Barclays Bank Ireland PLC

Article 8 Disclosure for the EU Sustainable Finance Disclosure Regulation (SFDR)

10 March 2021

Barclays Bank Ireland PLC ("BBI") has categorised the Sustainable Multi-Asset Class (MAC)/Risk Profiled Discretionary Portfolio Management (DPM) Strategy, the Sustainable Global Equity Portfolio and the IP Sustainable Charities/Sustainable Total Return Strategy (together, the "Strategies" and each a "Strategy") as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and social characteristics, as further described below.

Environmental and social characteristics of the Strategies

The characteristics promoted by each Strategy consist of investing in equity and fixed income instruments, which are assessed with respect to environmental, social and governance ("ESG") metrics. This also includes investing in companies whose business practices actively address at least one of the UN's Sustainable Development Goals ("SDGs"), which include environmental characteristics such as climate action and renewable energy, in addition to social characteristics such as reducing inequality and promoting gender equality. The specific environmental and / or social characteristics promoted by each Strategy promotes will vary from time to time depending on the composition of the equity instruments in which it invests.

How environmental and social characteristics promoted by each Strategy are met

In order to meet the environmental and social characteristics promoted, BBI applies the following three-stage assessment criteria to the selection of underlying assets as part of its investment decision-making process:

1. Baseline screen

   Our baseline screen uses a third party commercial data provider to avoid exposure to controversial companies and industries that may be in conflict with the non-financial objectives of our clients. BBI excludes from the Strategies investments or classes of investment if they are involved in, or derive a certain percentage of their revenue from the production of alcohol, armaments, adult entertainment, tobacco, ownership of fossil fuels and any involvement in gambling. The exclusions also remove from the Strategies any business that fails to comply with the UN's Global Compact Principles, which cover human rights, labour standards, the environment and anti-corruption.

2. ESG consideration

   BBI performs a fundamental analysis of the ESG quality of each business, and its ability to mitigate against ESG risk, using systematic and company specific quantitative data points, which then directs further qualitative research. This assessment is supplemented by information from a third party commercial data provider. Each Strategy targets companies with best-in-class ESG quality.

3. Positive Analysis - UN Sustainable Development Goals Alignment

   Finally, our positive analysis identifies companies that are committed to sustainable business practices and positively screens for companies whose business practices actively address at least one of the SDGs.

Non-Applicable investments

Discretionary portfolios may include instruments for which ESG analysis is non-applicable. This may be due to there not being an underlying business exposed to ESG risks. Investments include, but are not limited to:

- Gold
- Structured Products (containing synthetic exposures or derivatives)
- Warrants
- Hedging Instruments/Derivatives
- Cash.

These instruments are usually held for risk mitigation/diversification purposes. No ESG risk assessment is carried out for these instruments.

Periodic reports

A description of the extent to which environmental and social characteristics are met will be available as part of the annual report which will be published on Barclays Bank Ireland PLC (BBI's) SFDR webpage once available.

Information on the methodologies used to assess, measure and monitor the environmental and social characteristics of the Strategies

Direct Equity Securities

An ESG risk assessment is carried out by analysing a range of systematic and company specific quantitative factors, including the sustainability factors set out below which guides further qualitative analysis. This ESG risk assessment is carried out at the initiation stage of a new investment, with ongoing monitoring carried out by portfolio managers as required. As part of broader ongoing due diligence, portfolio managers may write up company updates following the release of a company's periodic earnings statement, or following company specific events, which may include changes to ESG risks if applicable.

Portfolio managers also use third party ESG research to provide insight into changes to ESG quality, including the sustainability factors set out below, as well as to gain sight of any company specific controversy. If the portfolio manager deems the company specific ESG risk profile to be too great, and a material threat to future financial value, they may choose to exit or resize the position.

BBI uses a range of sustainability indicators to assess, measure and monitor the environmental and social characteristics relevant to the Strategies. The table below specifies some of the sustainability indicators, the details of the metric, and the data source. This list is not exhaustive, and will often include indicators specific to a particular business model.

No.	Sustainability indicator	Metric	Data sources
Environmental			
1.	Resource intensity	Amount of resource required to produce a unit of gross cash flow; resource consumption of fixed tangible assets	Data sources include, but are not limited to, third party commercial providers and company reports
2.	Sensitivity to cash flow from rising resource costs	Carbon emissions pricing	
3.	Ability to pass on rising costs	Pricing power	
4.	Required abatement costs	Funding required to transition – impact on free cash flow	
5.	Willingness to transition	Asset life; amount of fixed tangible assets; net plant/gross plant	
6.	Funds available to transition if required	Fixed charge coverage; profit trends; available funds; margin stability	
7.	Threats from competitive, less resource intensive offerings	Resource intensity relative to peers	
8.	Regulatory risk and customer scrutiny	Qualitative assessment of new regulations	
9.	Environmental record/fines	Controversy records	
10.	Environmental initiatives	Certification; supplier policies	
Social			
11.	Employee number	Trend	Data sources include, but are not limited to, third party commercial providers and company reports
12.	Employee training hours	Trend	
13.	Employee turnover	Trend	
14.	Ability to attract talent	R&D intensity – an indicator of innovation	
15.	Analysis of corporate culture	Qualitative assessment	
16.	Supply chain policies	Including modern slavery	
17.	Health & safety policies and initiatives	Company reported literature	
Governance			
18.	Management incentive structures	Incentive scores	Data sources include, but are not limited to, third party commercial providers and company reports
19.	Management team structures	Decentralised; does sustainability report into C-suite	
20.	Accounting quality	Supply chain influence; aggressiveness of revenue recognition	
21.	Data privacy policies and initiatives	Company literature and third party ESG reporting	
22.	Bribery policies	Company literature	
23.	Company ownership/voting rights	Company reporting	
24.	Stock dilution policies	Company literature	

Direct Fixed Income Securities

Direct fixed income securities, are selected by portfolio managers from an approved issuer list. The fixed income team build this list using a number of quantitative and qualitative factors including an ESG screen. A third party ESG ratings provider is used to obtain an overall ESG quality grade for an issuer, based on the specific risk that issuer faces from ESG factors, and their ability to mitigate against these risks. ESG quality gradings usually sit on a scale ranging from AAA (best in class) to CCC (worst in class). Issuers are automatically screened out if their ESG quality grade is 'B' or below. The fixed income team have the option of overriding the exclusion of a specific issuer by providing a rationale for the override. This may be done due to the maturity of a particular issue i.e. a business may score poorly due to long term ESG risk, however the bond may mature in one year, minimising the potential impact to financial value. Changes to the ESG quality grade by the third party provider is automatically captured within BBI's internal systems.

Third Party collective vehicles

The discretionary portfolio management ("DPM") team carries out an analysis of each third party fund they invest in at the point of inception. The analysis is focused on the methodologies employed by the third party managers and does not look at the ESG quality of the underlying holdings within the fund, which is in effect outsourced to the manager of the fund. The DPM team will also review third party ESG rating of the fund.

UN Sustainable Development Goals alignment

While ESG provides an indication into the operational quality of a business, it does not give a true reflection of whether their products and services are helping to advance sustainability. For this reason, the third stage of the sustainability due diligence process, as set out above, looks to identify and invest in businesses that generate a portion of their revenue from selling goods and / or services that help to address at least one of the SDGs.

Due to the high innovation and early stage development of many sustainability technologies e.g. artificial intelligence or genomic sequencing - quantitative data around potential sustainability is often not available. As such, BBI carries out a detailed qualitiative assessment on each company to determine its SDG alignment. These assessments use information from various third party sources, such as reports from non-governmental organisations, in addition to proprietary research to form a judgment on its sustainability credentials. These assessments are specific to the particular business being looked at, and do not include a systematic analysis of quantitative data points.

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