

Investment Stewardship

Vote Bulletin: Barclays Plc

Company	Barclays Plc (LSE: BARC)
Market and Sector	United Kingdom, Financials
Meeting Date	4 May 2022
Key Resolutions ¹	Item 26: Approve Barclays' Climate Strategy, Targets and Progress 2022
Key Topics	Climate risk
Board Recommendation	The board recommends shareholders vote FOR this management proposal
BlackRockVote	BlackRockvoted FOR this proposal

Overview

Barclays Plc (Barclays) operates as a bank holding company that provides retail banking, credit cards, corporate and investment banking and wealth management services.

BlackRock Investment Stewardship (BIS) has engaged regularly with Barclays over the last several years to discuss a range of corporate governance and sustainable business matters that we believe contribute to a company's ability to deliver the durable, long-term shareholder returns our clients depend on to meet their financial goals. This has included conversations about climate risk and opportunities, which BlackRock believes can be a defining factor in companies' long-term prospects.

In order to assess companies' strategies to navigate the energy transition, BIS engages with companies and, where we have authority to do so, votes proxies in the economic interests of our clients.² As discussed in our commentary, "[Climate risk and the global energy transition](#)," BlackRock's stewardship approach is based on our fundamental role as a fiduciary to our clients. As the world transitions over decades to a low-carbon economy, we are interested in hearing from the companies in which our clients are invested how they are assessing and managing the risks and opportunities arising from the decarbonization of the global economy, including the need to adapt their business models and long-term strategies to be less carbon dependent and more climate resilient, while also managing for a just transition. We encourage companies to develop plans that are resilient

¹ Barclays Plc, "[Notice of Annual General Meeting 2022](#)".

² Voting on our clients' behalf, when authorized to do so, is one of our core Stewardship responsibilities. Without exception, our decisions are guided by our role as a fiduciary to act in our clients' long-term financial interests. We aim to be a supportive, long-term focused shareholder who takes the context in which a company operates into consideration and makes voting decisions to advance our clients' interests. Climate-related voting decisions carefully assess companies' risk oversight and mitigation, alongside their disclosures detailing how climate risk and opportunity are integrated into their strategy and plans.

under likely decarbonization pathways to limit temperature rise to well below 2°C, ideally close to the global aspiration of 1.5°C.

As investors, we understand that net zero pathways will not be linear or streamlined; the macroeconomic environment, including energy markets, is complex and volatile, and there is a great deal of regulatory and geopolitical uncertainty.³ In this context, we believe the board and management are best positioned to determine what approach will best equip the company to navigate risks and opportunities given the company's business model and sector. Thorough company disclosures allow investors to understand corporate climate action plans, track progress, and assess the strategic changes that a company may undertake to adapt their business models to respond to different energy transition scenarios.⁴

Rationale for BlackRock's vote

Item 26: Approve Barclays' Climate Strategy, Targets and Progress 2022 (FOR)

BIS supported this proposal in recognition of the company's disclosed plan to manage climate-related risks and opportunities and the company's progress against this plan. We do, however, believe there are areas where the company could enhance its disclosure.

At Barclays' 2022 annual general meeting (AGM), management proposed an advisory, non-binding shareholder vote on the company's Climate Strategy, Targets and Progress 2022.⁵ The proposal gives shareholders "an opportunity to vote to endorse [the bank's] climate strategy, targets and progress."

This advisory vote on Barclays' climate strategy, targets and progress comes after the bank received climate-related shareholder proposals for shareholder consideration at the 2020 and 2021 AGMs. At the AGM in 2021, Barclays received a binding shareholder proposal requesting that the bank set, disclose and implement a strategy, with improved short-, medium-, and long-term targets, to phase out the provision of financial services⁶ to fossil fuel projects and companies in timeframes consistent with the Paris Agreement.⁷ The proposal, on which BlackRock [abstained](#), received about 14% support.⁸ A similar proposal was filed for consideration a year prior at the 2020 AGM, in response to which Barclays put forward their own proposal. In their proposal, the bank committed to setting an ambition to become net zero in scopes 1, 2 and 3 emissions by 2050 and aligning all activities with the goals of the Paris Agreement, while reporting annually on progress. The Board's 2020 proposal, which BlackRock [supported](#), received over 99% support and the shareholder proposal received approximately 24% support.⁹

Barclays has made notable progress in developing their net zero roadmap. In particular, the bank has in the past year added medium-term targets to 2030 for financed emissions which reference the International Energy Agency's (IEA) Net Zero 2050 scenario that "achieves net zero emissions by 2050 and models emissions consistent with limiting the global temperature rise to 1.5°C with a 50% probability."¹⁰ In addition, the company

³ BlackRock Inc., "[Managing the Net-Zero Transition](#)", February 2022.

⁴ We recognize that companies cannot deliver the energy transition in isolation. A range of stakeholders, including policy makers and consumers, have a role to play to ensure a better equilibrium between supply and demand, given the global economy's current dependence on traditional energy sources and the parallel need to invest in cleaner energy alternatives and other technologies. In our engagements we may also discuss how companies see their role in achieving that equilibrium.

⁵ Barclays Plc, "[Notice of Annual General Meeting 2022](#)".

⁶ Particularly its financing activities, including project finance, corporate finance and underwriting.

⁷ Barclays Plc, "[Barclays PLC 2021 Annual General Meeting \(AGM\)](#)".

⁸ Barclays Plc, "[Results of Annual General Meeting](#)". 5 May 2021.

⁹ Barclays Plc, "[Results of Annual General Meeting](#)". 7 May 2020.

¹⁰ Barclays Plc, "[Barclays' Climate Strategy, Targets and Progress 2022](#)", 22 March 2022.

broadened the scope of their targets to include reducing financed emissions from steel and cement, in addition to power and energy.¹¹

Finally, Barclays enhanced their coal policies to include a commitment to phase out financing for thermal coal mining by 2030 in OECD countries and 2035 for the rest of the world, as well as for thermal coal power in the UK and EU by 2030 and the rest of the world by 2035. As set out in their 2022 report,¹² Barclays plans to make progress on a number of other issues over the coming year. For example, reviewing green financing targets and setting targets for Automotive Manufacturing and Residential Real Estate. They have also provided a timeline for the completion of their target setting for high-emitting sectors by 2024.

As noted above, BIS supported this proposal in recognition of the company's disclosed climate strategy which includes meaningful short-, medium-, and long-term emissions reduction targets, the company's progress against the commitment laid out in 2020, and the additional enhancements envisioned in their progress report.

While we acknowledge Barclays' progress against their 2020 commitment, we believe there are areas where Barclays' disclosure and underlying climate strategy could be enhanced. In particular, reporting additional information regarding their financed emissions outside of energy and power would be helpful for investors to better understand the climate risks, challenges and opportunities the bank is facing and to measure progress on an ongoing basis.

We will continue to engage with Barclays to monitor progress against the commitments made in the Climate Strategy, Targets and Progress report and the above-mentioned areas for enhanced reporting. This will be carefully considered in our future voting decisions, as will the consistency between corporate decisions and stated climate ambitions.

¹¹ Barclays Plc, "[Barclays' Climate Strategy, Targets and Progress 2022](#)", 22 March 2022. Barclays "new targets to reduce our financed emissions" include; Energy -40% in absolute CO₂e emissions (2020 emissions baseline of 78.5 MtCO₂e). This target includes an update in our methodology, to include methane emissions alongside CO₂, Power -50% to -69% in CO₂ intensity (2020 baseline of 320 kgCO₂/MWh), Cement -20% to -26% in CO₂e intensity (2021 baseline of 0.620 MtCO₂e/Mt), Steel -20% to -40% in CO₂e intensity (2021 baseline of 1.926 MtCO₂e/Mt)."

¹² Barclays Plc, "[Barclays' Climate Strategy, Targets and Progress 2022](#)", 22 March 2022.

About BlackRock Investment Stewardship (BIS)

Our clients depend on BlackRock to help them achieve their investment goals. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and ultimately individual investors, among others. Consistent with BlackRock's fiduciary duty as an asset manager, BIS' purpose is to support companies which we invest for our clients in their efforts to create long term durable financial performance.

BIS serves as an important link between our clients and the companies they invest in – and the trust our clients place in us gives us a great responsibility to advocate on their behalf. That is why we are interested in hearing from companies about their strategies for navigating the challenges and capturing the opportunities they face. As we are long-term investors on behalf of our clients, the business and governance decisions that companies make will have a direct impact on our clients' investment outcomes and financial well-being.

We look to boards and executive management to demonstrate that they are taking into consideration the interests of long-term shareholders and other stakeholders. Our, often multi-year, dialogue with the leaders of these companies provides us the opportunity to improve our understanding of, and provide feedback on, the governance and sustainability (ESG) risks and opportunities that are material to their businesses and thus to their ability to generate long-term returns for our clients. For those clients who have given us authority, we vote proxies in their best long-term financial interests, in line with our public [voting guidelines](#) and informed by our analysis of company disclosures and, where relevant, our engagements.¹³

To support investors' assessment, it is helpful when companies provide timely, accurate, and comprehensive disclosure on all material governance and business matters, including sustainability-related issues. This transparency allows shareholders to better understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or we believe the approach taken may be inconsistent with sustainable, long-term value creation, we will engage with a company and/or vote in a manner that signals our concerns.

We are committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and through disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting, disclosing and explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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¹³ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.