Private Bank

Statement on principal adverse impacts of investment decisions on sustainability factors

Barclays Bank Ireland PLC

31 August 2023

BARCLAYS

Contents

1. Summary

Barclays Bank Ireland PLC (BBI) (LEI: 2G5BKIC2CB69PRJH1W31) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of BBI.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

It includes a description of the principal adverse impacts that BBI's investment decisions (made during the reference period) have had on sustainability factors and follows measurement of the indicators related to the principal adverse impacts considered by BBI. A summary of these indicators found in the table below includes the specific reference to the table number and principal adverse impact (PAI) number, as set out in Annex I of Commission Delegated Regulation (EU) 2022/1288.

This statement approaches sustainability from the perspective of:

- BBI's role as a financial market participant covering investments within its Discretionary Portfolio Management (DPM) service and references to BBI herein should be read accordingly.
- The most significant negative impacts that investments can have on sustainability factors related to environmental, social or governance (ESG) considerations.
- The steps BBI takes to consider the principal adverse impacts of its investment decisions, whether seeking to reduce or limit some or all of these negative impacts.

1. 2. Description of the principal adverse impacts of investment decisions on sustainability factors

Table: 1

Table number	PAI number	Indicator
Indicators applicable to investments in investee companies		
Climate and other environment-related indicators		
1	1	Greenhouse gas (GHG) emissions
1	2	Carbon footprint
1	3	GHG intensity of investee companies
1	4	Exposure to companies active in the fossil fuel sector
1	5	Share of non-renewable energy consumption and production
1	6	Energy consumption intensity per high impact climate sector
1	7	Activities negatively affecting biodiversity sensitive areas
1	8	Emissions to water
1	9	Hazardous waste and radioactive waste ratio
2	4	Investments in companies without carbon emission reduction initiatives
Social and employee, respect for human rights, anti-corruption and anti-bribery matters		
1	10	Violations of United Nations (UN) Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
1	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
1	12	Unadjusted gender pay gap
1	13	Board gender diversity
1	14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)
3	6	Insufficient whistleblower protection
3	9	Lack of a human rights policy
3	15	Lack of anti-corruption and anti-bribery policies

Table number	PAI number	Indicator
Indicators applicable to investments in sovereigns and supranationals		
1	15	GHG intensity
1	16	Investee countries subject to social violations
Indicators applicable to investments in real estate assets		
1	17	Exposure to fossil fuels through real estate assets
1	18	Exposure to energy-inefficient real estate assets

2. Description of the principal adverse impacts of investment decisions on sustainability factors

Table 1

Adverse sustainability indicator		Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in investee companies						
Climate and other environment-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	23,518.92	n/a	n/a	BBI's investment due diligence approach considers the risks associated with climate change. This is reflected in the ESG integration approaches described in more detail in section 3 "Description of policies to identify and prioritise principal adverse sustainability impacts on sustainability factors". For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). BBI recognises the importance of engaging with investee companies to support them with their transition to a low-carbon model. Through Barclays Private Bank's partnership with EOS at Federated Hermes (EOS), BBI 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 the goals of the Paris Agreement and to limit global warming to well below 2°C and ideally to 1.5°C. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/ BBI's Sustainable strategies[7] exclude direct equity and bond holdings in companies within the energy and utilities sectors, and the metals and mining sub-industry, that either have proved and probable fossil fuel reserves for energy purposes, or derive revenue from activities associated with the energy application of fossil fuels. The exposure of BBI's investments to such companies is via BBI's Traditional Strategies[8] only. Additionally, BBI's Sustainable strategies exclude direct holdings in companies that fail to comply with the UN Global Compact (UNGC) Principles, which covers the environment, as identified by the third-party data provider, at the point of inclusion in the Sustainable strategy. Compliance with the UNGC Principles is determined subjectively by third-party data providers. See section 3.1 "Methodology to identify and prioritise principal adverse impacts" for the actions BBI takes in the event a company BBI holds subsequently fails to comply with the UNGC Principles.
		Scope 2 GHG emissions	5,119.02	n/a	n/a	
		Scope 3 GHG emissions	180,582.12	n/a	n/a	
		Total GHG emissions	209,006.25	n/a	n/a	
	2. Carbon footprint	Carbon footprint	232.91	n/a	n/a	
	3. GHG intensity of investee companies	GHG intensity of investee companies	575.22	n/a	n/a	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4.49%	n/a	n/a	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non- renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	69.87%	n/a	n/a	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	n/a	n/a	n/a	
		NACE Code A (Agriculture, Forestry and Fishing)	2.68	n/a	n/a	
		NACE Code B (Mining and Quarrying)	1.11	n/a	n/a	
		NACE Code C (Manufacturing)	0.14	n/a	n/a	
		NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	3.21	n/a	n/a	

Adverse sustainability indicator		Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in investee companies						
Climate and other environment-related indicators						
Greenhouse gas emissions	6. Energy consumption intensity per high impact climate sector (continued)	NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	2.49	n/a	n/a	Please note, for indicators 1, 2 and 3 the metric is in tCO2e (tonnes of carbon dioxide equivalent). This has been used to calculate the impact in line with the formulae set out in the SFDR RTS (Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation 2019/2088 – SFDR).
		NACE Code F (Construction)	0.32	n/a	n/a	
		NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0.06	n/a	n/a	
		NACE Code H (Transportation and Storage)	1.31	n/a	n/a	
		NACE Code L (Real Estate Activities)	0.56	n/a	n/a	
Biodiversity	7. Activities negatively affecting biodiversity- sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	n/a	n/a	BBI's investment due diligence aims to consider the material and/or relevant risks to entities and communities that may arise from environmental degradation and biodiversity loss. For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). Through Barclays Private Bank's partnership with EOS, BBI seeks to engage with investee companies that have been involved in poor environmental practices that BBI views have an adverse impact on nature and biodiversity. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/

Adverse sustainability indicator		Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in investee companies						
Climate and other environment-related indicators						
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	7.33	n/a	n/a	Improving water efficiency and reducing waste could be vital to conserving natural resources and ensuring the long term sustainability of our societies, natural ecosystems and economies. BBI's investment due diligence aims to consider material and/or relevant risks of investee companies that practice inefficient water management in high water stress areas, as well as those that may have poor waste management practices. For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). Through Barclays Private Bank's partnership with EOS, BBI seeks to engage with investee companies that have been involved in poor water and waste management practices. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	6.14	n/a	n/a	

Adverse sustainability indicator		Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in investee companies						
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.23%	n/a	n/a	BBI's investment due diligence aims to consider material and/or relevant risks of investee companies on human rights risks, such as modern slavery, human trafficking, forced labour, workplace standards and employee relations (as a few examples). BBI uses the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, OECD Guidelines and the ten principles of the UNGC as guiding reference frameworks to assess the responsibility of investee companies to respect human rights standards and other related controversies against the entity, as identified by the third-party data provider. For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). Through Barclays Private Bank's partnership with EOS, BBI seeks to engage, as appropriate, with investee companies that are associated with actual and potential human rights impacts, and seek opportunities for the company in question to take action to reduce or cease their impacts. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/ Additionally, BBI Sustainable strategies exclude direct holdings in companies that fail to comply with the UNGC Principles, which cover human rights and labour standards, as identified by the third-party data provider, at the point of inclusion in the Sustainable strategy. Compliance with the UNGC Principles is determined subjectively by third-party data providers. See section 3.1 "Methodology to identify and prioritise principal adverse impacts" for the actions BBI takes in the event a company BBI holds subsequently fails to comply with the UNGC Principles. The holdings contributing to PAI 10 are predominantly in third-party managed funds and sit within BBI's Traditional strategies.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	32.33%	n/a	n/a	

Adverse sustainability indicator		Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in investee companies						
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	16.02%	n/a	n/a	BBI's investment due diligence aims to consider material and/or relevant risks of investee companies on issues such as diversity, equality, inclusion, safety and fair treatment of employees (as a few examples). For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). Through Barclays Private Bank's partnership with EOS, BBI seeks to engage with investee companies that have the greatest room for improvement in their policies and practices around Diversity, Equity and Inclusion issues. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35.15%	n/a	n/a	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.01%	n/a	n/a	BBI excludes direct holdings in companies that BBI views as being involved in the manufacture of controversial weapons. The holdings contributing to the PAI 14 indicator are indirect holdings in third-party managed funds.

Adverse sustainability indicator		Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries	205.97	n/a	n/a	BBI's investment due diligence approach considers the risks associated with climate change. This is reflected in the ESG integration approaches described in more detail in section 3 "Description of policies to identify and prioritise principal adverse sustainability impacts on sustainability factors". For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). Through Barclays Private Bank's partnership with EOS, BBI engages with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and investors can operate more sustainably. Please note, for indicator 15 the metric is in tCO_2e (tonnes of carbon dioxide equivalent). This has been used to calculate the impact in line with the formulae set out in the SFDR RTS (Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation 2019/2088 – SFDR).
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	8 / 13.25%	n/a	n/a	BBI monitors the social violations of the countries for which it invests into sovereign and supranational debt using third-party data. Through Barclays Private Bank's partnership with EOS, BBI engages with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and investors can operate more sustainably. The holdings contributing to the PAI 16 indicator are indirect holdings in third-party managed funds.
Indicators applicable to investments in real estate assets						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	n/a	n/a	BBI's exposure to real estate is through a Real Estate Investment Trust. This has been evaluated through BBI's investment due diligence which concluded: – There is no exposure to fossil fuels. – Exposure to energy-inefficient real estate assets is estimated to be nil.
Energy efficiency	18. Exposure to energy – inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0%	n/a	n/a	

Other indicators for principal adverse impacts on sustainability factors

Table 2: Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in investee companies						
Climate and other environment-related indicators						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	13.91%	n/a	n/a	BBI's investment due diligence approach considers the risks associated with climate change. This is reflected in the ESG integration approaches described in more detail in section 3 "Description of policies to identify and prioritise principal adverse sustainability impacts on sustainability factors". For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). BBI recognises the importance of engaging with investee companies to support their transition to a low-carbon model. Through Barclays Private Bank's partnership with EOS, BBI 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 the goals of the Paris Agreement and to limit global warming to well below 2°C and ideally to 1.5°C. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/

Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2022[1,2,3,4,5]	Impact 2021[6]	Explanation	Actions taken, actions planned and targets set for next reference period
Indicators applicable to investments in investee companies						
Social and employee, respect for human rights, anti-corruption and anti-bribery matters indicators						
Social and employee matters	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	12.46%	n/a	n/a	BBI's investment due diligence approach considers material and/or relevant risks of investee companies on human rights risks, such as modern slavery, human trafficking, forced labour, workplace standards and employee relations (as a few examples). BBI uses the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, OECD Guidelines and the ten principles of the UNGC as guiding reference frameworks to assess the responsibility of companies to respect human rights standards and other related controversies against the entity, as identified by the third-party data provider. For BBI's Sustainable strategies, BBI is establishing a sustainable bond framework to identify and invest in bond issuance where the proceeds of the bond are either being used to finance green, social, or sustainable projects (in which case, in accordance with regulatory guidance, the adverse impact will be measured at the level of the project rather than the issuer). Through Barclays Private Bank's partnership with EOS, BBI seeks to engage, as appropriate, with investee companies that are associated with actual and potential human rights impacts, and seek opportunities for the company in question to take action to reduce or cease their impacts. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/ Additionally, BBI's Sustainable strategies exclude direct holdings in companies that fail to comply with the UNGC Principles, which cover human rights and labour standards, as identified by the third-party data provider, at the point of inclusion in the Sustainable strategy. Compliance with the UNGC Principles is determined subjectively by third-party data providers. See section 3.1 "Methodology to identify and prioritise principal adverse impacts" for the actions BBI takes in the event a company BBI holds subsequently fails to comply with the UNGC Principles.
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	7.55%	n/a	n/a	
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	3.32%	n/a	n/a	

Note	Description
1.	PAI metrics with a value of less than 0.01 have been set to 0 as these are not considered material.
2.	PAI metrics are calculated based on ESG data reported by the third-party data provider, which may be subject to certain limitations (including in relation to the quality, timeliness, completeness and availability of such ESG data). Such ESG data may not be audited, verified or otherwise reviewed by an independent third-party and while BBI uses a third-party data provider that it believes to be reliable, BBI does not guarantee that the data it relies on to calculate PAI metrics is accurate, complete, and up-to-date. For some PAI indicators, ESG reported data coverage is low, primarily because there is no legal requirement for issuers to disclose or the indicator is not relevant for the issuer. We have set out below the indicators where ESG reported data coverage is less than 90%. The actual ESG reported data coverage for the indicator is in brackets and is a percentage of the number of investee companies or sovereigns and supranationals where data is reported. • PAI 7 – Activities negatively affecting biodiversity sensitive areas (12%) • PAI 8 – Emissions to water (12%) • PAI 9 – Hazardous waste and radioactive waste ratio (45%) • PAI 12 – Unadjusted gender pay gap (38%) • PAI 15 – Sovereign/Supranational – GHG intensity (41%) • PAI 16 – Sovereign/Supranational – Investee countries subject to social violations (41%) BBI monitors the level of disclosure quarterly and expects to see improvements over time reflecting ongoing regulatory and societal changes plus engagement activities.
3.	PAI metric calculation changes proposed in the April 2023 ESA consultation paper “Review of SFDR Delegated Regulation regarding PAI and financial product disclosures” have not been included in this statement.
4.	This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Barclays Bank PLC information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the “ESG Parties”), obtain information (the “Information”) from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.
5.	Metrics for PAI 15 in table 1 (GHG intensity of investee countries) excludes supranationals. Data coverage for supranationals is limited and PAI metrics for supranationals cannot be accurately calculated due to the lack of an EVIC (Enterprise Value Including Cash) or GDP (Gross Domestic Product) equivalent. The metric is calculated on BBI investments in sovereign issued bonds held directly with the sovereign issuer or indirectly through fund holdings.
6.	The reference period January 1 2023 to December 31 2023 will be the first year that PAI indicator metrics are compared with the previous reference period.
7.	Sustainable strategies include: • Multi-Asset Class Sustainable Total Return Strategy • Sustainable Global Equity Strategy
8.	Traditional strategies include: • Global Multi-Asset Class Strategy • Equity strategies • Fixed Income strategies

3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

3.1 Methodology to identify and prioritise principal adverse impacts

Identification of PAI

The methodology for identifying and including PAI during investment due diligence is based on BBI's PAI policy document approved by the BBI Executive Committee on 1st December 2022.

Principal adverse impacts are identified and then considered in the investment due diligence process as follows:

1. At the instrument level: whenever a new financial instrument is considered for inclusion in a Sustainable strategy, or re-assessment as part of ongoing due diligence. The trigger for re-assessment of PAI is either a periodic ESG review, a particular ESG-related event specific to a company, or after being highlighted at the quarterly PAI review forum (see section 3.2 "Governance and Oversight").
2. At the entity level (BBI total AUM holdings): As per the SFDR RTS reporting requirements an aggregated score per PAI indicator is reviewed quarterly at the PAI review forum. This includes both Sustainable and Traditional strategies.

Both levels consider the mandatory and additional PAI indicators as laid out in the SFDR RTS and identified above in section 2.

The selection of the additional PAI indicators to be considered during the investment due diligence process is carried out annually and is the responsibility of the PAI review forum. The choice of additional indicators is driven by the types of company that BBI typically invests in and the availability of accurate PAI data.

The PAI indicator scores for each instrument are provided by a third-party data provider as described in section 3.3 "Data sources". The third-party data provider provides these values based on its own market research.

As part of the investment due diligence process for Sustainable strategies, no priority is given to one PAI indicator over another, in other words, they are all treated equally. However, some PAI indicators may not be relevant for certain instruments and would therefore not be considered in the due diligence process.

A consideration in the investment due diligence process for Sustainable strategies is how well the instrument (or entity) performs against quantitative thresholds for each PAI indicator.

PAI threshold levels are determined by the Sustainable investment team. This then directs further enhanced due diligence to gain a more detailed understanding of the investment. If after this analysis it is determined that the investment is doing significant harm, then the instrument will be excluded from the strategy.

BBI relies on third-party data providers to supply data on PAI indicators per instrument which may be subject to certain limitations (including in relation to the quality, timeliness, completeness and availability of such data).

Process for PAI consideration at the instrument level

BBI's Sustainable strategies seek to invest in businesses that provide products and services to help support the shift to a more sustainable economy. All direct equity and fixed income holdings in BBI's Sustainable strategies undergo a systematic, three-stage sustainability due diligence process by the Sustainable investment team as follows:

- Stage 1 – baseline screen
  BBI excludes all direct equity and bond holdings in companies involved in the manufacture of controversial weapons. BBI's baseline screen then uses a third-party screening tool to avoid exposure to controversial companies and industries that may conflict with the non-financial objectives of its clients. Independent research is conducted if an alternative approach is required. BBI's Sustainable strategies exclude direct equity or bond holdings in companies within the energy and utilities sectors, and the metals and mining sub-industry, that either have proved and probable fossil fuel reserves for energy purposes, or derive revenue from activities associated with the energy application of fossil fuels. BBI also excludes companies that generate revenues, over our internally defined thresholds, from the following industries: adult entertainment, alcohol, armaments, gambling and/or tobacco. The baseline screen also uses third-party reports to help identify and remove businesses that fail to comply with the United Nations Global Compact (UNGC) Principles, which cover human rights, labour, the environment and anti-corruption. This screen is not based on revenue exposure thresholds; it simply removes any business that fails to comply.

- Stage 2 – PAI during ESG integration
  The Sustainable investment team produces ESG dashboards, which incorporate PAI data points for each directly held equity and fixed income holding within the Strategy, with the exception of sovereigns and supranationals debt. Instead, for these positions BBI is establishing a sustainable bond framework which analyses the use of proceeds for this issuance.

  In this stage BBI seeks to invest in companies that it believes are able to mitigate PAI risks from an investment perspective and also demonstrate high standards of non-financial ESG quality (e.g. high quality environmental standards, safe working environment) and for sovereign and supranational bonds where the proceeds of the bond are either being used to finance or support green, social, or sustainable projects.

  The PAI indicators listed in table 1 are supplemented with additional ESG indicators required to complete investment due diligence, which the Sustainable investment team deem to be indicators of operational resilience and potential drivers of financial return.

  This stage of the process uses the mandatory and additional PAI indicator data and additional ESG data points supplied by the third-party data provider and is supported by further qualitative research by the Sustainable investment team.

- Stage 3 – UN SDG Alignment
  The final stage of BBI's investment process is to identify companies whose economic activities (or projects funded by proceeds of sovereign or supranational bonds) align to at least one of the UN SDGs based on the Sustainable investment team's qualitative assessment of the company.

  The UN SDGs reflect a 15-year agenda to tackle some of the world's most pressing challenges, to ensure a more sustainable future for humanity and the planet. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of societal needs including education, health, social protection and employment opportunities, while tackling climate change and protecting the environment.

  For direct investments in equities and bonds for Sustainable strategies, UN SDG alignment ensures that BBI only invests in companies that generate revenue from selling goods and services that align to at least one of the UN SDGs.

  If a company, already included in a strategy, has an event that triggers it to fail one of the UNGC Principles, it must either be exited within three months, or an engagement plan put in place to rectify the points of failure. If after 12 months, sufficient progress has not been made through engagement, the position must be sold.

PAI consideration at BBI entity level

Under the SFDR RTS BBI is required to assess and report on its total BBI DPM assets under management across mandatory and additional PAI indicators laid out in section 2. PAI data is collected on a quarterly basis and then aggregated and published annually.

The process for collecting, analysing and reviewing PAI data on a quarterly basis is summarised below:

1. PAI data is sourced from a third-party vendor for the universe of instruments in position within the BBI entity. This data is processed to create an aggregated PAI score and percentage coverage per PAI indicator.
2. Any gaps in the PAI data are analysed and classified and where necessary escalated with the data vendor providing the PAI data.
3. PAI data scores are analysed and any issues or focus areas are highlighted (positive/negative trends, controversies, levels of non-disclosure).
4. The output of the above process is reviewed during a quarterly PAI Review Forum. The forum reports to and escalates issues, where required, to the Sustainability Governance Forum and the BBI Private Bank Risk and Control Forum. Possible actions identified can be engagement, voting, or possible sale of the position.

3.2 Governance and oversight

BBI has a governance structure that helps to ensure that its PAI policy is developed and implemented in an aligned and consistent way. Accountability for all investment management activities, including the integration of ESG considerations, lies with the Head of Investments, Private Bank Europe.

When completing this activity, BBI is supported by investment representatives from the Private Bank and the Responsible Investing team who help guide on practices for ESG integration and stewardship in the investment decision-making process.

The Responsible Investing team maintains the Responsible Investing policy which is available at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/

PAI Review Forum

The PAI Review Forum brings together investment representatives from the Private Bank to ensure effective consideration, decision making and governance of the consideration of PAI for BBI.

This forum monitors quarterly PAI data on all positions held within BBI DPM. The forum reviews the data and agrees actions to take in order to align with the principles within the PAI Policy and BBI's regulatory obligations. The forum includes investment representatives from the Private Bank and the Responsible Investing team.

The forum reports to and escalates issues, where required, to the Sustainability Governance Forum and the BBI Private Bank Risk and Control Forum.

3.3 Data sources

A selection process was undertaken to choose a suitable provider of PAI data to support the investment due diligence process. Data providers are kept under review and updated in line with business and regulatory requirements. The current data provider is MSCI.

4. Engagement policies

Engagement and voting overview

BBI believes principal adverse impacts on sustainability factors can be mitigated and monitored through engagement and voting. For portfolios managed in Ireland engagement and voting activities commenced in Q4 2022.

Stewardship through engagement and voting is an important part of BBI's approach to Responsible Investing. As part of BBI's commitment to being a Responsible Investor, BBI undertakes engagement and voting[9] for investee companies in partnership with Barclays Private Bank's stewardship services provider, EOS at Federated Hermes (EOS).

BBI views engagement and voting as an important mechanism through which to hold management to account, and act as a lever to promote change in investee companies on material ESG issues where appropriate. BBI believes that companies that can better manage material ESG issues could be less prone to severe incidents, such as fraud, litigation or reputational issues.

Barclays Private Bank's partner, EOS, is a stewardship leader that helps long-term institutional investors around the world to meet their fiduciary responsibilities and become active owners of public companies. BBI believes that pooling the resources of other like-minded investors creates a strong and representative shareholder voice and makes company engagement more effective.

With a track record of nearly two decades in reaching successful engagement outcomes, EOS also has one of the world's largest teams of engagement specialists[10]. Their diversity of skills, experience, global reach and cultural understanding gives them the gravitas and credibility to access and maintain constructive relationships with company boards, policymakers and regulators.

EOS is also an active participant in collaborative industry bodies and initiatives[11] around the world, such as Climate Action 100+, CDP and the International Corporate Governance Network (ICGN) to name a few. Engagements through such collaborations are mechanisms that can increase influence to effect positive change. Through Barclays Private Bank's partnership with EOS, BBI can take a comprehensive approach to stewardship, engaging and voting with corporates and key stakeholders, such as policymakers and regulators globally.

Engagement process

Through Barclays Private Bank's partnership with EOS, BBI seeks to highlight key ESG issues of concern, that BBI believes are material to the investee companies related to BBI's direct fixed income and equity holdings. The Barclays Private Bank DPM investment team monitors material issues for investee companies that EOS engages on BBI's behalf[12].

As BBI's engagement process evolves, BBI seeks to review and monitor EOS's progress on engagements on ESG issues that BBI considers to be material for BBI's investee companies. EOS provides a portal through which BBI can track the full history of engagement with each company and measure its progress as needed. The information generated through this process, which is described in more detail below, is then used by BBI's investment team to help make better-informed decisions about the sustainability journey of those companies that are the subject of engagement.

The Barclays Private Bank DPM investment team meet periodically to discuss stewardship activities, including discussions on specific companies and engagement themes, as well as material issues/concerns relating to the EOS engagement strategy which may require feedback and escalation to EOS. This approach is expected to evolve as BBI continues to develop BBI's understanding of better practices. Barclays Private Bank is a member of the EOS Client Advisory Council, in which BBI discusses EOS's engagement and voting strategy and any policy changes.

EOS's engagement with corporates takes place at board and senior executive level, covering a range of topics, such as climate change, executive pay, human rights and labour rights, including modern slavery.

EOS develops engagement strategies specific to each company, subject to engagement, informed by its deep understanding across sectors, themes and markets.

Specific environmental and social outcomes, aligned to the UN SDGs, that EOS seeks to include are as follows:

- Climate change – Ensuring company strategies and actions are aligned to the goals of the Paris Agreement to limit global warming to well below 2°C and ideally to 1.5°C.
- Natural resources – Building a circular economy to achieve sustainable levels of
- consumption to ensure affordable access to food, clean water and critical natural resources, while protecting biodiversity.
- Pollution – Reducing pollution of air, land and water to below harmful levels for humans and other living organisms.
- Human rights – Respecting all human rights linked to a company's operations, products and supply chains, including through the provision of affordable essential goods and services to help reduce poverty.
- Human capital and labour rights – Improving human capital and safeguarding labour rights to achieve a healthy, skilled and productive workforce inclusive of the full diversity of wider society, in the context of rapid technological disruption.
- Conduct, culture and ethics – Developing a corporate culture that puts customers first and treats material stakeholders fairly to help build a stronger, fairer and more equal society.

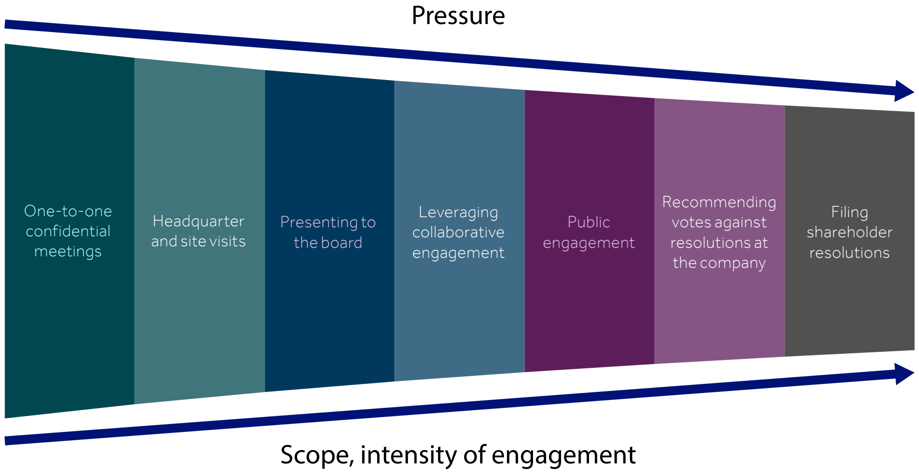
EOS's Engagement Guidelines[13] provide an overview of the approach to engagement across a range of issues to promote good governance practices. To formulate these guidelines, international best practice has been taken into account e.g. the OECD's Principles of Corporate Governance, the ICGN's Global Corporate Governance Guidelines, and the EU Shareholder Rights Directive II. The guidelines are also supplemented with EOS's decades of experience and knowledge from discussions with company management on routine and contentious voting items.

Engaging for change is often a long-term process, with activities spanning several months or even years, depending on the nature of the issue. For this reason, EOS sets clear, specific and measurable objectives for each engagement at the outset, and uses a four-step milestone approach to monitor progress, as follows:

These milestone approaches can be tracked for each company on the EOS portal.

EOS's preferred approach is for engagement dialogue to be private through meetings, calls, letters or emails. Engagement is escalated and intensified with companies over time, depending on the severity of the risks and issues, and feasibility of achieving change through engagement. Some engagements involve one or two meetings over a period of months, others are more complex and entail meetings with different board members over several years.

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. Most of the time, engagement takes place in confidential one-to-one meetings, but the scope and intensity can increase if the company is not receptive to change. The following diagram shows the escalation process followed by EOS. These escalation measures can be taken by EOS simultaneously or sequentially.



Voting process

Voting forms an integral part of BBI's overall stewardship strategy and is used as a tactical tool to achieve the desired change on ESG issues. For BBI's direct equity holdings, BBI uses its rights as a shareholder to seek and to drive BBI's desired changes. BBI's portfolio managers are ultimately responsible for making voting decisions.

The portfolio managers receive voting recommendations on upcoming annual general/ extraordinary meeting resolutions from EOS. These resolutions are analysed by EOS against a range of voting principles and policies[14], which are based on international best practice and local regional considerations (e.g. EOS Global Voting Guidelines; Regional voting principles; Country-level voting policies).

These policies are extensive, covering a number of ESG topics, and have been drafted based on decades of experience of seeking change at companies. They consider issues such as climate change, appointment of directors and upholding minority shareholder interests.

Following receipt of EOS's voting recommendations, the 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 BBI's clients. Voting decisions are made by the portfolio managers based on the company's ESG and investment analysis and what the portfolio managers assess to best serve BBI's clients' long-term interests. Additional governance arrangements will be required to facilitate those occasional instances where a portfolio manager votes differently to the recommendation provided by EOS. The portfolio managers will document and record a rationale when voting differently to EOS. It is BBI's intention to exercise voting in all markets. However, BBI's ability to do so may be hindered by regulatory and practical considerations, as well as internal restrictions. The Sustainability Governance Forum provides a platform for members to monitor and oversee EOS's engagement and voting outputs. It also retrospectively looks at voting decisions taken by portfolio managers which may have been different to the recommendations provided by EOS.

Reporting on engagement and voting

BBI believes that transparency is an integral part of good governance, and BBI reports on BBI's engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities. These reports are publicly available on the Barclays Private Bank website. BBI's cross-section of reports, which outline BBI's engagement and voting activities, provide summaries for each of the core DPM strategies. Not all reported activity will apply to individual accounts which deviate from BBI's core strategy holdings, for example, where investment restrictions have been requested.

These reports can be found at:

https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/

Shareholder Engagement Statement

This statement provides BBI's approach with regard to each requirement as set out under Article 3g of the European Shareholder Rights Directive II.

BBI's shareholder engagement statement can be found at:

https://privatebank.barclays.com/support-and-information/important-information/

5. References to international standards

5.1 Alignment to objectives of the Paris Agreement

To measure the alignment of a company's emissions profile to the Paris Agreement, BBI is establishing a process to use a combination of backward-looking carbon footprint, intensity and emissions data, along with forward-looking Implied Temperature Rise (ITR) data. Where appropriate, a further qualitative assessment is carried out to understand the underlying drivers of the emissions profile, as well as what reduction targets the company has announced, and their performance in meeting these targets. Where investee companies are not aligned to the Paris Agreement, or limited reduction targets have been announced BBI may either use its stewardship activities to encourage change, or consider a possible sale of the position.

Indicators used to measure alignment:

- PAI 1 – Table 1 – Scope 1,2,3, Total GHG emissions
- PAI 2 – Table 1 – Carbon footprint
- PAI 3 – Table 1 – GHG intensity of investee companies
- PAI 4 – Table 1 – Exposure to companies active in the fossil fuel sector
- PAI 5 – Table 1 – Share of non-renewable energy consumption and production
- PAI 6 – Table 1 – Energy consumption intensity per high impact climate sector
- PAI 4 – Table 2 – Investments in companies without carbon emission reduction initiatives

MSCI Implied Temperature Rise methodology

Scope coverage

MSCI provides both the Implied Temperature Rise for Scopes 1, 2 and 3 as well as an aggregated Implied Temperature Rise for each company/portfolio.

Data used/sources

The data used is shown alongside source for each step in the Implied Temperature Rise methodology:

- Step 1 – Getting a carbon budget at company level
  1. MSCI first gets the remaining global carbon budget available to limit warming to 2C, which is sourced from the IPCC[15]. https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf
  2. Consistent with this budget, MSCI derived a single pathway to set out the pace of decarbonisation the world needs to follow to not breach this limit – this required:
     - Global 2C emission levels as defined in the 2020 UNEP[16] Gap report – https://www.unep.org/emissions-gap-report-2020
     - A zero-emission assumption by 2070 to limit warming to 2C, as presented in the IPCC Special report on 1.5C – https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Headline-statements.pdf
  3. This global pathway of emissions is distributed to companies based on revenue (derived from the company's income statement), to establish an emissions budget.

- Step 2 – Project companies' future emissions
  MSCI uses companies' current emissions and reported emissions reduction targets to project future emissions.
  - Scope 1 & 2 – MSCI uses reported emissions where available, and when they're not they estimate. To do the estimation, MSCI uses other data disclosed by the company, with a choice of one of three models (choice dependent on industry sector).
  - Scope 3 – estimated emissions are used to overcome inconsistencies in company reporting, with different methodologies employed for different Scope 3 categories.

For portfolio level ITR – MSCI use EVIC (Enterprise Value Including Cash) derived from the company's balance sheet, to distribute a portfolio's projected emissions and budgets.

- Step 3 – Calculate budget under/overshoot
  Uses data from steps 1 & 2.

- Step 4 – Convert under/overshoot to an ITR statistic
  MSCI uses the 'Transient Climate Response to Cumulative Emissions approach (TCRE)' to convert over/undershoot of budget into degrees of warming, using a TCRE factor of 0.000545C, which is recommended in the 2020 Measuring Portfolio Alignment Report. This report bases their recommendation off of the IPCC 2014 'Physical Science Basis report'. https://www.tcfdhub.org/wp-content/uploads/2020/10/PAT-Report-20201109-Final.pdf

5.2 Adherence to UN Global Compact Principles, OECD Guidelines for Multinational Enterprises

PAI indicators used:

- PAI 10 – Table 1 – Violations of UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 11 – Table 1 – Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

Methodology & data sources:

BBI's investment due diligence aims to consider material and/or relevant risks of investee companies on human rights risks, such as modern slavery, human trafficking, forced labour, workplace standards and employee relations (as a few examples). BBI uses the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, OECD Guidelines and the ten principles of the UNGC as guiding reference frameworks to assess the responsibility of companies to respect human rights standards and other related controversies against the entity, as identified by the third-party data provider.

Through Barclays Private Bank's partnership with EOS, BBI seeks to engage, as appropriate, with investee companies that are associated with actual and potential human rights impacts, and seek opportunities for the company in question to take action to reduce or cease their impacts. Reports on engagement with investee companies through Barclays Private Bank's partnership with EOS and BBI's voting activities can be found at: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/

Additionally, BBI Sustainable strategies exclude direct holdings in companies that fail to comply with the UNGC Principles, which cover human rights, labour standards, the environment and anti-corruption, as identified by the third-party data provider, at the point of inclusion in the Sustainable strategy. Compliance with the UNGC Principles is determined subjectively by third-party data providers. In the event a company BBI holds subsequently fails to comply with the UNGC Principles see section 3.1 "Methodology to identify and prioritise principal adverse impacts" for the actions BBI takes.

6. Historical comparison

The earliest historical comparison will be provided in June 2024.

Note	Description
9.	Voting is applicable only to direct equity holdings whereas engagement activity is relevant to direct equity and fixed income holdings.
10.	https://www.hermes-investment.com/uk/en/institutions/eos-stewardship/
11.	Information accurate as at 31 December 2022.
12.	EOS's engagement remit may not cover all of BBI's investee companies.
13.	Please refer to 'Engagement Plan' in https://www.hermes-investment.com/uki/stewardship/eos-library
14.	Please refer to 'Global Voting Guidelines' in https://www.hermes-investment.com/uki/stewardship/eos-library
15.	The IPCC (Intergovernmental Panel on Climate Change) is an intergovernmental body of the United Nations. Its job is to advance scientific knowledge about climate change caused by human activities.
16.	UN Environment Programme (UNEP)

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Addendum

Investment Selection Process for Barclays Bank Ireland PLC's Sustainable Strategies:

Barclays Bank Ireland PLC's Discretionary Portfolio Management (DPM) strategies are underpinned by the objective of maximising risk-adjusted return while integrating Environmental, Social and Governance (ESG) considerations in the investment process. There is currently no market consensus, universally accepted framework (legal, regulatory or otherwise), criteria or purely objective way to select investments for sustainable strategies. Multiple screening processes and a number of factors are analysed in the investment selection process as considered relevant in accordance with internally defined criteria. A high level overview of the investment selection process is set out in Barclays Private Bank's Responsible Investing Policy for its Discretionary Portfolio Management business, which is available on this webpage: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/

The investment selection process includes subjective elements which require consideration to whether, on balance, a particular investment is appropriate for inclusion in a sustainable strategy based on internal criteria, available information (including ESG data) and professional judgement. This means there may be companies and investments that, on balance, Barclays Bank Ireland PLC deems appropriate to include in a sustainable strategy, but a specific company or investment may still have certain areas where it could improve its ESG profile (including in relation to any adverse sustainability-related impacts of such companies and investments) or where ESG controversies exist. While Barclays Bank Ireland PLC seeks to screen for adverse sustainability-related impacts and ESG controversies against internally defined criteria as part of the investment selection process, this process includes subjective judgements and investors should review the Responsible Investing Policy and disclosures relevant to any sustainability strategy, to understand Barclays Bank Ireland PLC's approach and determine whether this aligns with their ESG expectations for their investments. Further, ESG considerations are rapidly evolving and may vary by sector/industry, market trends, current science or academic thought, and the macro environment. Therefore, any information herein should not be relied upon as being an exhaustive or complete view of the ESG profile or characteristics of any particular company or investment. No assurance can be given that a sustainable strategy will meet any or all client expectations regarding 'ESG', 'sustainable', 'responsible', or other similarly labelled objectives or that no adverse environmental, social, and/or other impacts will occur.

Barclays Bank Ireland PLC's sustainable strategies rely on ESG data. There is currently no universally accepted way of reporting, rating or categorising ESG data and so, where Barclays Bank Ireland PLC relies 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 Bank Ireland PLC will use sources it believes to be reliable, it does not guarantee the information is accurate, complete, and up-to-date. The ESG data, models and methodologies used, and the judgements, estimates or assumptions made, are rapidly evolving and this may directly or indirectly affect the metrics and data contained herein.

Key Investment Risks

Investment Risk: The risk of loss for the Portfolio resulting from fluctuations in the market values of positions in the Portfolio attributable to changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices, or an issuer's creditworthiness. A degree of market risk is inherent in all investments. Portfolios are monitored to ensure that they are consistent with the defined risk profile.

Liquidity Risk: Liquidity risk is the risk that a position in the Portfolio cannot be sold, liquidated or closed at limited cost in an adequately short time frame.

Counterparty and Credit Risk: The risk of loss for the Portfolio resulting from the possible default or downgrade of a counterparty on its obligations prior to the final settlement of a transaction or contract.

Concentration Risk: The risk of loss because of the concentration of exposure to a specific instrument, individual transaction, industry or country. Factors considered in the setting of the limits applied to the portfolios may include the following:

- Investment objective and policy
- Mandate restrictions

Operational Risk: Any circumstance where there is a potential or actual impact to the Portfolio resulting from inadequately controlled or failed internal processes, people and systems or from an external event. The impact can be financial, including incurring either a loss, or in some cases a financial gain and can include non-financial (e.g. Conduct or Reputational) consequences. The definition of operational risk includes but is not limited to breaches of regulations or contract, business continuity disruptions, accounting and technology incidents.

Currency Risk: The risk of loss for the Portfolio resulting from changes in the exchange rate between the base currency of a Portfolio and the currency of any asset held in that Portfolio which may lead to depreciation of the value of the assets expressed in the base currency.

Interest Rate Risk: Each Portfolio may have exposure to fixed interest securities. The value of such securities is sensitive to changes in interest rates. The value of Shares is likely to fall if interest rates rise in the medium to long term, and vice versa.

High Yield Security Risk: Generally, medium or lower rated securities and unrated securities of comparable quality offer a higher yield than is offered by higher rated securities. But they will also likely have some quality and protective characteristics that, in the judgment of the ratings organisations, are outweighed by large uncertainties or major risk exposures to adverse conditions. Additionally, they are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, in accordance with the terms of the obligation.

The market values of these securities tend to be more volatile than those of higher quality bonds. They also present a higher degree of credit risk. The risk of loss due to default by these issuers is significantly greater because medium and lower rated securities and unrated securities of comparable quality generally are unsecured, and frequently are subordinated to the prior payment of senior indebtedness.

Emerging Market Risk: Investment in emerging markets may involve a higher risk than that inherent in established markets. Where Portfolios are invested in some overseas markets, these investments may carry a risk associated with:

- Failed or delayed settlement of market transactions and the registration and custody of securities.
- Political risk
- Taxation risk
- Currency conversion or repatriation risk
- Lack of transparency in accounting and reporting standards

Size Factor Risk: Some Portfolios may present risks normally associated with investment in smaller companies. The markets in such securities tend to the less liquid (in other words, such securities may not be easy to buy or sell) and more volatile than for larger companies. This may affect the value of the Portfolio and may be particularly relevant when trying to raise cash in the portfolio.

Derivative Instrument Risk: Some Portfolios may hold derivatives in OTC markets where there may be uncertainty as to the fair value of such derivatives due to their tendency to have limited liquidity and possibly higher volatility. In addition, the Portfolio will be exposed to Credit Risk on counterparties with whom the transactions are made and will bear the risk of settlement default with those counterparties.

Credit Risk: A Portfolio may have a credit risk on the issuer of debt securities in which it invests which will vary depending on the issuer's ability to make principal and interest payments on the obligation. Not all of the securities in which a Portfolio may invest are issued by governments or political sub-divisions, agencies or instrumentalities, as a result of which default will have adverse consequences for a Portfolio. A Portfolio may also be exposed to credit risk on Counterparties to:

- Repurchase agreements or securities lending contracts
- Forward foreign exchange contracts , futures and other transactions
- Derivative transactions

Compliance with mandate restrictions: The risk of non-compliance with mandate restrictions.

Special Situation Risk: The Portfolios may invest in securities of an issuer based upon, or in anticipation of, a special corporate event (including an event that may be characterised as a risk arbitrage situation, a spin-off, merger or other reorganisation). In special situation investing, there are risks that the anticipated special situation will not occur or the anticipated benefit of the special situation will not be realised.

ESG Interpretation Risk: Barclays Bank Ireland PLC's DPM business incorporates Environmental, Social and Governance (ESG) considerations and certain exclusions across all of its strategies. These considerations and exclusions are applied to varying degrees depending on the type of strategy, including but not limited to whether the strategy is internally categorised as a 'traditional strategy' or a 'sustainable strategy'. As a result, a strategy will perform differently from a strategy or reporting benchmark that uses a different methodology to identify and/or incorporate environmental and/or social impact criteria or relies solely or primarily on financial metrics.

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. 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. Industry guidance, market practice, and regulations in this field are expected to continue to evolve.

Any references to 'sustainable strategy' 'sustainable investment', 'ESG considerations', 'ESG factors', 'ESG issues' or other similar terms or related exclusions in this document are as used in BBI's internal framework and as explained in the Responsible Investing Policy and not to any jurisdiction-specific regulatory definition or other interpretation of these terms unless specified otherwise. Further details are set out in this document and in the Responsible Investing Policy on this website: https://privatebank.barclays.com/what-we-offer/investments/responsible-investing-engagement-and-voting-activities/. Investors with specific sustainability preferences or sustainability-related objectives should review and consider the Responsible Investing Policy and disclosures relevant to any sustainability strategy in detail to ensure the sustainability profile of the sustainable strategy (including the approach BBI takes to evaluating and screening adverse ESG-related impacts or ESG controversies) reflects such preferences or objectives. There can be no guarantee that the aims or characteristics of any sustainability strategy will be achieved or any adverse ESG-related impact or controversy avoided. Any decision to invest in a sustainable strategy should take into account both the financial and non-financial characteristics of the strategy.

The approach taken by the Barclays Bank Ireland PLC DPM business may differ from decisions made by other Barclays entities and lines of business.

ESG Analysis Risk: In respect of Fixed Income strategies only, each fixed income investment undergoes fundamental qualitative Environmental, Social and Governance (ESG) analysis where data is available. For a minority of issuers, such as where the quantitative data is not deemed appropriate by the investment team and/or the data is not available, additional qualitative investigation is undertaken.

In respect of all other strategies, as part of the investment due diligence process, ESG factors are analysed to gain insight into the operational quality of a business and its resilience to ESG risks. For those that are eligible, each investment undergoes fundamental quantitative ESG analysis, which highlights areas where further qualitative investigation is then undertaken. In all cases, there is no guarantee that the assessment undertaken is exhaustive in nature or that this will influence Barclays Bank Ireland PLC's investment decisions. Certain asset classes, such as cash or hedging derivatives, are ineligible for ESG analysis.

Where ESG data, models and methodologies are used, such data, models and methodologies are considered to be appropriate and suitable for these purposes as at the date on which they were deployed based on Barclays Bank Ireland PLC's knowledge at the time. However, these data, models and methodologies are subject to future risks and uncertainties and may change over time.

These data, models and methodologies are still evolving and therefore not as developed as historical standards for financial information, nor subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. Therefore, historical data may no longer be a strong indicator of future trajectories. Outputs of models, processed data and methodologies will also be affected by underlying data quality which can be hard to assess or challenges in accessing data on a timely basis.

The data, models and methodologies used, and the judgements, estimates or assumptions made, are rapidly evolving and this may directly or indirectly affect the metrics, data points and targets Barclays Bank Ireland PLC uses. Barclays Bank Ireland PLC will continue to review and develop its approach to data, models and methodologies in line with market principles and standards as this subject area matures on a reasonable endeavours basis.

Third-party risks in respect of ESG data (including research): There are differences in approach, coverage and methodology applied by third parties in compiling ESG data across the market (including but not limited to assignment of ESG ratings), which may lead to divergent views and opinions as to ESG credentials and considerations (including but not limited to the ESG rating applicable, if any). Where Barclays Bank Ireland PLC relies on third-party data (including research), it will consider the credibility of the source, however, underlying data quality can be challenging to verify and assess due to certain limitations. Industry guidance, market practice, and regulations in this field are expected to continue to change and Barclays Bank Ireland PLC will review and develop its approach as appropriate. Any use of third-party data, including as part of the investment due diligence process, may therefore be subject to limitations. As such, Barclays Private Bank and its affiliates (including Barclays Bank Ireland PLC) shall have no liability for any errors or omissions in connection with any third-party data (including ESG ratings) which they consider to be credible.

Sustainable Strategy Risk: Barclays Bank Ireland PLC's Sustainable strategies look to identify businesses that are helping to address either an environmental or social consideration through the products and services that they sell. The disparate nature of global businesses means that this analysis is subjective, using a combination of qualitative and quantitative inputs. Such strategies may not succeed in generating a positive environmental and/or social impact. The incorporation of environmental and/or social impact criteria into an investment process may cause a sustainable strategy to select, screen or require the disposal of investments for reasons other than financial performance. As a result, a sustainable strategy will perform differently from a strategy that uses a different methodology to identify and/or incorporate environmental and/or social impact criteria or relies solely or primarily on financial metrics. There is no assurance that an investment objective will be achieved. For further information, see the section entitled "Investment selection process for Barclays Bank Ireland PLC's Sustainable strategies" further above. Investors with specific sustainability preferences or sustainability-related objectives should review and consider the Responsible Investing Policy and the relevant disclosures relevant to any sustainability strategy in detail to ensure the sustainability profile of the sustainable strategy reflects such preferences or objectives. Any decision to invest in a sustainable strategy should take into account both the financial and non-financial characteristics of the strategy.

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