive Officer**

# TCFD Implementation and Disclosure (2/3)



# TCFD Implementation and Disclosure (3/3)

- > Vast number of functions and stakeholders involved
- > TCFD Implementation Forum
- > First TCFD disclosure was in the 2017 Annual Report and ESG Reports released in February 2018
- > Iterative process, as TCFD implementation progresses
- > 2018 TCFD disclosure due out in February 2019
- > Will include the work we've conducted as part of the UNEP FI TCFD Pilot

## Risk management

...and help us focus on climate change

Climate change and resource scarcity are acknowledged as two of the greatest global challenges facing society today. As a global institution, we support our clients and communities as they adopt measures to mitigate and adapt to climate change such as clean technologies and infrastructure resilience. We acknowledge the validity of climate science and support the efforts of public and private stakeholders around the world aiming to limit global temperature rise to two degrees Celsius above pre-industrial levels.

Barclays participated in the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD), which published its final recommendations in June 2017. Barclays endorsed the final report, and will work to implement the recommendations over the coming years.

The principles laid out in the TCFD recommendations are an important step in providing the foundations from which companies, investors, banks and other market participants can move forward together to improve transparency and build better understanding of potential climate-related risks and opportunities.

This is the start of a longer-term process to enhance disclosures and improve understanding of potential material financial impacts.

.....  
This is the start of a longer-term process to enhance disclosures and improve understanding of potential material financial impacts.  
.....

### Governance

On behalf of the Board, the Board Reputation Committee reviews and approves Barclays' overall Environmental, Social and Governance (ESG) strategy, which includes the approach taken on climate change and emission targets. The Committee discussed the outcome of an externally facilitated review on Barclays alignment with the TCFD recommendations in 2017. See pages 69 to 74 for the Board Reputation Committee report.



### Strategy

Significant financing requirements for energy transition and resilient infrastructure will necessitate access to the capital markets, bank debt and wider funding solutions, providing revenue pools that are projected to grow over time. Our approach is to focus on managing potential climate change related risks at a client and transactional level, and assess current and emerging opportunities across our product suite and geographical footprint.

In the shorter term, Barclays sees immediate opportunities in Green Bonds and other financing solutions. We actively manage our own direct carbon footprint and are making good progress towards our target of 30% reduction by end 2018, against a 2015 baseline, reducing our emissions by 26.1% in 2017.

### Managing climate risk and opportunity

Through a dedicated Environmental Risk Management team within the Credit Risk function, we are focused on managing both physical risks, for instance flood risk for our UK mortgage book, as well as potential transition risks if carbon intensive industries do not plan strategically for a smooth medium to long term transition to a low carbon economy.

During 2017, we have significantly increased our focus on developing new climate opportunities, including the launch of a suite of industry-leading Green Products driven by the Green Banking Council and the issuance of Barclays inaugural Green Bond. Please see the Green Bonds case study on page 7.

Please refer to the 2017 ESG Report for further information, found at [home.barclays/annualreport](http://home.barclays/annualreport)

# Barclays Coal Statement

April 2018



- > **Outlines** appetite for doing business with the coal mining and coal-fired power sector – concerns exist
- > **Promotes** an orderly transition to a lower carbon economy that meets the world’s current and future energy needs
- > **Scope:** Corporate Banking and Investment Banking clients active in the thermal coal mining and coal fired power sectors
- > **Approach to DD:** case by case and subject to, equator principles, regulation, environmental issues, technology, local communities, H&S, clients own strategy and geography
- > **Appetite Criteria:** continue to reduce credit exposure to clients that derive the majority of their revenue from thermal coal mining and power generation clients where more than 50% of their power generation mix is coal-fired
  - > Thermal Coal Mining: no appetite for project finance transactions with development of greenfield thermal coal mines
  - > Mountaintop removal of coal mining (MTR): no direct finance, enhanced DD, financial support agreed on exception
  - > Coal-fired power: general corporate financing for existing clients on a case by case basis, no appetite for project financing to support construction or material expansion in high income OECD countries (exceptions with CCS), no appetite for project financing to support the construction or expansion in non high income OECD countries, unless they use super-critical or ultra-critical technologies
- > **Escalation procedure:** enhanced DD and referred to Environmental Risk Team and Sustainability Team

NB: The above points are derived from the statement, the full statement should be referred to on Barclays.com

## To summarise

---

- ✓ Established our own Green Banking Council to coordinate client solutions in response to the Green and Environmental agenda
- ✓ Became a signatory to the Green Bond Principles, Equator Principles, Wolfsburg Principles and UN Principles for Responsible Investment
- ✓ Continued to adhere to an environmental management system, including core buildings certified to ISO 14001
- ✓ Actively participated in the UK Government's Green Finance Taskforce
- ✓ Partnered with the Climate Bonds Initiative
- ✓ We were the first UK bank to issue a Green Bond to fund 100% UK Assets
- ✓ Invested in 45+ projects delivering sustained social impact and ongoing commercial returns through our Social Innovation facility
- ✓ Formed an Environmental Risk Management team and Sustainability to advise on client transactions that may have environment-related risks
- ✓ Established the London Environment Network to raise awareness, drive action and foster collaboration around environmental issues
- ✓ Commissioned a market report named [Environmental Commitment](#) to explore how businesses prioritise their green agenda

We reduced carbon emissions by 15.8% against the 2015 baseline, making good progress against our new target of a 30% reduction by 2018.\*

\*Barclays Annual Report, 2016

---

# Disclaimer

---

This document has been prepared by Barclays Capital Inc. ("Barclays") for information purposes only and for the sole and exclusive use of CMS Energy (the "Recipient") in connection with the matter or possible transaction to which this document relates. The final terms and conditions of the transaction will be set out in full in the applicable offering document(s) or binding transaction document(s). This document is incomplete without reference to, and should be assessed solely in conjunction with, the oral briefing provided by Barclays.

This document is strictly confidential and remains the property of Barclays. The Recipient agrees that it shall only use this document for the purpose of evaluating and considering the matter or possible transaction to which this document relates. This document may not be distributed, published, reproduced, or disclosed, in whole or in part, to any other person, nor relied upon by the Recipient or any other person, nor used for any other purpose at any time, in each case without the prior written consent of Barclays.

Barclays' research analysts and research departments are independent from Barclays' banking business ("Banking") and are subject to certain regulations and internal policies. Barclays' research analysts may hold and make statements or investment recommendations and/or publish research reports with respect to any company referred to herein, the transactions contemplated herein or any person involved therein or related thereto that differ from or are inconsistent with the views or advice communicated by Barclays' Banking.

Furthermore, any preliminary valuation summary presented herein represents the views of Banking. In the course of vetting potential transactions and pursuant to Barclays' internal preliminary valuation, diligence and compliance procedures, Banking may obtain the independent views of its research department regarding the company and merits of a proposed transaction. However, Barclays' research department is independent and, in accordance with U.S. rules, Banking is not permitted to make any representation regarding the views of the research analyst who has been, or may be, assigned by research management to independently evaluate a company and any proposed transaction. Accordingly, you should not infer that any preliminary valuation summary presented by Banking reflects the views of the research department and nothing herein or otherwise should be construed as a promise or offer of favorable coverage or an indication of a specific rating or price target that may be assigned in the future by any Barclays' research analyst.

Neither Barclays nor any of its subsidiaries or affiliates shall be obliged by having made this document available to you to provide any financial advisory services (whether in relation to the matter or possible transaction to which this document relates or otherwise) or to sell, acquire, place or underwrite any securities or to lend moneys or to provide any other commitment, facility, product, risk management solution or service, nor does Barclays represent by providing this document to the Recipient that it will be possible for Barclays to provide, arrange or undertake any of the aforementioned services, activities, products or solutions. Any commitment by Barclays to provide, arrange or undertake any of the aforementioned services, activities, products or solutions would be subject to Barclays signing appropriate documentation, obtaining all necessary internal approvals and completing due diligence, in each case in a manner satisfactory to Barclays.

This document was prepared on the basis of information and data obtained from publicly available sources and, where applicable, from the Recipient and/or any other entity that may be involved in any transaction or matter contemplated by this document (and/or any of the Recipient's or the aforementioned entities' affiliates), in each case prior to or on the date hereof. The information in this document has not been independently verified by Barclays. Barclays has relied on any information provided by the Recipient or from third party or public sources as complete, true, fair, accurate and not misleading. With respect to any financial or operating forecasts and analyses provided to it, Barclays has assumed that they are achievable and have been reasonably and properly prepared on bases reflecting the best currently available information, estimates and judgments as to the future financial performance of the entity(ies) to which they relate and that such forecasts or analyses would be realized in the amounts and time periods contemplated thereby. Barclays does not make any warranty or representation, express or implied, as to the accuracy, completeness or reasonableness of the information (including projections and assumptions) contained in this document whether obtained from or based upon third party or public sources or otherwise.

This document is given as of the date hereof, may not be final, is based on information available to Barclays as of the date hereof, is subject to any assumptions set out therein and is subject to change without notice. Accordingly, this document may be based on (a) data and information that may no longer be current and (b) estimates that may involve highly subjective assessments. It should be understood that subsequent developments may affect this document and Barclays Group (as defined below) does not undertake any obligation to provide any additional information or to update any of the information or the conclusions contained herein or to correct any inaccuracies which may become apparent. Any data or information regarding, or based on, past performance is no indication of future performance.

The Recipient is responsible for making its own independent investigation and appraisal of the risks, benefits, appropriateness and suitability of any transaction or matter contemplated by this document. Barclays is not making any recommendation (personal or otherwise) or giving any investment advice. The decision to proceed with any transaction or action contemplated by this document must be made by the Recipient in light of its own commercial assessments, and Barclays will not be responsible for such assessments. Barclays is not responsible for providing or arranging for the provision of any general financial, strategic or specialist advice, including legal, regulatory, accounting, model auditing or taxation advice or services or any other services in relation to the transaction and/or any related securities described herein.

Neither Barclays nor any of its subsidiaries or affiliates, nor any of their respective officers, directors, employees, advisors or other representatives (Barclays together with such persons being the "Barclays Group") accepts any liability whatsoever for any direct, indirect or consequential losses (in contract, tort or otherwise) arising from the use of this document or its contents or any reliance on the information contained herein. Barclays Group is not responsible for any specialist advice, including legal, regulatory, accounting, model accounting, tax, actuarial or other advice.

This document shall not constitute an underwriting commitment, an offer of financing, an offer to sell, or the solicitation of an offer to buy any securities described herein, which shall be subject to Barclays' internal approvals. No transaction or service related thereto is contemplated without Barclays' subsequent formal agreement.

Members of Barclays Group are involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. In the ordinary course of its business, Barclays Group may provide services to any other entity or person whether or not a member of the same group as the Recipient (a "Third Party"), engage in any transaction (whether on its own account, on behalf of any Third Party or otherwise, and including any transaction or matter contemplated by this document), notwithstanding that such services, transactions or actions may be adverse to the Recipient or any member of the Recipient's group, and Barclays Group may retain for its own benefit any related remuneration or profit. Barclays Group may also, from time to time, effect transactions for its own account or the account of its clients and hold long or short positions in debt, equity or other securities of the companies referred to herein. Barclays Group operates in accordance with a conflicts of interest policy that identifies conflicts of interest Barclays Group faces in the ordinary course of its business, and establishes organizational and procedural measures to manage those conflicts where it is reasonably able to do so. Neither Barclays nor any other part of Barclays Group shall have any duty to disclose to the Recipient or utilize for the Recipient's benefit any non-public information acquired in the course of providing services to any other person, engaging in any transaction (on its own account or otherwise) or otherwise carrying on its business.

**NO ACTION HAS BEEN MADE OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION IN WHICH ACTION FOR THAT PURPOSE IS REQUIRED. NO OFFERS, SALES, REALES OR DELIVERY OF THE SECURITIES DESCRIBED HEREIN OR DISTRIBUTION OF ANY OFFERING MATERIAL RELATING TO SUCH SECURITIES MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS AND WHICH WILL NOT IMPOSE ANY OBLIGATION ON BARCLAYS OR ANY OF ITS AFFILIATES.**

**THIS DOCUMENT DOES NOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ISSUES RELATED TO AN INVESTMENT IN THE SECURITIES DESCRIBED HEREIN. PRIOR TO TRANSACTING, POTENTIAL INVESTORS SHOULD ENSURE THAT THEY FULLY UNDERSTAND THE TERMS OF THE RELEVANT SECURITIES AND ANY APPLICABLE RISKS.**

**THE INFORMATION CONTAINED HEREIN IS NOT INTENDED TO BE DISTRIBUTED TO ANY PROSPECTIVE OR ACTUAL INVESTORS AND, ACCORDINGLY, MAY NOT BE SHOWN OR GIVEN TO ANY PERSON OTHER THAN THE RECIPIENT, AND IS NOT TO BE FORWARDED TO ANY OTHER PERSON (INCLUDING ANY RETAIL INVESTOR OR CUSTOMER), COPIED OR OTHERWISE REPRODUCED OR DISTRIBUTED TO ANY SUCH PERSON IN ANY MANNER WHATSOEVER. FAILURE TO COMPLY WITH THIS DIRECTIVE CAN RESULT IN A VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED.**

Barclays Capital Inc. is the United States investment bank of Barclays Bank PLC. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register No. 122702). Registered in England. Registered No. 1026167. Registered office: 1 Churchill Place, London E14 5HP. Copyright Barclays Bank PLC, 2016 (all rights reserved).

---