



# **Barclays PLC Green Bond 2020-1 Report of Factual Findings**

*Based on the pre-issuance requirements of the Climate  
Bonds Standard*



The Carbon Trust's mission is to accelerate the move to a sustainable, low carbon economy. It is a world leading expert on carbon reduction and clean technology. As a not-for-dividend group, it advises governments and leading companies around the world, reinvesting profits into its low carbon mission.

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# Abbreviations

CBI – Climate Bonds Initiative

EPC – Energy Performance Certificate

GBP – Green Bonds Principles

MHCLG – Ministry of Housing, Communities & Local Government

# Definitions

**Residential Mortgages:** Financing and/or refinancing energy efficient residential properties in England and Wales based on Energy Performance Certificate (“**EPC**”) data and which are originated within the three years prior to the date of the relevant Barclays Green Bond issuance.

**Eligible Assets:** Residential Mortgages that conform with the eligibility criteria set out in Barclays’ Green Bond Framework (the “**Framework**”), and that align to the sector eligibility criteria provided in Part C of the Climate Bonds Standard and to the Sector-Specific Criteria approved by the Climate Bonds Standard Board.

**Nominated Assets:** Eligible Assets that are associated with the Green Bond.

# Verifier Report

## Introduction

Carbon Trust Assurance Limited (“**Verifier**”) was commissioned by Barclays PLC (“**Issuer**”) to perform the pre-issuance verification of a proposed Green Bond (“**Green Bond**”) to be issued in October/November 2020. This report presents the Verifier’s factual findings on the conformance of the proposed Green Bond with the pre-issuance requirements of the Climate Bonds Standard (V3). We have not performed any work, and do not express any conclusion, over the performance of the Green Bond outside the scope outlined in this document.

## Scope and approach

This engagement covers the verification and conformance scope of the Verifier’s assessment of material aspects of the proposed Green Bond based on the requirements set out in the pre-issuance section of the Climate Bonds Standard (V3):

- > Use of Proceeds
- > Process for Evaluation and Selection of Projects & Assets
- > Management of Proceeds
- > Reporting Prior to Issuance

## Verification standards applied

The Verifier conducted this engagement in accordance with the Climate Bonds Initiative’s Readiness Assessment Protocol, using agreed-upon procedures, conducted in accordance with the *International Standards on Related Services 4400 (ISRS 4400): Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*.

## Our assurance activities

The Verifier undertook necessary activities to collect sufficient evidence to present factual findings in line with the scope outlined above. The Verifier’s review covered an examination of relevant procedures, policies and processes, as well as verification of data provided by the Issuer through the use of a sampling methodology and based on its professional judgment.

Further detail of the activities undertaken by the Verifier are as follows:

- > Conducted interviews with the Issuer and key staff responsible for the Green Bond to obtain an understanding of the organisation, its environmental objectives, intended use of bond proceeds, details of process and procedure for identifying Nominated Assets and projects and details of the process and procedure for the management of proceeds;
- > Reviewed the Framework including processes, systems and controls in place for management of bond proceeds, investment areas for green bond proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- > Checked the list of projects, which are proposed to be associated with the Green Bond and their conformance with eligibility requirements specified in Part C of the Climate Bonds Standard; and
- > Assessed the details of the projects listed according to public record, including database information and public disclosure by the EPC.

It is the Verifier’s opinion that that the activities undertaken, and the supporting evidence collected, provide an appropriate justification for the factual findings reached against these procedures.

## Issuer's responsibility

The Issuer is responsible for ensuring that their Green Bond complies with the requirements of the Climate Bonds Standard, including:

- > Designing, implementing and maintaining systems and processes relevant for the management of Green Bond proceeds;
- > Preventing and detecting fraud; and
- > Identifying and ensuring that the Issuer complies with laws and regulations applicable to its activities.

## Verifier's responsibility

This report is made solely to the Issuer in accordance with the terms of engagement, which include agreed arrangements for disclosure. The work was undertaken by the Verifier so as to state to the Issuer those matters contained in this report and for no other purpose. The report should not be regarded as suitable to be used or relied on by any party other than the Issuer for any purpose or in any context. Any party other than the Issuer who chooses to rely on the report (or any part thereof) will do so at its own risk. To the fullest extent permitted by the law, the Verifier accepts or assumes no responsibility or liability to any party other than the Issuer for this report.

## Limitations and exclusions

The scope of this verification did not include the following activities:

- > Determine which, if any, recommendations of the Verifier should be implemented;
- > Perform assessments on data and information beyond the defined reporting criteria and scope of verification activities as defined above.

This report is based on procedures carried out on or before October 2020 and no further procedures were carried out subsequent to that date.

## Verifiers' competence and independence

The Verifier's commitment to impartiality and quality assurance is established in its policies, procedures and management structure. These reflect international standards for quality management and incorporate requirements of the Verifier's accreditation by the United Kingdom Accreditation Service ("UKAS") to certify energy management systems.

As a result, the Verifier is able to ensure that the results in this report are of the highest quality and reflect an impartial application of the pre-issuance requirements under the Climate Bond Standard. The Verifier is an accredited Climate Bonds Initiative verifier.

The Verifier ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach is rigorous and transparent.

## Summary of findings

The Issuer is proposing to allocate funding which represents the Green Bond proceeds to Residential Mortgages based on EPC data and which are originated within the three years prior to the date of the Green Bond issuance.

The nominated projects must meet the eligibility requirements specified in Part C of the Climate Bonds Standard and in the Framework. The Issuer has demonstrated that associated internal processes and controls required under Clause 2 of the Climate Bonds Standard (V3) will be in place at the date of the Green Bond issuance and that these would also be available for verification post-issuance.

In the event that any portion of the proceeds of the Green Bond cannot be applied directly to refinance Eligible Assets at any time during bond tenure, the Issuer intends to invest the proceeds in a liquidity asset pool comprising temporary investment instruments that are cash, or cash equivalent instruments, denominated in the currency of the issuance, within their Treasury function.

Nothing came to our attention in the course of establishing our factual findings that would indicate any non-conformance of projects with the eligibility criteria as set out in the Framework. A detailed list of the factual findings is included in Appendix A.



This opinion shall be read in the context of the inherent limitations of the Procedures and this statement's intended use.



Morgan Jones, Head of Assurance  
**Carbon Trust Assurance Limited**  
19<sup>th</sup> October 2020



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*This verification report ("**Report**") is given by Carbon Trust Assurance Limited ("**CTAs**") and is addressed solely to the Issuer in accordance with the terms of the engagement contract between us and the Issuer. Those terms permit disclosure to other parties (whether by publication on the website of the Climate Bonds Initiative (the "**CBI**") or otherwise), solely for the purpose of enabling the Issuer to apply for certification to the Climate Bonds Standard by the CBI in connection with the Bonds. We have not considered the interest of any other party in the Report. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any other party for our work, for this statement or for the conclusions we have reached. CTAs will not accept any form of liability for the substance of the Report and/or any liability for damage arising from the use of the Report and/or the information provided in it. As the Report is based on information made available by the Issuer, CTAs does not warrant that the information presented in this Report is complete, accurate or up to date. Nothing contained in this Report shall be construed as to make a representation or warranty, express or implied, regarding the advisability of investing in any securities or any asset whose value is derived from any securities. Any person other than the Issuer who obtains access to the Report or a copy thereof and chooses to rely on it will do so at its own risk. Furthermore, this Report shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the Issuer or the Bond. The issuance and the performance of the Bond Issuer and the Bond is outside the scope of this engagement. We have consented to the inclusion of the Report on the CBI website or in such other manner as CBI shall from time to time use for making verification reports rendered in respect of applications for certification to the Climate Bonds Standard available to the public. We reserve the right to withdraw such consent at any time.*

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# Appendices

# Appendix A – Conformance requirements of the Climate Bonds Standard (V3)

## Clause 1 – Use of Proceeds

*Clause 1.1. – The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept up-to-date during the term of the Bond.*

**Factual findings** – At the point of assessment, the Issuer provided a list of nominated mortgage loans which it had assessed as eligible. As agreed with the Issuer, the Verifier selected a random sample of five percent of the nominated mortgage loans (corresponding to 114 loans) and assessed them for conformance with the eligibility criteria with no discrepancies being identified.

**Evaluation** – The Issuer has documented and nominated projects and assets proposed to be associated with the Green Bond and these have been assessed as being eligible as per the requirements under Part C of the Climate Bonds Standard.

*Clause 1.2. – The expected Net Proceeds of the Bond shall be no greater than the Issuer’s total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.*

**Factual findings** – The Issuer provided evidence of the expected Net Proceeds of the Green Bond but noted that the final Net Proceeds might be different. The expected Net Proceeds amount at the time of assessment was not greater than the aggregate amount outstanding under all nominated mortgage loans at that time. Within the “Management of Proceeds” section of the Framework, the Issuer commits “to invest all of the proceeds from an issuance of Green Bonds in Eligible Assets as soon as reasonably practicable. However, if it is unable to, any shortfall will be invested (at Barclays’ own discretion) in cash and short-term and liquid investments in accordance with its liquidity policy until additional Eligible Assets are available.”

**Evaluation** – The aggregate amount outstanding under all mortgage loans nominated by the Issuer at the time of assessment is greater than the expected Net Proceeds of the Green Bond.

*Clause 1.3. – Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:*

See activities below.

*Clause 1.3.1. – distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments; or,*

**Factual findings** – As detailed in the “Management of Proceeds” section of the Framework, “Barclays will monitor the allocation of proceeds on a monthly basis and will record each Eligible Asset allocated to a Barclays Green Bond issuance to ensure that it is not used by Barclays as collateral in other transactions.” The Issuer’s internal Procedures Document for the proposed Green Bond (“**Procedures Document**”) outlines the procedures in place to identify whether a mortgage is already encumbered or being used in an existing Barclays secured funding programme, Bank of England liquidity scheme and other outstanding green bonds, and thus will exclude any encumbered mortgages from the pool of Eligible Projects & Assets from which Nominated Projects & Assets are selected.

*Clause 1.3.2. – the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.*

**Factual findings** – Not applicable. Refer to 1.3.1.

**Evaluation** – The Framework and Procedures Document confirm that the Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).

## Clause 2 – Process for Evaluation and Selection of Projects & Assets

*Clause 2.1.<sup>1</sup> – The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process shall include, without limitation:*

See activities below.

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<sup>1</sup> Note to 2.1: A wide variety of climate-related objectives are possible. These can vary from increasing the installed capacity of low carbon assets, such as solar power facilities, to having a specific objective focused on the operations or indirect effects of the projects & assets, such as emissions reductions. The climate-related objectives of the Bond, as stated by the Issuer, have implications for the reporting requirements under the Climate Bonds Standard. See Clauses 2.3, 5.2, 5.8, 6.1.1 and 8.4.

*Clause 2.1.1. – A statement on the climate-related objectives of the Bond;*

**Factual findings** – As outlined in the Framework, Net Proceeds from Green Bonds will be allocated to finance and/or refinance loans and/or investments that meet specified Eligibility Criteria. The climate-related objectives of the Green Bonds are thus associated with their relevant Eligibility Criteria. As outlined in the “Residential Mortgage Eligibility Criteria” described in the Framework, the objective of the proposed Green Bond is to finance or refinance energy efficient residential properties in England and Wales.

*Clause 2.1.2. – How the climate-related objectives of the Bond are positioned within the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability;*

**Factual findings** – As detailed in the Framework, the Issuer aims to use Green Bonds as a way to underpin its overarching sustainability strategy, namely to “help facilitate the transition to less carbon intensive sources of energy, while supporting economic development and growth in society by helping to ensure the world’s energy needs are met responsibly”. One of the three focus activities identified by the Issuer to achieve its sustainability goals is “reducing the carbon footprint of our own operations and supply chain throughout the world”. Due to the Issuer’s significant presence in the UK residential mortgage market, and the domestic sector’s large environmental footprint (detailed in the Framework), financing and/or refinancing energy efficient residential properties in England and Wales is well positioned within this wider objective.

*Clause 2.1.3. – The Issuer’s rationale for issuing the Bond;*

**Factual findings** – The Framework describes the Issuer’s significant presence in the UK residential mortgage market and the domestic sector’s high environmental footprint, thus providing a rationale for the proposed Green Bond’s role in contributing to the Issuer’s overarching sustainability strategy outlined in Clause 2.1.2.

*Clause 2.1.4. – A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.*

**Factual findings** – The Net Proceeds from the proposed Green Bond will be used to refinance loans and/or investments that meet the “Residential Mortgage Eligibility Criteria” outlined in the Framework. Eligibility to this criterion is contingent, inter alia, to properties meeting the top 15% carbon intensity threshold in terms of estimated emissions performance in their local markets. This meets the eligibility requirements specified under the Residential Property guidance for Low Carbon Buildings criteria in Part C of the Climate Bonds Standard (V3). The Procedures Document details the process for evaluation and selection of Nominated Projects and Assets which includes an assessment of eligibility with respect to this criterion.

**Evaluation** – The Issuer has established decision-making processes which allow for determining the eligibility of Nominated Projects & Assets, which are detailed in the Green Bond Framework and in the Procedures document. This includes a clear statement, in the Green Bond Framework, of the Green Bond’s objective to finance and/or refinance energy efficient properties in England and Wales, and the alignment to the Issuer’s broader environmental sustainability

strategy. These processes enable the Nominated Projects & Assets to meet the eligibility requirements specified under the Residential Property guidance for Low Carbon Buildings criteria in Part C of the Climate Bonds Standards (v3).

*Clause 2.2. – The Issuer should include under Clause 2.1 further aspects of the decision-making process, including:*

See activities below.

*Clause 2.2.1. – related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.*

**Factual finding** – In addition to properties meeting the top 15% carbon intensity threshold, which meets the eligibility requirements specified under the Residential Property guidance for Low Carbon Buildings criteria in Part C of the Climate Bonds Standard (V3), the Framework and Procedures Document detail further eligibility criteria. These criteria include:

- A reference to the UK government’s linear target of “close to zero” emissions by 2050, embedded in the formula used to calculate the emissions intensity required for Projects & Assets to meet the eligibility criteria;
- The exclusion of mortgages that are not originated within three years prior to the issue date of the proposed Green Bond;
- The exclusion of mortgages on residential properties with an EPC inspection date before 01/10/2016; and
- Relevant procedures to ensure Projects & Assets are unencumbered.

*Clause 2.2.2. – any green standards or certifications referenced in the selection of Nominated Projects & Assets.*

**Factual finding** – The Framework and Procedures Document detail that eligibility is dictated, inter alia, by properties meeting the top 15% carbon intensity threshold in terms of estimated emissions performance in their local markets, which the Issuer has elected to determine through properties’ EPC ratings.

**Evaluation** – The Issuer details, in the Framework and in the Procedures Document, further aspects of the decision-making process. This includes additional eligibility criteria to ensure the Nominated Projects & Assets are aligned to the UK government’s linear target of ‘close to zero’ emissions by 2050, procedures to remove encumbrances, and use of the EPC ratings system to determine eligibility.

*Clause 2.3. – The Issuer shall assess that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.*

**Factual findings** – The Issuer selected a pool of mortgage assets proposed to be associated with the Green Bond. As agreed with the Issuer, the Verifier selected a random sample of five percent of the nominated mortgage loans (corresponding to 114 loans) and assessed them for conformance with the “Residential Mortgage Eligibility Criteria” as set out in the Framework, which also meets the eligibility requirements specified under the Residential Property guidance for Low Carbon Buildings criteria in Part C of the Climate Bonds Standard (V3), with no discrepancies being identified.

**Evaluation** – By compiling a pool of Eligible Assets, from which Residential Mortgages are nominated to the Green Bond, the Issuer is able to ensure that all Nominated Projects & Assets meet the objectives of the proposed Green Bond specified in the section of the Framework related to Residential Mortgages. This also ensures alignment to Part C of the Climate Bonds Standard.

### **Clause 3 – Management of Proceeds**

*Clause 3.1. – The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:*

See activities below.

*Clause 3.1.1. – **Tracking of proceeds:** The Net Proceeds of the Bond can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.*

**Factual findings** – As stated in the Procedures Document, the Issuer will allocate all Net Proceeds of the proposed Green Bond towards the refinancing of existing mortgages held by the Issuer on residential properties that meet the applicable criteria under the Framework, as soon as reasonably practicable. Net Proceeds can be credited to a subaccount, moved to a sub-portfolio, or be tracked by the Issuer in an appropriate manner and documented. The mortgage lending will be done by an operating subsidiary in the Issuer’s group (Barclays Bank UK PLC) to whom the proposed Green Bond Net Proceeds will be allocated in accordance with normal internal procedures.

*Clause 3.1.2. – **Managing unallocated proceeds:** The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3.*

**Factual findings** – Since the Issuer will immediately allocate all proceeds, there would be no unallocated proceeds at the time of issuance. In the event that there is a shortfall between Eligible Mortgage Assets and Green Bond Net Proceeds, the excess Proceeds will be held in cash and short-term and liquid investments until additional Eligible Mortgage Assets are available, as detailed in the Framework and Procedures Document.

*Clause 3.1.3. – Earmarking funds to Nominated Projects & Assets: An earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.*

**Factual finding** – The Issuer has committed in the Framework to publish an annual investor report for each Green Bond, which will include a number of stratification tables. The reporting of the tables will serve to account for the ongoing management of the proceeds and the procedures used to generate these tables have been validated by the Verifier through a demonstration.

**Evaluation** – The Issuer’s systems, policies and processes for the management of Net Proceeds are clearly documented, and have been made available to the Verifier. This includes: the processes for tracking proceeds and managing unallocated proceeds, disclosed on the Framework and Procedures Document; and the processes for earmarking funds to Nominated Projects & Assets, which was demonstrated to the Verifier.

## Clause 4 – Reporting Prior to Issuance

*Clause 4.1. – The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:*

See activities below.

*Clause 4.1.1. – Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.;*

**Factual findings** – In its Framework published in December 2019, the Issuer has included statements of alignment to applicable standards and has designed it in a way that is “consistent with the Green Bond Principles published in 2018, as set out by the International Capital Market Association (ICMA), and to ensure this Framework aligns with the United Nations (UN) Sustainable Development Goals”. Additionally, the Issuer stated in the Framework that it will “seek to review and amend the Framework in line with future EU regulation on sustainable financing, including the EU taxonomy for sustainable activities” and that it will aim to “obtain Climate Bonds Initiative (CBI) certification for each issuance”.

*Clause 4.1.2. – A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement;*

**Factual findings** – The Framework details that the expected Net Proceeds of Green Bonds, under the Residential Mortgage Eligibility Criteria, will be allocated toward the financing and/or refinancing of energy efficient properties in England and Wales. Through the Framework, the Issuer argues



that its large presence in the UK residential mortgage market, combined with the domestic sector's high contribution to the UK's final energy consumption (29%<sup>2</sup>), enables the issuance of its Green Bonds to contribute to the transition to a low-carbon economy.

*Clause 4.1.3. – A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2;*

**Factual findings** – The “Process for Project Evaluation and Selection” section of the Framework details the processes in place to cross-match all Barclays residential mortgages against the latest EPC dataset, to determine eligibility with the Residential Mortgage Eligibility Criteria. It also describes the further processes in place to remove encumbrances, and then compile a portfolio of Eligible Mortgage Assets.

*Clause 4.1.4. – Information on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the issuer will define.*

**Factual findings** – The Framework outlines the general methodology used for assessing eligibility of residential mortgages to the Issuer's “Residential Mortgage Eligibility Criteria”, which also meets the eligibility requirements specified under the Residential Property guidance for Low Carbon Buildings criteria in Part C of the Climate Bonds Standard (V3). The Framework's Appendix 1 “EPC Dataset and Formula for Residential Mortgages” details the requirements for eligibility to the criterion, including the use of EPC ratings to determine whether properties meet the 15% carbon intensity threshold in terms of estimated emissions performance in their local markets, as required in the relevant section of Part C of the Climate Bonds Standard (V3).

*Clause 4.1.5. – A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1.;*

**Factual findings** – The “Management of Proceeds” section in the Framework details the Issuer's approach to managing unallocated Net Proceeds as described in Clause 3.

*Clause 4.1.6. – The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding;*

**Factual findings** – The “Reporting” section of the Framework details that annual reporting for each Barclays Green Bond will be published on Barclays' Investor Relations website. This reporting will include a section for Allocation and Impact reporting, amongst others. In discussion interviews with Barclays, the Carbon Trust has made the Issuer aware of the third section of the Update Reports required by CBI's latest version of the Climate Bonds

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<sup>2</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/820843/Energy\\_Consumption\\_in\\_the\\_UK\\_\\_ECUK\\_\\_MASTER\\_COPY.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/820843/Energy_Consumption_in_the_UK__ECUK__MASTER_COPY.pdf)

Standard (Eligibility) and highlighted this as an opportunity for improvement. The Issuer confirmed they intend to include this in the next iteration of the Framework.

*Clause 4.1.7. – The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, as provided in Clause 9.1, and the Issuer shall provide an explanation of why detail on Nominated Projects & Assets is limited;*

**Factual findings** – The Nominated Projects & Assets associated with the proposed Green Bond fall under the investment area of “Buildings – Residential” as per the CBI’s Climate Bonds Taxonomy.

*Clause 4.1.8.<sup>3</sup> – Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.*

**Factual findings** – The Procedures Document confirms that 100% of the Net Proceeds will be used for refinancing.

**Evaluation** – The Issuer has prepared a Framework which was made publicly available prior to issuance. The Framework includes details of compliance with the Climate Bonds Standard requirements, a rationale for the Green Bond’s contribution to the transition to a low-carbon economy, details of the methodology used for determining eligibility and managing unallocated Net Proceeds, details of the Nominated Projects & Assets’ alignment with the CBI’s Climate Bonds Taxonomy, and the share of Net Proceeds used for refinancing.

*Clause 4.2. – The Issuer shall include in the Disclosure Documentation:*

See activities below.

*Clause 4.2.1. – The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall;*

**Factual findings** – Within the “Reporting” section of their Framework, the Issuer commits to publishing a Green Bond Investor Report annually for each green bond on the Issuer’s investor relations website. Within the investor reports, the Issuer will report on allocation, eligibility and impact.

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<sup>3</sup> Note: Issuers are encouraged to disclose as much information as possible with respect to Nominated Projects & Assets. However, in many cases it is not possible for the Issuer to disclose detailed information about specific projects & assets prior to the issuance of the Bond. This limitation may be due to confidentiality arrangements with owners of projects & assets, the dynamic nature of the project portfolio, competitive considerations, or other legal provisions which limit the disclosure of detailed information.

Within the allocation section of the investor report, the Issuer will confirm the use of proceeds and provide high-level stratification tables based on the CBI criteria. The impact reporting for Eligible Mortgage Assets will include “a comparison of the average estimated carbon intensity of the allocated portfolio of Eligible Mortgage Assets against a comparable domestic baseline”.

*Clause 4.2.2. – The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3;*

**Factual findings** – Within the “Reporting” section of the Framework, the Issuer commits to disclosing, in the annual Green Bond Investor Report, “the balance of equivalent net unallocated proceeds (if any) and the categories of investments made in temporary investment instruments that are cash, or cash equivalent instruments.”

*Clause 4.2.3. – The Verifier engaged by the Issuer for the mandatory verification engagements;*

**Factual findings** – The Issuer is engaging with Carbon Trust Assurance to conduct pre-issuance (post-issuance expected too) verification to the Climate Bonds Standard which will be documented in the Green Bond prospectus and/or term sheets.

*Clause 4.2.4.<sup>4</sup> – The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding, including the location of the published documents;*

**Factual findings** – In the “External review” section of the Framework, the Issuer commits to engaging a suitably qualified Verifier every year to undertake a verification testing to check the viability of the Issuer’s asset selection criteria and continued conformance of the Green Bond to the Climate Bonds Standard requirements.

*Clause 4.2.5. – The Climate Bonds Initiative Disclaimer provided in the Certification Agreement.*

**Factual findings** – Barclays have confirmed that the Disclaimer will be made available to investors in the Investor Presentation. This approach has been confirmed with the CBI and is pursuant to the CBI criteria.

**Evaluation** – The Issuer will prepare Disclosure Documentation in line with the Climate Bonds Standard (V3) requirements, including the relevant investment areas, any temporary investment instruments for the management of unallocated Net Proceeds, engagement with the Verifier, and relevant certification documentation, including the Climate Bonds Initiative Disclaimer.

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<sup>4</sup> Issuers are encouraged to provide their Update Reports through existing reporting channels for the bond markets, such as the Electronic Municipal Market Access (EMMA) website for the US Municipality sector.



## Appendix B – List of documents reviewed

The list of documents reviewed are presented below:

- > Barclays Green Bond Framework, December 2019
- > Barclays PLC Green Bond 2020-1 – Procedures Document (Pre and Post Issuance)
- > Barclays Debt Issuance Programme Prospectus, February 2020
- > Ministry of Housing, Communities & Local Government (MHCLG) EPC Database, June 2020
- > Green Bond Pool and Stratification spreadsheet dated 28/09/2020
- > SAS Software EPC-Mortgage Cross-matching Code

The Carbon Trust is an independent company with a mission to accelerate the move to a sustainable, low-carbon economy. The Carbon Trust:

- > advises businesses, governments and the public sector on opportunities in a sustainable, low-carbon world;
- > measures and certifies the environmental footprint of organisations, products and services;
- > helps develop and deploy low-carbon technologies and solutions, from energy efficiency to renewable power.

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