

Voting Bulletin: Barclays Plc

As part of our fiduciary duty, BlackRock's Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our [engagement priorities](#) based on our observation of market developments and emerging governance themes, and evolve them year over year as necessary. The BIS team's key engagement priorities include:

1. Board quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

Independent Fiduciary

BlackRock has for over a decade used an [independent fiduciary](#) to vote proxies where we are required by regulation not to vote ourselves or where there are actual or perceived conflicts of interest. The independent fiduciary makes voting decisions based solely on BlackRock's publicly available [proxy voting guidelines](#), which aim to advance our clients' long-term economic interests, and public information disclosed by the relevant company. Our voting guidelines are the benchmark against which we assess a company's approach to corporate governance, including environmental and social (E&S) issues.

One of the issuers for which BIS uses an independent fiduciary is Barclays. In this case, the use of a fiduciary is to satisfy regulatory requirements in the United States. Barclays is in scope of these regulations as it is the parent of US bank holding company subsidiaries regulated by the Federal Reserve Bank of New York.

The independent fiduciary, Sustainalytics, may engage with companies at its discretion to ask clarifying questions or in response to a company's request for engagement on voting matters, though it is not authorized to represent BlackRock's views.

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand the voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we or, in this case, the independent fiduciary, have voted on select resolutions, and (where relevant) provide information around our engagement with the issuer.

Company	Barclays Plc
Market	United Kingdom
Meeting Date	7 th May 2020
Key Resolutions ¹	Resolution 29: Approve Barclays' Commitment to Tackling Climate Change Resolution 30: Approve ShareAction Requisitioned Resolution ²
Board Recommendation	The company recommends shareholders vote FOR Resolutions 1-29 and AGAINST Resolution 30.
BlackRockVote	BlackRock, through an independent fiduciary, voted FOR all management resolutions and AGAINST shareholder Resolution 30.

Overview

Barclays is a British universal bank operating as two divisions, Barclays UK and Barclays International, supported by its service company, Barclays Execution Services. Its businesses include consumer banking, payments operations around the world, and a full service global corporate and investment bank.

BIS regularly reviews Barclays' governance structures and risk profile. Although we do not vote proxies directly (for the reason explained above), consistent with our fiduciary duty we engage with the company to provide feedback on governance and business practices. As such, we have engaged extensively with various board, executive and sustainability team members at Barclays over the last several years on a range of issues driving long-term shareholder value, including board composition and effectiveness, remuneration, business oversight and risk management, climate risk management and corporate strategy and culture.

In January 2020, a coalition of investors filed a shareholder resolution (Resolution 30) asking Barclays to set and disclose targets to phase out the provision of financial services to the energy sector, as well as electric and gas utility companies that are not aligned with Articles 2.1(a) and 4.1 of the Paris Agreement³.

Following engagement with its shareholders and other stakeholders, including BlackRock, Barclays announced on 30th March 2020 updated ambitions with respect to tackling climate change. Barclays proposed its own resolution (Resolution 29) at its annual general meeting (AGM) to commit the company to a strategy, with targets, for alignment of its entire financing portfolio to the goals of the Paris Agreement. Barclays has committed to provide further details of the strategy by the end of the year⁴.

¹ Full meeting resolutions can be accessed at: <https://home.barclays/investor-relations/reports-and-events/general-meetings/>.

² "To promote the long-term success of the Company, given the risks and opportunities associated with climate change, we as shareholders direct the Company to set and disclose targets to phase out the provision of financial services, including but not limited to project finance, corporate finance, and underwriting, to the energy sector (as defined by the Global Industry Classification Standard) and electric and gas utility companies that are not aligned with Articles 2.1(a) and 4.1 of the Paris Agreement ('the Paris goals'). The timelines for phase out must be aligned with the Paris goals. The Company should report on progress on an annual basis, starting from 2021 onwards. Disclosure and reporting should be done at reasonable cost and omit proprietary information." Full details of the resolution are included in the Notice of the Meeting: <https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/AGM2019/NOM-2019.PDF>.

³ Please see the previous footnote.

⁴ <https://home.barclays/content/dam/home-barclays/documents/investor-relations/IRNewsPresentations/2020news/20200330-BPLC-Climate-policy-ambition-to-be-net-zero-by-2050.pdf>.

ShareAction, who coordinated the group of shareholders proposing Resolution 30, recommended that shareholders also vote for this management resolution, Resolution 29. Barclays' Board, however, did not recommend that shareholders support Resolution 30 as "any special resolution adopted at the AGM binds the Board and the Company to give effect to the matters set out in the resolution – in effect as if it had the force of law – and it therefore needs to be understandable, practical and deliverable. The Board is concerned that the ShareAction resolution does not pass this test"⁵. While similar in spirit, the potential impacts on Barclays' ability to exercise its business judgment under the two proposals are materially different given the "more detailed and targeted" nature of Resolution 30⁶.

Additionally, in the company's latest ESG report, published concurrently with its climate strategy announcement, it enhanced its ESG disclosures by reporting for the first time against the framework established by the Sustainability Accounting Standards Board (SASB)⁷.

Rationale for BlackRock Vote

Based on BlackRock's proxy voting guidelines, the independent fiduciary voted as follows:

Resolution 29: Approve Barclays' Commitment to Tackling Climate Change (FOR)

Resolution 30: Approve ShareAction Requisitioned Resolution (AGAINST)

The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being.

⁵ Full details of the resolution are included in the Notice of the Meeting: <https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/AGM2019/NOM-2019.PDF>.

⁶ <https://shareaction.org/barclays-announces-net-zero-ambition-must-now-address-fossil-fuel-financing/>

⁷ Barclay's 2019 ESG report can be accessed here: <https://home.barclays/content/dam/home-barclays/documents/citizenship/ESG/Barclays-PLC-ESG-Report-2019.pdf>.