

Mr Nigel Higgins
Barclays PLC
1 Churchill Place
London E14 5HP

1950 Sunflower Tower
No. 37 Maizidianjie
Chaoyang District
Beijing 100026
China
+86 1084405941

274 Richmond Road
London E8 3QW
United Kingdom
+44 20 7749 5970

By email: companysecretary@barclays.com
Cc: [REDACTED] (General Counsel)

Albrechtstraße 22
10117 Berlin
Germany
+49 30 308 09 544

García de Paredes,
76 duplicado,
1º Dcha.
28010 Madrid
Spain
+34 911 231 520

24 February 2020

Rue du Trône 60
5ème étage
1050 Bruxelles
Belgique
+32 2 808 34 65

ul. Żurawia 45
00-680 Warszawa
Polska
+48 22 3070190

info@clientearth.org

www.clientearth.org

Dear Mr Higgins,

Special resolution – Barclays PLC 2020 annual general meeting (AGM)

We refer to the special resolution on climate change filed by institutional and individual shareholders for consideration at Barclays PLC's (**Barclays**) upcoming 2020 AGM (**Resolution**). We understand that as a director of the Barclays board, you are currently deciding how you will recommend investors to vote in relation to the Resolution.

ClientEarth strongly supports the shareholders' proposed direction to the company to set and disclose targets to phase out the provision of financial services to the energy sector and electric and gas utility companies that are not aligned with Articles 2.1(a) and 4.1 of the Paris Climate Agreement (**Paris Agreement**). Climate change is a systemic risk to Barclays' business, as well as to the social, economic and ecological systems on which we all depend. As one of the world's major banks, Barclays is in a unique position to influence the achievement of the Paris Agreement goals, while positioning its business for success.

As you make your decision in relation to the Resolution, we are writing to remind you of the matters that you are required by law to have regard to in discharging your directors' duties and to urge you to support the Resolution. Taking the actions proposed by the Resolution and transparently reporting against progress is clearly in the best interests of Barclays, your shareholders, employees, customers, and the communities you serve. Your directors' duties require and empower you to act. You can and should support this Resolution.

The Resolution is consistent with your duty to promote the success of the company

As a director of Barclays, you are required by law to act in a way that you consider most likely to promote the success of the company. In doing so, you are required to have regard (among other things) to: (a) the likely consequences of your decisions in the long term; (b) the desirability of the company maintaining a reputation for high standards of business conduct; and (c) the impact of the company's operations on the community and the environment.¹

These matters have a direct bearing on your legal duties regarding the Resolution. We address each of them below.

¹ Companies Act 2006, s 172.

a) Alignment with the Paris Agreement objectives is in Barclays' best interests

Continuing to do business with and provide lending and financial services to companies that are failing to align with the Paris Agreement objectives is an economic dead end. As the price of renewables and storage plummet, and the global policy response to climate change accelerates, energy companies and utilities that are not rapidly transitioning away from fossil fuels face severe economic headwinds.² While undoubtedly foreseeable, these dynamics are characterised by high uncertainty and significant risks of market mispricing due to abrupt and disruptive non-linear changes.³ Precautionary action is required now to manage these risks.

Additionally, over the long term, the biggest risks to Barclays' business are not from short-term shocks or stranded assets, but from the systemic economic impacts of climate change. The macroeconomic impacts of failing to meet the Paris Agreement goals will be uniquely far-reaching in breadth and magnitude, irreversible and highly path dependant, causing trillions in damages.⁴ The Bank of England has been clear that these systemic risks could crystallise in the banking sector and therefore require urgent strategic action.⁵

Currently, Barclays is lagging behind market practice in developing a strategic response to these risks. Your competitors, such as Standard Chartered⁶ and RBS,⁷ are adopting policies that will significantly curtail the provision of financial services to the most harmful companies. Seizing the opportunity presented by the Resolution to show leadership and align Barclays' business with the Paris Agreement goals is in the best interests of the company, now and in the long term.

b) Further financing for fossils fuels is a significant reputational risk for Barclays

As a founding member and signatory to the Principles for Responsible Banking, Barclays has already committed to aligning its business strategy with the goals of the Paris Agreement.⁸ In our view, Barclays cannot reasonably claim to be pursuing Paris-alignment unless and until it has adopted and acted upon the Resolution. A decision not to do so risks being seen as hypocritical and misleading. This would be severely damaging to Barclays' reputation.

You will no doubt be aware that civil society and the general public are increasingly mobilising to advocate for strong climate change action. Businesses that are viewed to be failing to align their activities with the Paris goals face increasing commercial, reputational and legal risks. This can be damaging for investor and customer confidence, employee morale and brand perception. Conversely, share price performance and consumer preferences are both strongly influenced by perceptions about a company's positive actions on climate change.⁹

Your decisions on the Resolution and alignment with the Paris Agreement goals have consequences for Barclays reputation, which you should carefully consider.

² <https://www.carbontracker.org/reports/handbrake-turn/>; <https://www.carbontracker.org/reports/apocalypse-now/>

³ <https://www.unpri.org/inevitable-policy-response/what-is-the-inevitable-policy-response/4787.article>

⁴ <https://www.ngfs.net/en/technical-supplement-first-ngfs-comprehensive-report>

⁵ <https://www.bankofengland.co.uk/climate-change>

⁶ <https://www.sc.com/en/sustainability/position-statements/extractive-industries/>

⁷ <https://www.rbs.com/rbs/about/climate.html>

⁸ <https://www.unepfi.org/wordpress/wp-content/uploads/2019/07/FINAL-PRB-Signature-Document-2-Interactive-22-07-19.pdf>

⁹ https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000500285/Climate_change_and_corporates%3A_Past_the_tipping_po.PDF

c) Continued support for misaligned companies undermines Paris Agreement success

Because of human activities and the burning of fossil fuels, our planet has already warmed at least 1°C. The recent unprecedented Australian wildfires and UK floods illustrate the catastrophic costs that an increasingly disrupted climate system will have for our communities and environment. Unless we take urgent action, climate hazards will increase dramatically in both frequency and magnitude, causing irreversible damage to the ecological, social and economic systems on which we depend.¹⁰

As the largest European financier of fossil fuels,¹¹ Barclays is currently funding and underwriting companies whose activities are directly accelerating global temperature rise. In our view, any decision by Barclays to knowingly continue supporting businesses that are failing to adequately reduce their warming impacts makes the bank complicit in the environmental and economic damage they cause. This may be directly relevant for your risk management and due diligence responsibilities under the Senior Managers Regime and Conduct Rules,¹² the Equator Principles¹³ and the OECD Guidelines for Multinational Enterprises.¹⁴

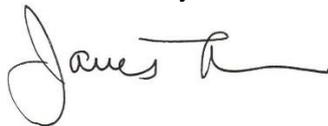
As a director of a globally systemic bank, you are in a unique position to adopt a strategic response to these challenges and influence the achievement of the Paris goals. Right now, around the world, governments, investors, business and the public are rapidly raising their ambitions. If we are to succeed in preventing the worst impacts of climate change, we must all play our part.¹⁵ We urge you to act in the interests of the bank, its shareholders, and broader stakeholders in supporting the Resolution and helping prevent the worst impacts of climate change.

We urge you to show leadership and formally support the Resolution

Climate change is a systemic risk, which fundamentally threatens the ecological, social and economic systems on which we all rely. These risks will impact your business, your investors, your customers, your employees and the communities that you serve. Supporting the Resolution is a unique opportunity to transform Barclays from a laggard to a leader on climate change. This will help mitigate commercial, reputational and legal risks and is clearly in the best long-term interests of Barclays. Your directors' duties require and empower you to manage these risks to your business.

We urge you to show leadership and formally support the Resolution.

Yours faithfully,



James Thornton
Chief Executive Officer, ClientEarth

¹⁰ <https://www.mckinsey.com/business-functions/sustainability/our-insights/climate-risk-and-response-physical-hazards-and-socioeconomic-impacts>

¹¹ https://www.ran.org/wp-content/uploads/2019/03/Banking_on_Climate_Change_2019_vFINAL1.pdf

¹² <https://www.fca.org.uk/firms/senior-managers-certification-regime/dual-regulated-firms>

¹³ <https://equator-principles.com/>

¹⁴ <https://mneguidelines.oecd.org/due-diligence-for-responsible-corporate-lending-and-securities-underwriting.htm>

¹⁵ <https://www.bis.org/publ/othp31.pdf>