Barclays Bank Ireland PLC

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# Statement on principal adverse impacts of investment advice on sustainability factors

1 January 2023

The EU Sustainable Finance Disclosure Regulation (SFDR) requires Barclays Bank Ireland PLC (BBI), in its capacity as a financial adviser, to disclose whether or not it considers the principal adverse impacts (PAI) of its investment advice on sustainability factors i.e. the negative impact of investments on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. BBI considers PAI when providing investment advice to its clients as further described below.

When providing investment advice BBI will treat each client in accordance with its individual investment needs (including a client's investment objective, sustainability preferences, risk tolerance, ability to bear risks and knowledge and experience of financial matters). As a result, BBI will only consider PAI when providing investment advice where a client's indicated sustainability preferences are that PAI is considered. As further described in its Sustainability Risk Policy, BBI considers sustainability risks when providing investment advice to all of its clients (i.e. an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment).

Where BBI does consider PAI in response to a client's expressed preferences, the consideration of PAI applies to financial products BBI advises on, that make sustainability-related disclosures in accordance with SFDR. In order to consider PAI when providing investment advice, the products must have an environmental, social and governance (ESG) focus in that they either promote an environmental and/or social characteristics or have a sustainable objective (commonly referred to as Article 8 and Article 9 products under SFDR). There must also be PAI data made available on the products from which BBI can draw conclusions regarding sustainability factors. For clarity this means that BBI considers PAI when advising on the following SFDR in-scope products:

- BBI's sustainable strategies for discretionary portfolio managed products, referred to as sustainable DPM strategies.
- Article 8 and 9 mutual funds and exchange traded funds (ETFs).

PAI is considered differently across the in-scope products due to their features and attributes. A summary of which is below:

- **Sustainable DPM strategies:** These products consider the mandatory PAI indicators, listed in Table 1 of Annex 1 to the Regulatory Technical Standard (RTS) for SFDR, by using proprietary Environmental, Social and Governance dashboards that enable them to systematically identify, assess and monitor ESG data in order to consider adverse impacts for each of the financial instruments held in the portfolios.

  When providing investment advice on sustainable DPM strategies the financial advisor will rank BBI's sustainable DPM strategies above its non-sustainable strategies, where the client has an expressed preference for investments which consider PAI.

- **Article 8 and 9 mutual funds and ETFs:** BBI's funds team have access to PAI indicators, listed in Table 1 of Annex 1 to the RTS for SFDR, as made available by financial market participants (FMPs) through the European ESG Template (EET).

This information is subsequently made available to financial advisors as part of BBI's approved universe of mutual funds and ETFs. Should the client express an interest for investments which consider PAI, the universe of mutual funds and ETFs that BBI provides advice on can be ranked based on PAI data and considered as appropriate based on the client's individual preferences.

In line with BBI's approach of treating each client according to their individual investment needs, there is no prescribed ranking and selection methodology. However, ESG due diligence checks are conducted on all BBI's available products, as explained above.

BBI does not consider PAI for private market funds, mutual funds and ETFs that do not have an ESG focus (commonly referred to as Article 6 products under SFDR) or which do not themselves consider PAI; as there is no requirement for manufacturers to make this data available to BBI. BBI's non-sustainable DPM strategies (Article 6) do not consider PAI.

As BBI will treat each client in accordance with its individual investment needs (including sustainability preferences), BBI will not consider the adverse impacts of investment decisions in its investment advice if a client does not express a preference for consideration of PAI.

BBI will continue to review its methodologies and to enhance its procedures to ensure it remains aligned to emerging regulatory requirements and their related regulatory standards.



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