



# BARCLAYS: TURNING OFF THE FUNDING TAP FOR NEW OIL AND GAS PROJECTS

## WHAT'S THE ISSUE?

The International Energy Agency has said that energy groups must stop all new oil and gas projects if the world is to reach net zero by 2050. However, many energy companies are continuing to develop new fields. To do this, they need bank funding because of the huge up-front costs.

The UK bank Barclays has, over a number of years, taken steps to reduce its fossil fuel financing. For example, it has set 2025 and 2030 targets for lending to this sector and strengthened elements of its energy policy.

However, research by responsible investment NGO **ShareAction** found that even this revised policy would leave the bank well out of kilter with the Paris Agreement's target to limit global warming to only 1.5°C. The bank didn't exclude financing for new oil and gas production projects. Moreover, it didn't require clients in sectors with high emissions to have climate transition plans, which outline how companies will cut these emissions.

## WHAT DID WE DO?

In the autumn of 2023 we began discussing, with ShareAction and other investors, plans to file a shareholder resolution for 2024 calling on the bank to stop funding new projects that would increase oil and gas production.

## WHAT HAPPENED?

In late November, Rathbones joined 18 other investors in co-filing a resolution intended for the 2024 AGM. Barclays signalled its willingness to negotiate with the co-filers, and representatives of the co-filing group begun discussions with senior management at the company.

Having shared its terms with the co-filing group beforehand, in February 2024 Barclays published a new energy policy.

This committed the company to stop financing new oil and gas projects and related infrastructure. At the level of entire companies rather than particular projects, it said it wouldn't provide financing to new energy company clients if more than 10% of their total planned oil and gas capital expenditure was used to expand production.

The co-filers agreed to withdraw their resolution because of these significant concessions from the bank.

But in common with our fellow co-filers, we shared a number of concerns over the fine print in Barclays' new policy. ShareAction concluded that "the bank retains significant discretion over its continued support of oil & gas expansion activities that are incompatible with 1.5C scenarios".

We told Barclays that we'd closely monitor the way it implemented the new policy. We made it clear that we were prepared, along with the rest of the investor group, to escalate our engagement if the bank didn't close some of these loopholes.