BARCLAYS PLC
Form 20-F
March 03, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report ____________

Commission file numbers	Barclays PLC	1-09246
	Barclays Bank PLC	1-10257

BARCLAYS PLC

BARCLAYS BANK PLC

(Exact Names of Registrants as Specified in their Charter[s])

ENGLAND

(Jurisdiction of Incorporation or Organization)

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

(Address of Principal Executive Offices)

PATRICK GONSALVES, +44 (0)20 7116 2901, PATRICK.GONSALVES@BARCLAYS.COM

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

*(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Barclays PLC

Title of Each Class	Name of Each Exchange On Which Registered
25p ordinary shares	New York Stock Exchange*
American Depository Shares, each representing four 25p ordinary shares	New York Stock Exchange
4.375% Fixed Rate Subordinated Notes due 2024	New York Stock Exchange
2.75% Fixed Rate Senior Notes due 2019	New York Stock Exchange

* Not for trading, but in connection with the registration of American Depository Shares, pursuant to the requirements ofthe Securities and Exchange Commission.

Barclays Bank PLC

Title of Each Class	Name of Each Exchange On Which Registered
Callable Floating Rate Notes 2035	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 2	New York Stock Exchange*
American Depository Shares, Series 2, each representing one Non-Cumulative Callable Dollar Preference Share, Series 2	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 3	New York Stock Exchange*
American Depository Shares, Series 3, each representing one Non-Cumulative Callable Dollar Preference Share, Series 3	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 4	New York Stock Exchange*
American Depository Shares, Series 4, each representing one Non-Cumulative Callable Dollar Preference Share, Series 4	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 5	New York Stock Exchange*
American Depository Shares, Series 5, each representing one Non-Cumulative Callable Dollar Preference Share, Series 5	New York Stock Exchange
5.140% Lower Tier 2 Notes due October 2020	New York Stock Exchange
Floating Rate Senior Notes due December 9 2016	New York Stock Exchange
iPath® Bloomberg Commodity Index Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Agriculture Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Aluminum Subindex Total Return℠ ETN	NYSE Arca

iPath® Bloomberg Cocoa Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Coffee Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Copper Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Cotton Subindex Total Return℠ ETN	NYSE Arca

iPath® Bloomberg Energy Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Grains Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Industrial Metals Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Lead Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Livestock Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Natural Gas Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Nickel Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Platinum Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Precious Metals Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Softs Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Sugar Subindex Total Return℠ ETN	NYSE Arca
iPath® Bloomberg Tin Subindex Total Return℠ ETN	NYSE Arca
iPath® S&P GSCI® Total Return Index ETN	NYSE Arca
iPath® S&P GSCI® Crude Oil Total Return Index ETN	NYSE Arca
iPath® CBOE S&P 500 BuyWrite Index℠ ETN	NYSE Arca
iPath® MSCI India Index℠ ETN	NYSE Arca
iPath® EUR/USD Exchange Rate ETN	NYSE Arca
iPath® GBP/USD Exchange Rate ETN	NYSE Arca
iPath® JPY/USD Exchange Rate ETN	NYSE Arca
iPath® S&P 500 VIX Short-Term Futures™ ETN	NYSE Arca
iPath® S&P 500 VIX Mid-Term Futures™ ETN	NYSE Arca

iPath® Inverse S&P 500 VIX Short-Term Futures™ ETN	NYSE Arca
iPath® Long Extended Russell 1000® TR Index ETN	NYSE Arca
iPath® Long Extended Russell 2000® TR Index ETN	NYSE Arca
iPath® Long Enhanced MSCI EAFE® TR Index ETN	NYSE Arca
iPath® Long Enhanced MSCI Emerging Markets Index ETN	NYSE Arca
iPath® Short Enhanced MSCI Emerging Markets Index ETN	NYSE Arca
iPath® Long Extended S&P 500® TR Index ETN	NYSE Arca

iPath® Global Carbon ETN	NYSE Arca
iPath® Optimized Currency Carry ETN	NYSE Arca
iPath® US Treasury Steepener ETN	NYSE Arca
iPath® US Treasury Flattener ETN	NYSE Arca
iPath® US Treasury 2-year Bull ETN	NYSE Arca
iPath® US Treasury 2-year Bear ETN	NYSE Arca
iPath® US Treasury 10-year Bull ETN	NYSE Arca
iPath® US Treasury 10-year Bear ETN	NYSE Arca
iPath® US Treasury Long Bond Bull ETN	NYSE Arca
iPath® US Treasury Long Bond Bear ETN	NYSE Arca
iPath® Pure Beta Broad Commodity ETN	NYSE Arca
iPath® Pure Beta S&P GSCI®-Weighted ETN	NYSE Arca
iPath® Pure Beta Cocoa ETN	NYSE Arca
iPath® Pure Beta Coffee ETN	NYSE Arca
iPath® Pure Beta Cotton ETN	NYSE Arca
iPath® Pure Beta Sugar ETN	NYSE Arca
iPath® Pure Beta Aluminum ETN	NYSE Arca
iPath® Pure Beta Copper ETN	NYSE Arca
iPath® Pure Beta Lead ETN	NYSE Arca
iPath® Pure Beta Nickel ETN	NYSE Arca
iPath® Pure Beta Crude Oil ETN	NYSE Arca
iPath® Seasonal Natural Gas ETN	NYSE Arca
iPath® Pure Beta Agriculture ETN	NYSE Arca

iPath® Pure Beta Grains ETN	NYSE Arca
iPath® Pure Beta Softs ETN	NYSE Arca
iPath® Pure Beta Industrial Metals ETN	NYSE Arca
iPath® Pure Beta Energy ETN	NYSE Arca
iPath® Pure Beta Livestock ETN	NYSE Arca

iPath® Pure Beta Precious Metals ETN	NYSE Arca
iPath® US Treasury 5-year Bull ETN	NYSE Arca
iPath® US Treasury 5-year Bear ETN	NYSE Arca
iPath® S&P 500 Dynamic VIX ETN	NYSE Arca
iPath® Inverse S&P 500 VIX Short-Term FuturesTM ETN (II)	NYSE Arca
iPath® GEMS IndexTM ETN	NYSE Arca
iPath® GEMS Asia 8 ETN	NYSE Arca
iPath® Asian and Gulf Currency Revaluation ETN	NYSE Arca
iPath® S&P MLP ETN	NYSE Arca
Barclays ETN+ S&P 500® Dynamic VEQTOR ETN	NYSE Arca
Barclays ETN+ Shiller CAPE™ ETNs	NYSE Arca
Barclays ETN+ Select MLP ETN	NYSE Arca
Barclays ETN+ FI Enhanced Europe 50 ETN	NYSE Arca
Barclays ETN+ FI Enhanced Global High Yield ETN	NYSE Arca
Barclays OFI SteelPath MLP ETN	NYSE Arca
Barclays Women in Leadership ETN	NYSE Arca
Barclays Return on Disability ETN	NYSE Arca
Barclays Inverse US Treasury Composite ETN	NASDAQ

* Not for trading, but in connection with the registration of American Depository Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuers classes of capital or common stock as of the close of the period covered by the annual report.

Barclays PLC	25p ordinary shares	16,498,184,168
Barclays Bank PLC	£1 ordinary shares	2,342,558,515
	£1 preference shares	1,000
	£100 preference shares	20,930
	100 preference shares	31,856
	$0.25 preference shares	237,000,000
	$100 preference shares	58,133

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes þ No ¨

If this report is an annual or transition report, indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act 1934.

Yes ¨ No þ

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes þ No ¨

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ¨ No ¨

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Barclays PLC

Large Accelerated Filer þ Accelerated Filer ¨ Non-Accelerated Filer ¨

Barclays Bank PLC

Large Accelerated Filer ¨ Accelerated Filer ¨ Non-Accelerated Filer þ

*Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ¨

International Financial Reporting Standards as issued by the International Accounting Standards Board þ

Other ¨

*If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ¨

Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No þ

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS.)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ¨ No ¨

SEC Form 20-F Cross reference information

* Captions have been included only in respect of pages with multiple sections on the same page in order to identify the relevant caption on that page covered by the corresponding Form 20-F item number.

Barclays PLC and Barclays Bank PLC

Annual Report on Form 20-F

The term Barclays or Group refers to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2014 to the corresponding twelve months of 2013 and balance sheet analysis as at 31 December 2014 with comparatives relating to 31 December 2013. The abbreviations £m and £bn represent millions and thousands of millions of Pounds Sterling respectively; and the abbreviations $m and $bn represent millions and thousands of millions of US Dollars respectively.

The comparatives have been restated to reflect the implementation of the Group structure changes and the reallocation of elements of the Head Office results under the revised business structure.

References throughout this report to provision for ongoing investigations and litigation relating to Foreign Exchange mean a provision of £1,250m held as at 31 December 2014 for certain aspects of ongoing investigations involving certain authorities and litigation relating to Foreign Exchange.

The information in this document does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014, which include certain information required for this Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC (2014 20-F) and which contain an unqualified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006) will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Barclays is a frequent issuer in the debt capital markets and regularly meets with investors via formal road shows and other ad hoc meetings. Consistent with its usual practice, Barclays expects that from time to time over the coming quarter it will meet with investors globally to discuss these results and other matters relating to the Group.

Certain non-IFRS measures

Barclays management believes that the non-International Financial Reporting Standards (non-IFRS) measures included in this document provide valuable information to readers of its financial statements because they enable the reader to identify a more consistent basis for comparing the business performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. As management reviews the adjusting items described below at a Group level, segmental results are presented excluding these items in accordance with IFRS 8; Operating Segments . Statutory and adjusted performance is reconciled at a Group level only. Key non-IFRS measures included in this document, and the most directly comparable IFRS measures, are:

Adjusted profit before tax is the non-IFRS equivalent of profit before tax as it excludes the impact of own credit; provisions for Payment Protection Insurance (PPI) and claims management costs and interest rate hedging redress; gain on US Lehman acquisition assets; provision for ongoing investigations and litigation relating to Foreign Exchange; goodwill impairment; loss on announced sale of the Spanish business and Education, Social Housing, and Local Authority (ESHLA) valuation revision. A reconciliation to IFRS is presented on page 198 for the Group;

Adjusted profit after tax represents profit after tax excluding the post-tax impact of own credit; provisions for PPI and interest rate hedging redress; the gain on US Lehman acquisition assets; provision for ongoing investigations and litigation relating to Foreign Exchange; loss on announced sale of the Spanish business; ESHLA valuation revision and goodwill impairment. A reconciliation to IFRS is presented on page 198 for the Group;

Adjusted attributable profit represents adjusted profit after tax less profit attributable to non-controlling interests. The comparable IFRS measure is attributable profit;

Adjusted income and adjusted total income net of insurance claims represents total income net of insurance claims excluding the impact of own credit; the gain on US Lehman acquisition assets and ESHLA valuation revision. A reconciliation to IFRS is presented on page 198 for the Group;

Adjusted net operating income represents net operating income excluding the impact of own credit; the gain on US Lehman acquisition assets and ESHLA valuation revision. A reconciliation to IFRS is presented on page 198 for the Group;

Adjusted total operating expenses represents operating expenses excluding the provisions for PPI and interest rate hedging redress; provision for ongoing investigations and litigation relating to Foreign Exchange; and goodwill impairment. A reconciliation to IFRS is presented on page 198 for the Group;

Adjusted litigation and conduct represents litigation and conduct excluding the provisions for PPI and interest rate hedging redress; and the provision for ongoing investigations and litigation relating to Foreign Exchange. A reconciliation to IFRS is presented on page 198 for the Group;

Adjusted cost: income ratio represents cost: income ratio excluding the impact of own credit; the provisions for PPI and interest rate hedging redress; gain on US Lehman acquisition assets; and provision for ongoing investigations and litigation relating to Foreign Exchange and ESHLA valuation revision. The comparable IFRS measure is cost: income ratio, which represents operating expenses to income net of insurance claims. A reconciliation to IFRS is presented on page 198 for the Group;

Adjusted cost: income ratio represents cost: income ratio excluding the impact of own credit; the provision for PPI redress; the provision for interest rate hedging products redress; and goodwill impairment. The comparable IFRS measure is cost: income ratio, which represents operating expenses to income net of insurance claims. A reconciliation of the components used to calculate adjusted cost: income ratio to their corresponding IFRS measures is provided on page 198 for the Group;

Adjusted compensation: net operating income ratio represents compensation: net operating income ratio excluding the impact of own credit; the provisions for PPI and interest rate hedging redress; gain on US Lehman acquisition assets; and provision for ongoing investigations and litigation relating to Foreign Exchange and ESHLA valuation revision. A reconciliation is provided on page 198 for the Group;

Adjusted compensation: operating income ratio represents compensation: operating income ratio excluding the impact of credit impairment charges and other provisions; own credit; the provisions for PPI and interest rate hedging redress; gain on US Lehman acquisition assets; and provision for ongoing investigations and litigation relating to Foreign Exchange and ESHLA valuation revision. A reconciliation is provided on page 198 for the Group;

Adjusted basic earnings per share represents adjusted attributable profit (page 212) divided by the basic weighted average number of shares in issue. The comparable IFRS measure is basic earnings per share, which represents profit after tax and non-controlling interests, divided by the basic weighted average number of shares in issue;

Adjusted return on average shareholders equity represents adjusted attributable profit (page 212) divided by adjusted average equity, excluding non-controlling interests. The comparable IFRS measure is return on average shareholder s equity, which represents profit attributable to equity holders of the parent divided by average equity, excluding non-controlling interests;

Adjusted return on average tangible shareholders equity represents adjusted attributable profit (page 212) divided by average adjusted tangible equity, excluding non-controlling interests. The comparable IFRS measure is return on average tangible shareholders equity, which represents profit after tax and non-controlling interests, divided by average tangible equity (page 212);

Barclays Core results are non-IFRS measures because they represent the sum of five Operating Segments, each of which is prepared in accordance with IFRS 8; Operating Segments : Personal and Corporate Banking, Barclaycard, Africa Banking, Investment Bank and Head Office. A reconciliation to the corresponding statutory Group measures are provided on pages 197 and 198;

Constant currency results in Africa Banking are calculated by converting ZAR results into GBP using the average exchange rate for the year ended 31 December 2014 for the income statement and the 31 December 2014 closing exchange rate for the balance sheet and applying those rates to the results as of and for the year ended 31 December 2013, in order to eliminate the impact of movement in exchange rates between the two periods.

Net Stable Funding Ratio (NSFR) is calculated according to the definition and methodology detailed in the standard provided by the Basel Committee on Banking Supervision. The original guidelines released in December 2010 (Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring , December 2010) were revised for in January 2014 (Basel III: The Net Stable Funding Ratio , January 2014). The metric is a regulatory ratio that is not yet finalised in local regulations and, as such, represent a non-IFRS measure. This definition and the methodology used to calculate this metric is subject to further revisions ahead of the implementation date and our interpretation of this calculation may not be consistent with that of other financial institutions;

BCBS 270 leverage exposure makes certain adjustments to Total assets under IFRS in accordance with Barclays understanding of the latest requirements that are expected to be included in the revised CRD IV text and guidance from regulators. The Leverage table on page 158 shows a reconciliation of BCBS 270 leverage exposure to total assets under IFRS;

BCBS 270 leverage ratio represents CRD IV Tier 1 capital divided by BCBS 270 leverage exposure. See the Leverage table on page 158 for a reconciliation of BCBS 270 leverage exposure to Total assets under IFRS;

The CRD IV fully loaded CET1 and estimated BCBS 270 leverage ratios excluding the impact of the sale of the Spanish business are non-IFRS measures as these metrics exclude the impact of the risk weighted assets associated with the Spanish business.

Liquidity Coverage Ratio (LCR) is calculated according to the Commission Delegated Regulation of October 2014 that supplements Regulation (EU) 575/2013 (CRDIV) published by the European Commission in June 2013. The metric is a ratio that is not yet fully implemented in local regulations and, as such, represents a non-IFRS measure;

Transitional CET1 ratio according to FSA October 2012. This measure is calculated by taking into account the statement of the Financial Services Authority, the predecessor of the Prudential Regulation Authority, on CRD IV transitional provisions in October 2012, assuming such provisions were applied as at 1 January 2014. This ratio is used as the relevant measure starting 1 January 2014 for purposes of determining whether the automatic write-down trigger (specified as a Transitional CET1 ratio according to FSA October 2012 of less than 7.00%) has occurred under the terms of the Contingent Capital Notes issued by Barclays Bank PLC on November 21, 2012 (CUSIP: 06740L8C2) and April 10, 2013 (CUSIP: 06739FHK0). Please refer to page 155 for a reconciliation of this measure to CRD IV CET1 ratio.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group s plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as may , will , seek , continue , aim , anticipate , target expect , estimate , intend , plan , goal , believe , achieve or other words of similar meaning. Examples of forw statements include, among others, statements regarding the Group s future financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the Transform Programme and Group Strategy Update, run-down of assets and businesses within Barclays Non-Core, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under IFRS, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Group; the potential for one or more countries exiting the Eurozone; the impact of EU and US sanctions on Russia; the implementation of the Transform Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group s control. As a result, the Group s actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group s forward-looking statements. Additional risks and factors are identified in our filings with the SEC which are available on the SEC s website at http://www.sec.gov.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (the LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has filed or may file with the SEC.

Market and other data

This document contains information, including statistical data, about certain Barclays markets and its competitive position. Except as otherwise indicated, this information is taken or derived from Datastream and other external sources. Barclays cannot guarantee the accuracy of information taken from external sources, or that, in respect of internal estimates, a third party using different methods would obtain the same estimates as Barclays.

Uses of Internet addresses

This document contains inactive textual addresses to internet websites operated by us and third parties. Reference to such websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document.

Contents

Corporate governance

Our corporate governance report details the process of Barclays, the reports from each Board committee and presents how the Board support the delivery of our strategy

Risk report

Our risk report gives insight into the level of risk across Barclays businesses and portfolios, the material risks and uncertainties faced and the key areas of management focus

Additional Information

Financial review

Our financial review details the performance of Barclays, including key performance indicators, and our businesses contribution to the overall performance of the Group

Financial statements

Our financial statements gives detailed analysis of our statutory accounts, independently audited and providing in-depth disclosure and transparency on the financial performance of the business

Governance

Contents

The governance process of Barclays, and reports from each of the Board Committees presenting how the Board support the delivery of the Strategy.

Governance: Directors report

Who we are

Board of Directors

Board of Directors[a]

Barclays understands the importance of having a Board containing the right balance of skills, experience and diversity and the composition of the Board is regularly reviewed by the Board Corporate Governance and Nominations Committee. The skills and experience of the current Directors and the value they bring to the Barclays Board is described below. Full biographies can be accessed online via barclays.com/investorrelations.

Sir David Walker
Chairman

Age: 75
Appointed:
1 September 2012

Relevant skills and experience

Sir David has extensive knowledge of the financial services industry developed throughout his long career during which he held roles with Her Majesty s Treasury, the Bank of England and, most recently, as chairman of Morgan Stanley International (formerly chairman and CEO). He has also held senior non-executive board roles at a number of companies, which have provided him with an excellent understanding and experience of boardroom dynamics and corporate governance.

Sir David will retire from the Barclays Board at the conclusion of the 2015 AGM.

Other current appointments

Trustee, Cicely Saunders Foundation

Committees

E*, N*, R

Antony Jenkins

Group Chief Executive

Age: 53
Appointed:
30 August 2012

Relevant skills and experience

Antony began his career at Barclays, going on to take up various roles within the retail and corporate banking businesses. Antony then spent time working at Citigroup in both London and New York before returning to Barclays. Since rejoining Barclays, Antony has held roles including CEO of Barclaycard and the Group s representative on the board of Barclays Africa Group Limited, before becoming the Group s Chief Executive in 2012.

Other current appointments:

Institute of International Finance; International Advisory Panel of the Monetary Authority of Singapore; Business in the Community

Mike Ashley

Non-executive

Age: 60
Appointed:
18 September 2013

Relevant skills and experience

Mike has deep knowledge of auditing and associated regulatory issues, having worked at KPMG for over 20 years, where he was a partner. Mike was the lead engagement partner on the audits of large financial services groups including HSBC, Standard Chartered and the Bank of England. Whilst at KPMG, Mike was Head of Quality and Risk Management for KPMG Europe LLP, responsible for the management of professional risks and quality control. He also held the role of KPMG UK s Ethics Partner.

Other current appointments

ICAEW Ethics Standards Committee; HM Treasury s Audit Committee; European Financial Reporting Advisory Group s Technical Expert Group; Chairman, Government Internal Audit Agency; Charity Commission

Committees

A*, C, E, F, N

Tim Breedon

Non-executive

Age: 57
Appointed:
1 November 2012

Relevant skills and experience

Tim joined Barclays after a distinguished career with Legal & General, where, among other roles, he was the group chief executive until June 2012. Tim s experience as a CEO enables him to provide challenge, advice and support to the Executive on performance and decision-making.

Tim brings to the Board extensive financial services experience, knowledge of risk management and UK and EU regulation, as well as an understanding of the key issues for investors.

Other current appointments

Ministry of Justice; Marie Curie Cancer Care

Committees

A, C, E, F*, N, R

Crawford Gillies

Non-executive

Age: 58
Appointed:
1 May 2014

Relevant skills and experience

Crawford has extensive business and management experience, gained with Bain & Company and Standard Life plc. These roles have provided him with experience in strategic decision-making and knowledge of company strategy across various sectors and geographical locations.

Crawford has also held Board and committee chairman positions during his career, notably as chairman of the remuneration committees of Standard Life plc and MITIE Group PLC.

Crawford will become Chairman of the Board Remuneration Committee with effect from the conclusion of the 2015 AGM.

Other current appointments

Chairman, Scottish Enterprise; Standard Life plc; MITIE Group plc

Committees

A, R

Reuben Jeffery III

Non-executive

Age: 61
Appointed:
16 July 2009

Relevant skills and experience

Reuben has extensive financial services experience, particularly within investment banking and wealth management, through his role as CEO and president of Rockefeller & Co. Inc. and his former senior roles with Goldman Sachs, including as the managing partner of the Paris office.

His various government roles in the US, including as chairman of the Commodity Futures Trading Commission, provides Barclays Board with insight into the US political and regulatory environment.

Other current appointments

International Advisory Council of the China Securities Regulatory Commission; Advisory Board of Towerbrook Capital Partners LP; J Rothschild Capital Management Limited; Financial Services Volunteer Corps

Committees

C*, E, F, N

Wendy Lucas-Bull

Relevant skills and experience

Wendy has significant financial services and African banking experience gained through CEO and senior executive roles on the boards of large South African banks, including Barclays

Non-executive

Age: 61
Appointed:
19 September 2013

Africa Group Limited. As a CEO she has a track record of successful financial turnaround and cultural transformation of a major South African bank. Her expertise in asset management, investment, commercial and retail banking on the continent is invaluable to Barclays Board given its operations in the region.

Wendy s previous experience of leading on a number of conduct-related consultations also provides Barclays with valuable insight into conduct risk issues.

Other current appointments

Chairman, Barclays Africa Group Limited; Chairman, Absa Bank Limited, Chairman, Absa Financial Services; Afrika Tikkun NPC (non-profit); Peotona Group Holdings

Committees

C

John McFarlane

Non-executive

Age: 67
Appointed:
1 January 2015

Relevant skills and experience

John is a former CEO of ANZ Bank with extensive financial services experience across retail, commercial and investment banking, gained both globally and in the UK. John has a proven track record of implementing cost reduction, cultural transformation and driving through strategic change. He is also an experienced non-executive director and chairman. John will become Barclays Chairman at the conclusion of the 2015 AGM, and he will step down from his roles at Aviva plc and FirstGroup plc in April and July 2015 respectively.

Other current appointments:

Chairman, Aviva plc; Chairman, FirstGroup plc; Old Oak Holdings Limited; Westfield Group

Committees

E, N

Note

Detailed Director biographies can be found on pages 319 to 322

Tushar Morzaria
Group Finance Director

Age: 46
Appointed:
15 October 2013

Relevant skills and experience

Tushar joined Barclays in 2013 having spent the previous four years in senior management roles with JP Morgan Chase, most recently as the CFO of its Corporate & Investment Bank.

Throughout his time with JP Morgan he gained strategic financial management and regulatory relations experience. Since joining the Barclays Board he has been a driving influence on the Group s cost reduction programme and managing the Group s capital plan, particularly in response to structural reform.

Other current appointments

None

Dambisa Moyo
Non-executive

Age: 46
Appointed:
1 May 2010

Relevant skills and experience

Dambisa is an international economist and commentator on the global economy, having completed a PhD in economics. Dambisa has a background in financial services and a wide knowledge and understanding of African economic, political and social issues, in addition to her experience as a director of companies with complex, global operations.

Other current appointments

SABMiller plc; Barrick Gold Corporation

Committees

A, C, F

Frits van Paasschen
Non-executive

Age: 53
Appointed:
1 August 2013

Relevant skills and experience

Frits is an experienced director, having held the position of CEO and non-executive director in a number of leading global organisations, most recently as CEO of Starwood Hotels and Resorts Worldwide, Inc. These roles have provided him with both a global business perspective and a clear understanding of key management issues, as well as experience of enhancing customer experience in a retail environment.

Other current appointments

None

Committees

None

Sir Michael Rake
Deputy Chairman and Senior Independent Director

Age: 67
Appointed:
1 January 2008

Relevant skills and experience

Sir Michael joined Barclays after a long career with KPMG, during which he served as chairman from 2002 until 2007. He brings to the Board extensive financial and commercial experience gained in the UK, Continental Europe and the Middle East.

Sir Michael s previous government roles, which include membership of the Prime Minister s Business Advisory Group, and current role as president of the Confederation of British Industry, provide useful political and regulatory insight for the Board.

Other current appointments:

Chairman, BT Group PLC; McGraw Hill Financial Inc.

Committees

E, N

Relevant skills and experience

Diane de Saint Victor
Non-executive

Age: 60
Appointed:
1 March 2013

Diane holds the role of General Counsel and Company Secretary of ABB Limited, a listed international power and automation technologies company. Diane s legal background, combined with her knowledge of regulatory and compliance requirements bring a unique perspective to discussions of the Board and its committees.

Other current appointments:

Advisory Board of The World Economic Forum s Davos Open Forum

Committees

A, C

Sir John Sunderland
Non-executive

Age: 69
Appointed:
1 June 2005

Relevant skills and experience

Sir John has been a Barclays Director since 2005, during which time he has provided invaluable support and leadership, most recently assisting in the identification and appointment of a successor to Sir David Walker as Chairman.

He has significant board level experience, including roles as former CEO and chairman of Cadbury Schweppes PLC and his current role as chairman of Merlin Entertainments Group PLC, bringing extensive knowledge of retailing and brand marketing to the Board.
Sir John will retire from the Barclays Board at the conclusion of the 2015 AGM.

Other current appointments

AFC Energy PLC; Aston University; Reading University Council; Cambridge Education Group Limited

Committees

C, E, R*, N

Steve Thieke
Non-executive

Age: 68
Appointed:
7 January 2014

Relevant skills and experience

Steve has significant experience in financial services, in both investment banking with JP Morgan, where amongst other roles he served as the chairman of the risk management committee, and in regulation, through roles with the Federal Reserve Bank of New York and the Financial Services Authority. Steve also has significant board experience, having served in both executive and non-executive director roles in his career.

Other current appointments

None

Committees

F, R

Company Secretary

Lawrence Dickinson
Age: 57
Appointed:
19 September 2002

Relevant skills and experience

Since joining Barclays as a graduate in 1979, Lawrence has worked in a number of roles, including as Chief of Staff to the CEO and as the Private Bank s Chief Operating Officer. Lawrence is a member and Treasurer of the GC100, the Association of General Counsels and Company Secretaries of the FTSE100.

Committee Membership Key

A Board Audit Committee

C Board Conduct, Operational and Reputational Risk Committee

N Board Corporate Governance and Nominations Committee

F Board Financial Risk Committee

E Board Enterprise Wide Risk Committee

R Board Remuneration Committee

* Committee Chairman

04 |

Governance: Directors report

Who we are

Board of Directors

Group Executive Committee[a]

Biographies for Antony Jenkins, Group Chief Executive, and Tushar Morzaria, Group Finance Director, who are members of the Group Executive Committee, which is chaired by Antony Jenkins, can be found on pages 319 to 320.

Michael Harte

Chief Operations and Technology Officer

Bob Hoyt

Group General Counsel

Valerie Soranno Keating

Chief Executive, Barclaycard

Thomas King

Chief Executive,

Investment Bank

Robert Le Blanc

Chief Risk Officer

Irene McDermott Brown

Group Human

Resources Director

Jonathan Moulds
Group Chief
Operating Officer

Maria Ramos
Chief Executive,
Barclays Africa Group

Mike Roemer
Group Head of
Compliance

Ashok Vaswani
Chief Executive,
Personal and
Corporate Banking

Board diversity

The Board has a balanced and diverse range of skills and experience. All Board appointments are made on merit, in the context of the diversity of skills, experience, background and gender required to be effective.

Balance of non-executive Directors: Executive Directors

1	Chairman	1
2	Executive Directors	2
3	Non-executive Directors	12

Male: Female

12:3

Length of tenure (Chairman and non-executive Directors)

0-3 years
9

3-6 years
2

>6 years
2

Geographical mix (Chairman and non-executive Directors)

United Kingdom	7
Continental Europe	1
United States	4
Other	1

Industry/background experience

(Chairman and non-executive Directors)[b]

Financial Services	10
Political/regulatory contacts	10
Current/recent Chair/CEO	10
Accountancy/Financial	3
International (US)	4
International (Europe)	5
International (RoW)	3
Retail/Marketing	2

Notes

a Biographies for all members of the Executive Commitee can be found on pages 321 to 322

b Individual Directors may fall into one or more categories

What we did in 2014

Chairman s Introduction

It is my responsibility to draw the best out of my fellow Directors, both individually and collectively, so that the Board works as a team that, together, is stronger than the sum of its parts.

Dear Shareholders

My role, as Chairman, is to lead the Board and ensure that it works effectively and collaboratively in pursuit of the creation of sustainable long-term shareholder value. It is my responsibility to draw the best out of my fellow Directors, both individually and collectively, so that the Board works as a team that, together, is stronger than the sum of its parts. The pre-conditions for success are clear: an agreed perspective on what we are trying to achieve; a culture of mutual trust and respect, with shared values; and transparent and honest relationships between the non-executive and executive Directors, including a willingness to be open to different views and ways of thinking.

As Chairman, I have encouraged frankness and openness in Board debate and also sought to allow sufficient time for focus on critical strategic issues. Details of how we allocated our time and our main areas of focus in 2014 can be found on page 8. My goal has been to ensure that the Board is collaborative, yet challenging when it needs to be and that discussions at Board and Board Committee meetings are candid and open, yet constructive. The aim throughout has been to create and maintain an environment where the Board is cohesive and committed in support of our strategic aims, yet remains open to different viewpoints and ideas. Overall, we have been united behind our common purpose and respectful of the responsibilities of the Executive team in running the business day-to-day, giving them our full support in executing against our agreed strategy.

Board appointments and succession planning

This atmosphere of constructive challenge and debate depends on having the right people in place. Board composition is subject to an on-going process of review and refreshment. The priority is to ensure that the Board collectively has the right balance and diversity of expertise, skills, experience and perspectives needed to provide effective oversight of the business and I am fortunate to be supported by a Board that has a broad and diverse range of skills. As a bank we naturally seek out those with financial services experience, but other backgrounds, such as specific knowledge of a geographic area or customer segment, bring valued perspectives to the Board and provide credible challenge in these areas. Equally important is that Directors demonstrate independence of mind, judgement and maturity. Independence is an indispensible trait that underpins the Board s ability to exercise appropriate oversight of the Executive team.

There were a number of changes to the Board in 2014. Fulvio Conti and Simon Fraser left the Board at the conclusion of the 2014 AGM. Steve Thieke and Crawford Gillies joined the Board, in January and May 2014 respectively, and in September 2014 we announced that John McFarlane would join the Board with effect from 1 January 2015 and succeed me as Chairman at the conclusion of the 2015 AGM. Details of the skills and experience each of these new Directors brings to the Board can be found in their biographies on pages 3 and 4. The Board Corporate Governance and Nominations Committee oversaw each of these appointments and reports on page 24 on the process it followed and its deliberations.

Succession planning is not, however, confined to the Board itself. A clear parallel responsibility is for the Board to be able to identify and cultivate the leaders of the future. Talent is a prerequisite for the success of any company and providing the Directors with a deeper insight into the character and capabilities of the senior executive team is essential for our long-term success. During 2014, the Board Corporate Governance and Nominations Committee increased its focus on talent management and succession planning and you can read more about this, including the initiatives we have in place to ensure that the Board has line of sight to potential future leaders, on page 25. Importantly, these interactions also allow the Board to see how members of the senior executive team act as role models for our Values and promote sustainable success.

Governance: Directors report

What we did in 2014

Chairman s Introduction

Board commitment

The role of a Barclays Director is a demanding one and we require and expect a significant time commitment from our Directors. This means not only preparing for and attending Board and Board Committee meetings, but committing time to initial induction, ongoing training and engagement with both the Executive team and with external constituents, including shareholders and regulators. I aim to ensure that Directors are kept fully informed about key businesses, performance and risks and any external changes to policy or regulation that may impact us. You can read more about this on page 35.

Information flows

A common refrain from many directors, regardless of industry or sector, is that the extent and volume of the material and data presented to boards can be overwhelming. Of course, as a Board we are reliant on the Executive team, which is operationally responsible for managing the business, for information, but we can, and do, make our expectations and requirements in this regard quite clear. It is critical that the right information flows to the Board at the right time and for that information to be at the appropriate level of detail and to be balanced and measured. As Chairman I have sought to ensure that information presented to the Board is balanced, thematic and clear so that it provides the best support for open discussion. The Board has also sought outside thinking and perspectives to stimulate debate, for example, in 2014 external third parties have provided perspectives on emerging risks and on growth opportunities in Africa.

Board performance

The effective performance of the Board is my responsibility as Chairman. To assess our effectiveness, we formally evaluate the performance of the Board, the Board Committees and the Directors annually. We have engaged the services of an external facilitator each year since 2004, as we feel this brings a valuable, objective perspective to our assessment. Last year I reported to you that we intended to agree a set of Board priorities and report on progress against these. You can find our progress report and details of 2014 s Board effectiveness review, including a high-level statement of the outcomes, on page 29 & 30.

Board Committees

To ensure that the Board can devote as much time as possible to strategic matters, oversight of risk management and control, financial reporting, reward and succession and talent is delegated to specific Board Committees. This ensures that each of these important areas is subject to an appropriate level of scrutiny. The Board Committee Chairmen report on the following pages how each Board Committee discharged its responsibilities in 2014 and the material matters they considered.

Looking ahead

This is my final report to you as Chairman, as I will retire from the Board at the conclusion of the AGM on 23 April 2015. I would like to take this opportunity to thank my Board colleagues both present and former for the unstinting support and assistance they have given me, through their contribution on the Board and Board Committees and more widely, during my period as Chairman. In particular, I would like to thank Sir John Sunderland, who also retires from the Board at the conclusion of the AGM, for his dedicated service to Barclays over the past 10 years through what has been one of the most eventful periods in our long history. As I hand over to my successor, John McFarlane, Barclays is on the way to becoming leaner, stronger and better-balanced, with a clear strategy in place to deliver higher profits, returns and growth, with lower costs and lower earnings volatility. I wish my Board colleagues every success for the future.

Sir David Walker

Chairman

2 March 2015

The Board s focus in 2014

Strategy and Performance	¡ Debated and challenged strategic options and alternatives, agreeing the refined strategy and the outcomes of the Group Strategy Update announced on 8 May 2014 ¡ Considered and assessed the strategic and operational performance of each business ¡ Discussed and approved the operations and technology strategy ¡ Evaluated, on a regular basis, performance against the Balanced Scorecard ¡ Approved the disposal of Barclays Spanish businesses
Finance, Capital and Liquidity	¡ Assessed and monitored, on a regular basis, performance against agreed financial targets, including return on equity, the CET1 ratio, the leverage ratio and costs target ¡ Challenged, discussed and approved the Short Term Plan and debated the Medium Term Plan
Governance and Risk	¡ Assessed the potential impact of structural reform in the UK and US and evaluated risks, challenges and plans for implementation ¡ Met with representatives of UK and US regulators ¡ Debated specific conduct and litigation matters and potential outcomes and impacts ¡ Evaluated and approved proposed risk appetite for 2015 ¡ Monitored on a regular basis, with the support of the Board s risk committees, performance against agreed risk appetite for 2014 and the risk profile ¡ Evaluated and approved recovery and resolution plans
Culture and Values	¡ Tracked, with the support of the Board Conduct, Operational and Reputational Risk Committee, the progress being made on cultural change

¡ Undertook training on Barclays culture and values

Other

¡ Debated and endorsed recommendations of the Board Remuneration Committee with regard to compensation decisions for the 2013 financial year

¡ Evaluated the outcomes of the Board Effectiveness Review and agreed, with the support of the Board Corporate Governance and Nominations Committee, the Board s priorities and an action plan for 2014

¡ Assessed, with the support of the Board Corporate Governance and Nominations Committee, talent management and succession plans for senior executive positions

¡ Approved, on the recommendation of the Board Corporate Governance and Nominations Committee, the appointment of John McFarlane to succeed Sir David Walker as Chairman

Board Allocation of Time (%)

	2014	2013
1 Strategy Formulation and Implementation Monitoring	**47**	41
2 Finance (incl. capital and liquidity)	**17**	22
3 Governance & Risk (incl. regulatory issues)	**32**	35
4 Other (incl. compensation)	**4**	3

08 |

Governance: Directors report

What we did in 2014

Board Audit Committee Report

I see our activity as directly supporting the embedding of Barclays Values and playing an important part in changing the culture .

Dear Shareholders

In my report last year I spoke about the level of change Barclays is undergoing, driven by both internal and external factors, and the need to ensure that the effectiveness of Barclays control environment is maintained and reflects the increasing expectations of our shareholders. The pace of change has continued unabated and the Committee placed significant focus during 2014 on the control environment, in particular, on encouraging and supporting measures to ensure that there is senior level accountability and ownership of control issues and their remediation. I see our activity as directly supporting the embedding of Barclays Values and playing an important part in changing the culture and driving accountability.

This emphasis on internal control does not mean we have focused any less on the other important matters within our remit in a year when the role of audit committees in ensuring the integrity of financial reporting continued to be scrutinised. The Committee continued to debate and challenge the assumptions and estimates made by management, particularly in respect of valuations and provisions, the key judgements applied to Barclays financial statements and how Barclays performance is presented to ensure that it is reported in a fair, balanced, understandable and transparent way. We also placed appropriate weight on ensuring that both the internal and external audit processes were effective, with particular support for the internal audit function in embedding its Management Control Approach (MCA) assessments. You can read more below about the significant matters we addressed during the year.

On a more personal level, during 2014 I had significant interaction with our regulators in the UK and the US and also took opportunities to visit Barclays business operations, including those in the US, Africa, Hong Kong and Singapore.

Committee performance

As part of the annual Board Effectiveness Review, a separate exercise was conducted to assess the Committee s performance. The assessment found that the Committee is performing effectively. Please see the Board evaluation report on page 29 for more details. I have been well-supported by my colleagues on the Committee and thank them for their contribution during 2014.

Looking ahead

2015 will see the Committee occupied with the significant task of overseeing the tender of the external audit. My recent connection with KPMG means that I will not be involved in the assessment and selection. More detail about the audit tender process and its governance can be found on page 16. We will also continue our focus on embedding the Enterprise Risk Management Framework, the first and second lines of defence and developing a holistic assurance framework for controls. The Committee will also have a role in supporting Barclays compliance with the revised UK

Corporate Governance Code, which applies to Barclays for the 2015 financial year. Amongst other things, the Board will be required to make a statement of Barclays longer-term viability. The current intention

is that the required viability statement will cover the three year period of Barclays Medium Term Plan and the Committee will be working with management to ensure that there is a robust process in place to support the statement to be made by the Board. Likewise, we will work with management to ensure that the current processes underpinning our oversight of internal controls provide appropriate support for the required Board statement on the effectiveness of risk management and internal controls.

Mike Ashley

Chairman, Board Audit Committee

2 March 2015

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. There were a number of changes to Committee composition in 2014. Fulvio Conti and Simon Fraser retired from the Committee on 24 April 2014, when they retired from the Board. Dambisa Moyo joined the Committee with effect from 17 April 2014 and Crawford Gillies joined the Committee with effect from 1 June 2014. Mike Ashley is the designated financial expert on the Committee for the purposes of the US Sarbanes-Oxley Act, although each member of the Committee has financial and/or financial services experience. You can find more details of the experience of Committee members in their biographies on pages 319 to 322.

The Committee met 13 times in 2014 and the chart on page 8 shows how the Committee allocated its time. Committee meetings were attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer and General Counsel, as well as representatives from the businesses and other functions. The lead audit partner of the external auditor attended each meeting and the Committee held regular private sessions with each of the Chief Internal Auditor or the lead auditor partner, which were not attended by management.

Member	Meetings attended/eligible to attend
Mike Ashley	13/13
Tim Breedon*	12/13
Fulvio Conti (to 24 April 2014)*	3/4
Simon Fraser (to 24 April 2014)	4/4
Crawford Gillies (from 1 June 2014)*	7/8
Dambisa Moyo (from 17 April 2014)	10/10
Diane de Saint Victor*	12/13

* Unable to attend certain meetings owing to prior business commitments

Committee role and responsibilities

The Committee is responsible for:

¡ Assessing the integrity of the Group s financial reporting and satisfying itself that any significant financial judgements made by management are sound;

¡ Evaluating the effectiveness of the Group s internal controls, including internal financial controls; and

¡ Scrutinising the activities and performance of the internal and external auditors, including monitoring their independence and objectivity.

The Committee s terms of reference are available at barclays.com/corporategovernance

The Committee s work

The significant matters addressed by the Committee during 2014 and in evaluating Barclays 2014 Annual Report and Financial Statements, are described on the following pages.

Significant financial statement reporting issues

Assumptions and estimates or judgements are an unavoidable and significant part of the financial reporting process and are studied carefully by the Committee ahead of the publication of Barclays full and half-year results announcements and interim management statements. With appropriate input, guidance and challenge from the external auditor, the Committee examined in detail the main judgements and assumptions made by management, any sensitivity analysis performed and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Conduct provisions (see Note 27 to the financial statements)	Barclays makes certain assumptions and estimates, analysis of which underpins provisions made for the costs of customer redress, such as for Payment Protection Insurance (PPI) and Interest Rate Hedging Products (IRHP)	¡ Scrutinised reports from management setting out statistical analysis of the current level of provisioning against prevailing trends, claims experience against existing provisions, the projections underlying estimates, including any uncertainties regarding future claims volumes and the potential expected range of future claims, and an analysis of associated costs, including referrals to the Financial Ombudsman	¡ The Committee kept PPI claims experience and future claims profile under close scrutiny ahead of the announcements of Barclays financial results. Having assessed the information available, including discussing current projections as appropriate with the Group Finance Director and the external auditor, the Committee supported taking additional provisions for PPI redress at the half-year (£900m), third quarter (£170m) and full year (£200m), bringing the total additional provision for 2014 to £1,270m

			¡ The Committee also concluded that no additional provision was required for IRHP redress at the half-year and that the provision could be reduced at the third quarter, based on the level of settled claims. It concluded that the provision remaining at the full year continued to be appropriate
Legal, competition and regulatory provisions (see Notes 27 and 29 to the financial statements)	Barclays makes judgements in respect of provisions for legal, competition and regulatory matters	¡ Evaluated advice received on the status of current legal, competition and regulatory matters, including any potential for settlement, management s estimate of the level of provisions required and the adequacy of the provisions on the basis of available information and evidence	¡ The Committee agreed that a provision of £500m should be taken in the third quarter of the year in connection with investigations into foreign exchange by certain regulatory authorities, having concluded that this represented the current best estimate given the status of discussions with those regulatory authorities at that time. Having reviewed the information available to determine what could be reliably estimated, the Committee agreed that the provision at the full year should be set at £1,250m for certain aspects of ongoing investigations involving certain authorities and litigation relating to Foreign Exchange. The Committee also considered and concurred with the disclosure made in respect of the status of the ongoing investigations. Further information may be found on page 269 and 270.

Governance: Directors report

What we did in 2014

Board Audit Committee Report

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Valuations (see Notes 13-18 to the financial statements)	Barclays exercises judgement in the valuation and disclosure of financial instruments, derivative assets and certain portfolios, particularly where quoted market prices are not available	¡ Examined reports from the Valuations Committee, with particular focus on mark to market valuations and the ESHLA portfolio, any valuation uncertainties and the proposed disclosure around them ¡ Assessed the funding fair value adjustment applied ¡ Debated prudential valuation adjustments agreed with Barclays regulators and regulatory feedback on Barclays valuation processes and controls ¡ Assessed the impact of the Group Strategy Update and any additional provisions to be made in trading businesses to reflect changes in activity	¡ The Committee concluded that the valuations methodology and process, including the assumptions made, were appropriate and that proper governance was in place to support the internal price verification processes for assets where there is a lack of an active secondary market and limited trade activity ¡ In particular the Committee carefully considered the rationale and evidence for the proposed revision to the valuation methodology for the ESHLA portfolio (see page 243). It agreed with the proposal and noted the consequential reduction in fair value of £935m compared to applying the previous methodology as at 31 December 2014. The Committee determined to keep the basis of valuation under close review as

			market practice and understanding thereof could develop in the light of market conditions and as Barclays continues to dispose of Non-Core assets
Impairment (see Note 7 to the financial statements)	Where appropriate, Barclays models potential impairment performance, allowing for certain assumptions and sensitivities, to agree allowances for credit impairment, including agreeing the timing of the recognition of any impairment and estimating the size, particularly where forbearance has been granted	¡ Scrutinised the methodologies applied by management and assessed any regulatory feedback on Barclays calculations ¡ Examined performance and the level of exposures, particularly in Russia, Western Europe and Africa ¡ Examined any judgements applied with regard to any post model adjustments and collateral valuations	¡ The Committee concluded that the allowances for credit impairment on loans and advances were appropriate and supported by model outputs
Tax (see Note 10 to the financial statements)	Calculation of the Group s tax charge necessarily involves a degree of judgement with regard to the assessment of liabilities which are not yet agreed with tax authorities and the recognition of deferred tax assets (DTAs)	¡ Evaluated the adequacy of provisions for open tax returns having regard to both the drivers of the underlying tax risks and ongoing discussions with key tax authorities ¡ Reviewed the basis of recognition and measurement of material DTAs	¡ The Committee agreed that the level of provision for open years was appropriate given the range of possible outcomes and that the recovery and measurement of recognised DTAs was supported by management s business forecasts
Adjusting items (see page 198 for further information)	Barclays exercises judgement in presenting adjusted measures	¡ Assessed proposals from management to treat certain items as adjusting items ¡ Established whether these items were significant and one-off in nature	¡ The Committee endorsed the proposed adjusting items and the form of disclosures for Barclays published financial statements

		¡ Evaluated the impact on Barclays reported financial statements	
Allocations between Core and Non-Core businesses (see page 210 for further information)	Barclays has allocated certain assets to the Non-Core business following the Group Strategy Update	¡ Examined the restatement of Barclays results following the resegmentation of the business as a result of the Group Strategy Update ¡ Assessed the proposed accounting treatment and write-down of Barclays retail, wealth and certain corporate banking activities in Spain following agreement to dispose of them	¡ The Committee approved the restatement document and recommended it for publication ¡ It also confirmed that Barclays retail, wealth and certain corporate banking assets in Spain should be fully written down to fair value less costs to sell, agreeing that a net loss of £364m should be recognised in the third quarter. The full year net loss recognised was £446m

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Going concern (see page 42 for further information)	Barclays is required to confirm that the going concern basis of accounting is appropriate	¡ Examined whether the going concern basis of accounting was appropriate by assessing the Working Capital Report prepared by management. This report covered forecast and stress tested forecasts for liquidity and capital compared to regulatory requirements, taking into account levels of provisioning for PPI and possible further conduct and litigation provisions that may be required	¡ After examining the forecast, along with Barclays ability to generate capital and raise funding in current market conditions, the Committee concluded that the liquidity and capital position of the Group remained appropriate and that there were no material uncertainties
Fair, balanced and understandable reporting (including country-by-country reporting and Pillar 3 reporting)	Barclays is required to ensure that its external reporting is fair, balanced and understandable	¡ At the request of the Board, established, via debate with and challenge of management, whether disclosures in Barclays published financial reports were fair, balanced and understandable ¡ Evaluated the review and challenge process that is in place to ensure balance and consistency, including the reports from the Disclosure Committee on its assessment of the content, accuracy and	¡ The Committee requested work to be done to further enhance the presentation of Barclays disclosures on legal, competition and regulatory matters in Barclays external financial reports to ensure they remain accessible for a non-expert user ¡ It supported the proposal from management to make changes in the presentation of Barclays half-year results so that they were easier to

tone of the disclosures	understand
¡ Obtained confirmation from the Group Chief Executive and Group Finance Director that they considered the disclosures to be fair, balanced and understandable	¡ It also concluded that additional information on country-by-country tax reporting should be disclosed publicly in the interests of openness and transparency
¡ Examined the control environment underpinning the integrity of Barclays financial reports, including the outputs of Barclays Turnbull assessments and Sarbanes-Oxley s404 internal control process ¡ Confirmed the absence of any indications of fraud relating to financial reporting matters ¡ Assessed disclosure controls and procedures ¡ Asked management to describe and evidence the basis on which representations to the external auditors were made	¡ The Committee satisfied itself that the processes underlying the preparation of Barclays published financial reports supported the aim of ensuring that those reports were fair, balanced and understandable. In relation to the 2014 Annual Report and Financial Statements, the Committee concluded that the disclosures and process underlying their production were appropriate and recommended to the Board that the 2014 Annual Report and Financial Statements are fair, balanced and understandable

Governance: Directors report:

What we did in 2014

Board Audit Committee Report

Other significant matters

Other matters addressed by the Committee focused on the effectiveness of Barclays internal controls, the performance and effectiveness of the internal audit function and the performance, objectivity and independence of the external auditor, PricewaterhouseCoopers LLP (PwC). The most significant matters are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Internal control Read more about the Barclays internal control and risk management processes on pages 36 to 37	Impact on governance and controls of the Group Strategy Update and the creation of the Non-Core business	¡ Assessed the scope and governance of the Non-Core business and how it intends to mitigate business and strategic risks as assets are sold ¡ Evaluated the control environment in Barclays Spain in light of the Group Strategy Update and the potential disposal of part of the Spanish business	¡ The Committee concluded that good progress had been made in establishing governance and control over the Non-Core business and that the control environment in Spain had been maintained, despite the period of change ¡ It asked management to review the creation of the Non-Core and planned disposals and how they might impact the valuation of assets in the Non-Core business and more widely across Barclays ¡ It also emphasised the need to continue to maintain an appropriate and well-governed process

		around disposals
The business and functional control environment, including significant control issues and specific remediation plans	¡ Assessed the status of the most material control issues identified by management ¡ Evaluated reports on the control environment in UK Retail and Business Banking, Africa, Operations & Technology and Group Finance, questioning directly the heads of those businesses and functions ¡ Scrutinised regularly the progress of remediation plans to improve the control environment in Barclays US businesses, hearing directly from the CEO, Americas ¡ Assessed any regulatory reports on control issues and the progress being made to address key regulatory compliance control issues including unauthorised trading, client assets and financial crime, challenging the scope and pace of delivery of remediation plans and the resources available ¡ Examined the outputs of Barclays Turnbull assessments and Sarbanes-Oxley s404 internal control process	¡ The Committee asked for the scoping of remediation work to be accelerated to address control issues and requested that management continued to ensure that senior leaders took ownership and were accountable for the delivery of any remediation plans ¡ The Committee decided that accountable executives would be asked to attend Committee meetings to report directly on progress being made in order to emphasise where accountability lies. It also asked to see the specific objectives for business leaders in respect of the successful delivery of certain remediation plans ¡ It asked for a report on the prioritisation of projects to enhance the control environment in the US businesses to ensure that progress continued to be made ¡ The Committee requested several progress reports from Operations & Technology to ensure that focus on long-standing remediation programmes and enhancing governance and control was maintained. It noted the demonstrable progress made in the second half of 2014 which, provided momentum is

maintained, it regarded as acceptable

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
	The roll-out of the MCA, which assesses management attitude to the control environment	¡ Encouraged the sdeployment of the MCA and pressed for improvements in MCA in order to accelerate the timetable for all businesses and functions to achieve better internal ratings for their control environment ¡ Assessed the status of plans to achieve improvements in the control environment for each business and function ¡ Evaluated the control objectives given to each member of the Group Executive Committee	¡ The Committee asked for plans to improve the control environment to be more granular and for quantitative, outturn indicators to be developed so that progress could be tracked by the Committee ¡ It also suggested ways in which the control objectives for members of the Group Executive Committee could be further strengthened
	The proposed revised approach to managing the control environment and to capturing and managing material control issues and their remediation	¡ Evaluated and endorsed a proposal from management for the principles and characteristics for management of a sound control environment ¡ Assessed the proposed new methodology for the identification and management of control issues and their remediation	¡ The Committee approved the proposed new methodology ¡ It also requested confirmation that the revised approach would meet all Barclays internal control requirements, including requirements associated with internal control over financial

			reporting. The revised approach was implemented with effect from 1 January 2015
	The adequacy and effectiveness of Barclays whistleblowing processes	¡ Asked for an update on Barclays whistleblowing processes ¡ Assessed plans for a change in approach to ensure they are more consistent with best practice adopted by bodies such as Public Concern at Work and encourage colleagues to raise issues	¡ The Committee requested further improvements in the information presented to it, including asking for additional detail of any specific whistleblowing incidents relating to accounting processes, fraud or theft to be provided
Internal audit	The performance of internal audit and delivery of the internal audit plan, including scope of work performed and level of resources	¡ Assessed and approved the internal audit plan (including budget and resource levels) on a quarterly basis ¡ Evaluated internal audit s assessment of the performance of each business and function, including trends in audit issues and any overdue audit issues ¡ Examined the processes and methodology used by internal audit to plan its work and the scope and depth of that work ¡ Debated whether internal audit should set targets for the flow of new control issues and the time taken to remediate any audit recommendations	¡ The Committee decided to create a sub-committee specifically to assess the level of internal audit assurance risk and resourcing it was willing to accept. This sub-committee is working with internal audit on these matters and is expected to provide recommendations to the Committee by July 2015 ¡ The Committee asked internal audit to continue to emphasise to the Group Executive Committee the discipline needed to remediate issues and agree appropriate target timescales ¡ It also asked internal audit to look at the root causes for delay in

			remediating audit findings and asked the Group Chief Executive and Group Finance Director to put additional focus on timely remediation of audit findings in their monthly review meetings with each business. Each of these actions is underway and ongoing
External audit Read more about the Committee s role in assessing the performance and effectiveness of the external auditor below	The work and performance of PwC on key areas	¡ Assessed regular status reports from PwC on the scope and progress of the external audit plan ¡ Debated and agreed the key areas of focus including valuations, impairment, conduct and legal provisions, tax and the methodology and assumptions used in the allocations between the Core and Non-Core business	¡ The Committee confirmed the scope of the audit and the areas of focus, including agreeing adjustments to the audit plan following the strategy update announcement

Governance: Directors report

What we did in 2014

Board Audit Committee Report

The Committee also covered the following matters:

¡ Considered the proposed level of dividends to be paid, ahead of their approval by the Board;

¡ Assessed plans to build a global Compliance function: progress is now being tracked by the Board Conduct, Operational and Reputational Risk Committee;

¡ Approved Barclays Pillar 3 policy, as required by CRD IV, and asked for any exceptions or dispensations to be reported to the Committee;

¡ Discussed and recommended to the Board revisions to its terms of reference to reflect changes in best practice and other requirements for audit committees; and

¡ Evaluated the outcomes of the annual Office of Foreign Assets Control compliance review.

In addition, a briefing session on client assets was given to the Committee.

Assessing external auditor effectiveness, auditor objectivity and independence, non-audit services

The Committee is responsible for monitoring the performance, objectivity and independence of the external auditor, PwC. In 2014 the main activities of the Committee in discharging that responsibility were as follows:

¡ Assessed and agreed the scope of PwC s Group Audit Plan, including debating and approving a revised plan following the announcement of the Group Strategy Update in May 2014. The Committee examined how PwC had refined its risk assessment in light of the resegmentation of the business and the creation of the Non-Core business and looked at the key areas of IT, valuations, impairment, conduct and litigation;

¡ Settled the terms of the audit engagement letter and approved, on behalf of the Board, the audit fees payable;

¡ Assessed the competence with which PwC handled the key accounting and audit judgements and how they were communicated to management and the Committee;

¡ Discussed with PwC the appointment of a new lead audit partner given that the current audit partner s five year tenure ends at the conclusion of the 2014 audit. The Committee considered potential candidates and recommended to the Board the new audit partner to be appointed with effect from the audit for the 2015 financial year onwards;

¡ Deliberated and decided upon the timeline, governance arrangements and the process to be followed in submitting the external audit for tender and to rotate the audit firm. Read more about the audit tender below;

¡ Reviewed and updated the policy relating to the provision of non-audit services and regularly evaluated reports summarising the types of non-audit services for which PwC had been engaged and the level of fees payable, including assessments from PwC on how its independence and objectivity had been safeguarded. Read more about non-audit services below;

¡ Ensured, by assessing regular reports of any appointments made, that management confirmed compliance with the Group s policy on the employment of former employees of PwC; and

¡ Evaluated reports issued following inspections of PwC by the FRC s Audit Quality Review Team and the US Public Company Accounting Oversight Board. The Committee scrutinised the findings of each report, including actions taken to address prior findings and any areas of further focus that had been identified. It agreed that the audit was acceptable overall and that any identified areas for further improvement had been addressed or had appropriate action plans in place.

The Committee also evaluated the performance, independence and objectivity of the auditor in the delivery of the external audit. Key stakeholders across the Group were surveyed, including members of the Committee and certain audit committees of Barclays subsidiaries. The questionnaire incorporated recommendations from a number of professional and governance bodies regarding the assessment of the quality of the external audit and also took into account the key findings from the 2013 evaluation. Questions were designed to obtain empirical evidence of how PwC met certain expected behaviours and also how individual audit team members had performed whilst also capturing data to assess qualitative attributes such as efficiency, forward-thinking, teamwork, integrity, quality of knowledge and judgement, including PwC s performance on specific areas of judgement. PwC also made available the outputs from its client review interviews, conducted at the end of the current audit partner s term as lead audit partner, to further inform the auditor effectiveness assessment.

The results of the assessment confirmed that both PwC and the audit process were considered effective and that a good working relationship was accompanied by an appropriate level of challenge and scepticism. Following all the above, and in particular the process of evaluation, the Committee recommended to the Board and to shareholders that PwC should be reappointed as the Group s auditors at the AGM on 23 April 2015.

To help assure the objectivity and independence of the external auditor, the Committee has in place a policy that sets out the circumstances in which the external auditor may be permitted to undertake non-audit services. Details of the non-audit services that are prohibited and allowed under the policy can be found in the corporate governance section of Barclays website, barclays.com/corporategovernance.

Allowable services are pre-approved up to £100,000, or £25,000 in the case of certain taxation services. Any proposed non-audit service that exceeds these thresholds up to £250,000 requires specific approval from the Chairman of the

Committee and non-audit services of £250,000 and above require the approval of the Committee before the external auditor can be engaged. When calculating the expected engagement fees, the policy also requires that expected expenses and disbursements are taken into account.

The overriding principle of the policy is that the Group should only engage the external auditor to supply non-audit services (other than those services that are legally required to be performed by the external auditor) in specific, carefully controlled circumstances. Prior to considering the engagement of the external auditor to carry out any non-audit service, alternative providers must be considered. Where it is proposed that the external auditor should be engaged, the request must be supported by a detailed explanation of the clear commercial benefit, why an alternate service provider was not selected and why the external auditor is best placed to carry out the service. In each case, the request to use the external auditor for these services must be sponsored by a senior executive, and the relevant audit partner is required to attest that provision of the services has been approved in accordance with the external auditors own internal ethical standards and that its objectivity and independence would not be compromised.

During 2014, the Chairman of the Committee or the Committee as a whole, as appropriate, scrutinised all requests referred for approval to engage PwC for non-audit services, particularly those that concerned taxation-related services. Two requests for approval were declined (2013: two). A breakdown of the fees paid to the external auditor for non-audit work during 2014 may be found in Note 42 on page 300, with non-audit fees representing 25.7% (2013: 28.5%) of the audit fee. Significant categories of engagement undertaken in 2014 included:

- Attest and assurance services required by regulators in connection with reviews of internal controls including an audit of benchmark interest rate submissions;
- Tax compliance services in respect of assignments initiated pre-January 2011 in connection with Barclays international and expatriate employees, involving co-ordination and filing of statutory tax returns, social security applications and additional compliance filings;
- Transaction support on secured funding transactions, including the provision of audits required by the Bank of England and the issue of comfort letters; and
- Other services covering the (i) provision of remuneration-related regulatory advice and support to the Board Remuneration Committee and Reward teams; and (ii) provision of a feasibility study and assistance in the design of a prototype for a mobile technology-based product offering.

The Committee assessed each request to ensure the objectivity and independence of the external auditor would not be impaired by providing the services. Each assessment of the request to engage the external auditor was supported by the information required by the policy to be provided, as described above. Where appropriate, the requests also included a risk assessment addressing the degree to which Barclays anticipated relying on the auditor, details of any investigation of any possible conflicts of interests and how these had been addressed and an explanation of why the work required could not be undertaken by management.

External audit tender

In its 2013 report, the Committee stated it was awaiting the final rules from the European Union and the Competition Commission (now the Competition and Markets Authority) before confirming the timetable for the external audit tender. Since then, new rules published by the European Union have been reflected in the final order published by the Competition and Markets Authority, which came into force on 1 January 2015. It is now clear that FTSE 350 companies such as Barclays must retender the external audit at least every 10 years and that the audit firm must be rotated at least every 20 years. As PwC, and its predecessor firms, has been Barclays external auditor since 1896, and it is more than 10 years since the external audit was last tendered, following further discussion with investors the Committee agreed that a tender will be conducted in 2015 with a view to rotating the external audit firm for the 2017 audit onwards. PwC will consequently not be asked to tender.

The Committee will direct the tender process and, following engagement with key shareholders, it has agreed a governance framework, the main features of which are:

¡ Given his former, recent position at KPMG and the fact that KPMG has indicated its intention to tender, Mike Ashley will take no part in the audit tender process other than providing comments on the initial design of the tender process;

¡ An Audit Tender Oversight Sub-committee has been established, comprising Tim Breedon (Chairman), Crawford Gillies and Colin Beggs (the Chairman of the audit committee of Barclays Africa Group Limited), to:

Agree the objectives and desired outcomes for the audit tender process;

Approve the design of the process;

Construct and agree a shortlist of firms to be asked to participate; and

Oversee the implementation of the process.

¡ The Board Audit Committee as a whole (other than Mike Ashley), with Colin Beggs as a co-opted member, will participate in the implementation phase, assess the prospective candidates and recommend to the Board two potential candidates and the preferred firm to be appointed.

The expected timeline for the external tender process during 2015 is:

January-March	Design and issue of the tender document to audit firms
April-June	Interviews with shortlisted candidates and agreement on choice to be presented to the Board and the preferred firm
July	New external auditor to be agreed, to be appointed with effect from the audit of the 2017 financial year onwards

This timeline allows for a transition period to deal with any non-audit services provided to Barclays by the incoming auditor and any other potential independence conflicts.

A copy of the audit tender document will be made available at barclays.com/corporategovernance

Board Audit Committee Allocation of Time (%)

		2014	2013
1	Control Issues	**24**	16
2	Financial Results	**42**	40

3	Internal Audit matters	**8**	8
4	External Audit matters	**11**	11
5	Business Control Environment	**10**	16
6	Other (including Governance and Compliance)	**5**	8

Governance: Directors report

What we did in 2014

Board Enterprise Wide Risk Committee Report

A useful opportunity for a more wide-ranging and free-thinking debate about possible risks that might emerge.

Dear Shareholders

2014 was the second year of operation of the Committee. It continues to provide a useful opportunity for a more wide-ranging and free-thinking debate about possible risks that might emerge and which may not have been captured by the remit of the Board Financial Risk Committee or the Board Conduct, Operational and Reputational Risk Committee.

Demands on the Board s time meant that the Committee was only able to meet once as a Committee in 2014, with a planned second meeting to consider in particular risk appetite for 2015 held concurrently with a Board meeting. At our meeting, our debate focused on the emerging risk themes that are being monitored internally, which include political instability outside the UK, in particular Eastern Europe and the Middle East; UK political risk, in particular, the Scottish and potential EU referenda; cyber risk; the UK housing market; and legal and conduct risk. Specific risks arising from each of these themes are being tracked and monitored by the Board Financial Risk Committee or the Board Conduct, Operational and Reputational Risk Committee. We did, however, spend some time deliberating the potential impact of a yes vote in the Scottish referendum, given how uncertain the likely outcome appeared to be at the time. Although such an eventuality did not transpire, the main risk for us would have arisen from a disorderly transition, which may have given rise to redenomination risk. We also debated the possible indirect impacts, such as the greater likelihood of a referendum on the UK s continuing membership of the EU.

We also heard from a third party, who provided an external perspective on potential over the horizon risks. These are risks, which, while of low probability, may have a significant impact if they crystallise. As a result of our discussion, we asked the Board Financial Risk Committee to undertake a closer examination of Barclays exposures to central counterparties in the derivatives market.

Sir David Walker

Chairman, Board Enterprise Wide Risk Committee

2 March 2015

Committee composition and meetings

The Committee comprises the Chairman, Deputy Chairman and the Chairmen of each of the principal Board Committees. Reuben Jeffery (Chairman, Board Conduct, Operational and Reputational Risk Committee) joined the Committee with effect from 1 April 2014.

The Committee met once as a Committee in 2014, with a further meeting to discuss and approve Risk Appetite for 2015 held concurrently with a Board meeting. The meeting held was attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer, General Counsel and Head of Compliance. The meeting was also attended by an external third party, who presented to the Committee an external perspective on potential future risks.

The chart below shows how the Committee allocated its time in 2014:

Member	Meetings attended/eligible to attend
Sir David Walker	2/2
Mike Ashley	2/2
Tim Breedon	2/2
Reuben Jeffery III (from 1 April 2014)	2/2
Sir Michael Rake	2/2
Sir John Sunderland	2/2

Committee role and responsibilities

The Committee s role is to take an enterprise-wide view of risks and controls, bringing together the overall risk appetite and risk profile of the business. It focuses on a holistic view of Barclays risk appetite and risk profile and to seek to identify potential future risks.

You can find the Committee s terms of reference at barclays.com/corporategovernance

Board Enterprise Wide Risk Committee Allocation of Time (%)

		2014	2013
1	Risk Profiles/Risk Appetite	**79**	61
2	Key Risk issues	**13**	16
3	Regulatory frameworks/Risk Policies	**4**	10
4	Other	**4**	13

| 17

What we did in 2014

Board Financial Risk Committee Report

Further regulatory change, such as structural reform in the UK, US and continental Europe, which will require Barclays to segregate its activities, will require changes in how the Group operates and an increased focus on capital, liquidity and funding in legal entities.

Dear Shareholders

Going into 2014, we expected to see a continuation of subdued economic conditions in some of our main markets. GDP was expected to show a gradual recovery, with unemployment remaining high in the medium term and house prices staying below their long-run average, albeit with an upward trend. Significant areas of uncertainty also existed, including the possible slowing of monetary stimulus. It was in this context that our financial risk appetite for 2014 and our financial risk triggers were set within parameters that positioned Barclays conservatively.

The Committee continued to scrutinise credit performance in each of our main markets during 2014 in the light of the ongoing uncertain political, economic and regulatory environment. We saw a reduction in credit impairment and better performance in our UK and US portfolios in 2014, reflecting improved economic conditions in these countries. The South African economy remained weak, with higher unemployment and inflation, while our European portfolios remained under pressure, with the Eurozone still susceptible to exogenous and other shocks. Overall credit risk performance for 2014 was ahead of our expectations. The Committee reflected in 2014 on the creation of the Non-Core business and the potential impact on risk management structures and processes. The Group Strategy Update, announced on 8 May 2014, and the rebalancing of the Group into Core and Non-Core businesses, is designed to de-risk the Group, strengthen the balance sheet and meet capital and leverage targets. This realignment of the business has been reflected in the distribution of Risk Weighted Assets (RWAs), although Barclays overall risk appetite for 2014 remained unchanged. Overall RWAs decreased by £40.6bn in 2014, primarily as a result of reductions in Barclays Non-Core. The Group s plans to run down the Non-Core business further will free up capital both to improve further the Group s capital ratios and fund growth in the Core businesses.

Committee performance

As part of the annual Board effectiveness review, a separate exercise was conducted to assess the Committee s performance. The assessment found that the Committee is performing effectively. Please see the Board evaluation report on page 27 for more details. I would like to extend my thanks to my colleagues on the Committee for their contribution and support during 2014.

Looking ahead

During 2014 I had a significant level of engagement with our regulators in the UK and the US in my role as Chairman of the Committee. Basel III and CRD IV have required Barclays to increase the amount and quality of the capital it is required to hold and good progress has been made towards achieving the Group s targets. It is clear, however, that further regulatory change, such as structural reform in the UK, US and continental Europe, which will require Barclays to segregate its activities, will require changes in how the Group operates and an increased focus on capital, liquidity and funding, in legal entities. The Committee expects to focus its attention in 2015 on ensuring that Barclays is able to respond to the challenge of these new regulatory requirements.

Tim Breedon

Chairman, Board Financial Risk Committee

2 March 2015

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. Tim Breedon became Chairman of the Committee with effect from 1 January 2014. Steve Thieke joined the Committee with effect from 7 January 2014 on his appointment to the Board. Sir Michael Rake stepped down from the Committee with effect from 31 July 2014. Details of the skills and experience of the Committee members can be found in their biographies on pages 3 to 4.

The Committee met seven times in 2014, with two of the meetings held in New York. The chart on page 20 shows how the Committee allocated its time during 2014. Committee meetings were attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer, Barclays Treasurer and General Counsel, as well as representatives from the businesses. The lead audit partner from the external auditor also attended each meeting.

Member	Meetings attended/eligible to attend
Tim Breedon	7/7
Mike Ashley	7/7
Reuben Jeffery III*	5/7
Dambisa Moyo	7/7
Sir Michael Rake (to 31 July 2014)*	3/4
Steve Thieke (from 7 January 2014)	7/7

*Unable to attend meetings owing to prior business commitments

Committee role and responsibilities

The Committee s responsibilities include:

¡ Recommending to the Board the total level of financial risk the Group is prepared to take (risk appetite) to achieve the creation of long-term shareholder value;

¡ Monitoring financial risk appetite, including setting limits for individual types of financial risk, e.g. credit, market and funding risk;

- Monitoring the Group s financial risk profile;
- Ensuring that financial risk is taken into account during the due diligence phase of any strategic transaction; and
- Providing input from a financial risk perspective into the deliberations of the Board Remuneration Committee.

The Committee s terms of reference are available at barclays.com/corporategovernance

Governance: Directors report

What we did in 2014

Board Financial Risk Committee Report

The Committee s work

The significant matters addressed by the Committee during 2014 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Financial risk appetite, i.e. the level of risk the Group chooses to take in pursuit of its business objectives	The level of financial risk appetite the Group is prepared to take in 2015, including liquidity risk appetite	¡ Scrutinised and debated management s recommendations on the financial volatility parameters to be used, i.e. parameters for the Group s performance under varying levels of financial stress, and the proposed financial risk appetite	¡ The Committee recommended the proposed financial risk appetite for 2015 to the Board for approval, suggesting some minor adjustments to be made to the financial volatility parameters ¡ It also requested a review of the process and methodology for setting risk appetite given the regulatory environment, the increasing significance of conduct and operational risk and changes to the structure of the Group. This review will take place in 2015
Liquidity and funding, i.e. having sufficient financial resources available to enable the Group to meet its obligations as they fall due	Compliance with regulatory requirements and internal liquidity risk appetite. The potential impact of a credit rating downgrade for Barclays and the impact of a rise in interest rates on customer behaviours	¡ Requested specific reports and analysis on these matters assessed the potential impact on funding costs and flows of a credit rating agency downgrade, given the loss of sovereign support notching and potential management	¡ The Committee was satisfied that Barclays liquidity risk profile was appropriate ¡ It also endorsed the range of management actions that had been identified to address

		actions to maintain the liquidity coverage ratio ¡ Evaluated the potential impact on planned deposit balances of an increase in interest rates and available management actions	any impact on funding of a credit rating downgrade and an increase in interest rates
Capital and leverage, i.e. having sufficient capital resources to meet the Group s regulatory requirements, maintain its credit rating and support growth and strategic options	The flight path to achieving required regulatory and internal targets and capital and leverage ratios	¡ Tracked progress against target capital and leverage ratios and available management actions to achieve the target, debating regular reports from Barclays Treasurer	¡ The Committee supported the forecast trajectory and the identified management actions
Stress testing, i.e. testing whether the Group s financial position and risk profile provide sufficient resilience to withstand the impact of severe economic stress	The scenarios for stress testing, the results and implications, including stress tests run by the Bank of England (BoE) and European Banking Authority (EBA)	¡ Evaluated the scenarios proposed by management and those required by the BoE and EBA ¡ Examined the impact of differences in assumptions and methodologies between internal and regulatory stress tests ¡ Assessed the available management actions to mitigate the impact of the stress	¡ The Committee agreed the scenarios for Barclays internal stress test and endorsed the identified management actions ¡ It also approved the results of the stress tests run by the BoE and EBA, which demonstrated that Barclays maintains acceptable leverage and capital ratios at the low points of the stress
Country risk	The potential impact of political and economic instability outside the UK (in particular, Russia and Ukraine) and the economic outlook for the South African	¡ Examined Barclay s exposures to Russian counterparties and how these were being managed in light of sanctions imposed as a result of the Ukrainian	¡ The Committee encouraged management to continue to manage down Barclays risks and exposures to Russia: by 31 December 2014 these exposures had reduced by

economy	political situation	£1.3bn
	¡ Assessed the implementation of sanctions requirements in respect of Russian clients ¡ Debated Barclays risk strategy for South Africa given the economic and political environment and the size of Barclays business and the capital invested	¡ In respect of South Africa, the Committee suggested a number of factors for further consideration by the risk function in managing the Group s exposure

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Political and economic risk	The prospect of a yes vote in the Scottish independence referendum	¡ Evaluated management s view of the potential impact, including potential exposures to redenomination risk, and assessed contingency plans ¡ Debated the possible wider implications for political and economic policy and the potential impact on economic growth and market volatility	¡ The Committee supported the contingency measures identified but asked for the plans to be revisited in the event of a yes vote
Retail credit risk	The potential overheating of the UK housing market, particularly in London and the South East	¡ Examined Barclays exposures to the UK mortgage market and details of the lending criteria applied, including a higher interest rate stress ¡ Debated affordability measures, income multiples and Loan to Value (LTV) ratios	¡ The Committee asked for additional monitoring of high LTV/loan to income mortgages, which was subsequently incorporated into the quarterly risk profile report presented to the Committee
Retail credit risk	Risk management in Barclaycard given its plans for growth	¡ Assessed the strength of risk management in place to ensure that growth remains within risk appetite	¡ The Committee will be kept updated on the risk performance of new business
Redenomination risk	Barclays exposure to redenomination risk in	¡ Examined management s proposals to continue to	¡ The Committee encouraged management to make further

	selected Eurozone countries	reduce the funding gap in certain Eurozone countries, in particular Italy	progress in reducing redenomination risk, particularly in the context of the creation of the Non-Core business and the intention to exit certain markets. Overall redenomination risk fell by 22% in 2014
Risk governance and control	Enhancing the limit framework and governance of leveraged finance and single name risk	¡ Examined the limit framework and governance in place around leveraged finance to ensure its robustness given that this business is a significant source of income and risk for the Investment Bank	¡ The Committee asked for a more granular limit framework to be put in place, including revised limits and enhanced governance of single-name risk. This new framework was implemented in December 2014
Remuneration	The scope of any risk adjustments to be taken into account by the Board Remuneration Committee when making remuneration decisions for 2014	¡ Assessed a report from the Risk function on the risk metrics to be used to determine financial performance ¡ Evaluated the Risk function s view of performance, which informed remuneration decisions for 2014	¡ The Committee supported the proposed choice of metrics and supported the Risk function s view of 2014 financial risk performance The Remuneration Report on pages 46 to 80 includes more detail on how risk is taken into account in remuneration decisions

In addition, the Committee also covered the following matters in 2014:

¡ Tracked the utilisation of risk appetite and evaluated the Group s risk profile;

¡ Assessed the progress being made to deliver a new target operating model for the Risk function;

¡ Evaluated the MCA and control environment of the Risk and Treasury functions, including any plans in place to achieve improvements;

¡ Approved updated limits for traded market risk and underwriting risk;

- Examined the progress being made on model risk governance, including progress made on achieving full review and validation of all of the most significant risk models on an annual basis;

- Evaluated the funding mix of Barclays US operations;

- Assessed Barclays potential exposures to central counterparties in the event of a default and confirmed the appropriateness of the governance in place to manage any potential risk; and

- Recommended to the Board the proposed agreement with the Trustees of the UK Retirement Fund on the pension scheme triennial valuation and proposed deficit recovery plan.

Board Financial Risk Committee Allocation of Time (%)

		2014	2013
1	Risk Profile/Risk Appetite (including capital and liquidity management)	**57**	48
2	Key Risk issues	**19**	22
3	Internal Control/Risk Policies	**11**	12
4	Other (including remuneration and governance issues)	**13**	19

Governance: Directors report

What we did in 2014

Board Conduct, Operational and Reputational Risk Committee Report[a]

Progress continues to be made, with greater understanding amongst our leaders in terms of how to make decisions in the right way , but implementing and embedding cultural change is a multi-year task.

Dear Shareholders

A key focus of the Committee has been on monitoring the cultural change underway in the organisation. By the end of 2013, we had seen colleagues develop an understanding and connection with Barclays Purpose and Values. During 2014, the focus was on embedding and sustaining that change. Progress continues to be made, with greater understanding amongst our leaders in terms of how to make decisions in the right way , but implementing and embedding cultural change is a multi-year task.

There is evidence of a change in approach to conduct risk, with leaders in the business now responsible for identifying, managing and mitigating such risk, including the identification of forward looking risks that could affect their businesses. Net operational risk losses have improved year-on-year and the measures have moved to within risk appetite. However, we cannot afford to be complacent given elevated risk assessments relating to cyber security, information technology and transaction operations across the financial services sector. In terms of our high priority reputational risks, we have increased our engagement with non-governmental organisations, reviewed our policies relating to the provision of finance to the defence and energy sectors and examined the management of human rights risks.

Committee performance

The evaluation of the effectiveness of the Committee conducted in 2014 found that the Committee is performing effectively. Please see the Board evaluation report on page 27 for more details. I became Chairman of the Committee in April 2014, succeeding Sir David Walker, who played a significant role in establishing the Committee and setting out the vision for where it would focus its attention and add value. I would like to thank him and my fellow Committee members for their hard work and support.

Looking ahead

The landscape continued to change significantly in 2014, with increased cost pressures, rising customer and external shareholder expectations and significant organisational change across the Group. The Committee will continue to focus on embedding cultural change, the management of conduct risk, including the roll out of key performance indicators, and ensuring that operational risk is maintained within our risk appetite.

Reuben Jeffery III

Chairman, Board Conduct, Operational and Reputational Risk Committee

2 March 2015

Committee composition and meetings

The Committee is composed of independent non-executive Directors, with the exception of Wendy Lucas-Bull, who the Board has decided not to deem as independent for the purposes of the UK Corporate Governance Code, owing to her position as chairman of Barclays Africa Group Limited. Membership of the Committee remained substantially the same as the prior year, with the exception that Reuben Jeffery became Chairman of the Committee on 1 April 2014 when Sir David Walker stepped down as Chairman of the Committee on 31 March 2014. You can find more details of the experience of Committee members in their biographies on pages 3 to 4.

The Committee met four times in 2014 and the chart on page 23 shows how the Committee allocated its time. Committee meetings were attended by management, including the Group Chief Executive, Chief Internal Auditor, Chief Risk Officer, General Counsel, Group Corporate Relations Director, and the Heads of Compliance, Conduct Risk and Operational Risk, as well as representatives from the businesses and other functions.

Member	Meetings attended/eligible to attend
Sir David Walker (Chairman to 31 March 2014)	1/1
Reuben Jeffery (Chairman from 1 April 2014)	4/4
Mike Ashley	4/4
Tim Breedon	4/4
Wendy Lucas-Bull	4/4
Dambisa Moyo*	3/4
Diane de Saint Victor*	3/4
Sir John Sunderland	4/4

*Unable to attend a meeting owing to prior business commitments

Committee role and responsibilities

The principal purpose of the Committee is to:

- Ensure, on behalf of the Board, the efficiency of the processes for identification and management of conduct, reputational and operational risk; and

- Oversee Barclays Citizenship Strategy, including the management of Barclays economic, social and environmental contribution.

The Committee s terms of reference are available at barclays.com/corporategovernance

Note

a The name of the Committee changed from the Board Conduct, Reputation and Operational Risk Committee in June 2014

The Committee s work

The significant matters addressed by the Committee during 2014 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Conduct risk	The roll-out of the conduct risk management framework, with the aim of embedding the ownership and management of conduct risk in each business, and the reduction of customer complaint levels including referrals to the Financial Ombudsman Service (FOS)	¡ Tracked progress of the conduct risk programme via quarterly reports from management ¡ Debated the respective roles and responsibilities of the first and second lines of defence ¡ Supported management in establishing levels of acceptance and accountability for conduct risk by the businesses including adoption of formal KPIs ¡ Worked with management to develop key risk indicators and metrics ¡ Assessed any conduct risk impacts arising from the strategy update ¡ Evaluated complaints handling, tracking progress of initiatives to reduce overall complaints volumes and those referred to FOS	¡ The Committee supported Barclays conduct risk strategy and endorsed measures to foster acceptance by the businesses, including the introduction of KPIs, the requirement for culture and values training at induction and at regular intervals thereafter, and the requirement for all employees to attest to reading and understanding the Code of Conduct ¡ The Committee continued to focus on the level of customer complaints referred to the FOS

Cultural change	The effective implementation of the Transform culture and values programme and progress in delivering a number of activities to facilitate change	¡ Assessed the status of implementation, levels of engagement across the Group and the support provided to the senior leaders group in setting the values and helping colleagues understand the importance of doing business in the right way	¡ The Committee concluded that good progress is being made but suggested that management should do more to highlight to colleagues the positive outcomes arising from a customer focus ¡ The majority of Committee members attended Barclays Culture and Values programme in 2014
Operational risk	Approval of operational risk appetite and the evaluation of any material changes to the Group s operational risk profile and performance versus risk appetite	¡ Evaluated management s recommendations on operational risk appetite, including measures for the quantitative and qualitative assessment of risks ¡ Examined the quarterly operational risk profile report, and debated how areas of heightened risk might be moved within risk appetite ¡ Assessed updates on cyber risk, examining the actions being taken on monitoring, prevention and detection ¡ Evaluated a revised policy for new product approval, the implementation plan and lines of accountability	¡ The Committee recommended operational risk appetite for 2015 to the Board for approval ¡ It tracked levels of operational risk losses, concluding that the Group s operational risk profile was stable overall, but that risk remained heightened in respect of cyber security, fraud, information, security of premises and technology ¡ The Committee approved the implementation of the new Group product approval process, to be owned by the Risk function
Reputational issues	How to ensure that reputational issues facing Barclays, and the financial services sector generally, were being identified, managed and anticipated,	¡ Provided input to revisions to the reputational risk framework to align it with Barclays revised governance model, particularly the Enterprise Risk Management	¡ The Committee approved the revised reputational risk framework for roll-out across the Group

including ensuring that the businesses recognise, assess and manage potential risks at the earliest possible stage	Framework ¡ Examined the results of reputational risk horizon scans and probed the adequacy of mitigation measures in place

22 |

Governance: Directors report

What we did in 2014

Board Conduct, Operational and Reputational Risk Committee Report[1]

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Citizenship	The delivery of the 2015 Citizenship Plan and development of a longer-term Citizenship strategy	¡ Assessed progress on the delivery of initiatives against the Citizenship Plan ¡ Evaluated the level of ownership by the business, including the degree to which Citizenship was integrated into business plans with clear targets	¡ The Committee was satisfied with the progress of the Plan during 2014 and noted the development of a revised Citizenship Strategy, *Barclays 2020 Ambition* ¡ It recommended that Citizenship activity might be focused more on initiatives connected to Barclays business, such as support for small and medium enterprises

In addition, the Committee also assessed and/or approved the following matters in 2014:

- The Compliance function s business plan and key areas of focus for 2014;
- Compliance Group Policies;
- An update to *The Barclays Way*, the Group-wide code of conduct, and the levels of attestation by colleagues globally;
- The results of Barclays review of collections processes and procedures conducted in tandem with the industry-wide thematic review by the FCA of mortgage arrears handling;

- The effectiveness of Barclays sanctions compliance programme, particularly in view of Russian sanctions implemented in 2014;
- The tax risk framework and performance against tax risk appetite and the tax risk profile;
- Barclays response to a PRA and FCA critical infrastructure and technology resilience review;
- Barclays plans for compliance with the Volcker Rule (restrictions on proprietary trading and certain fund investments by banks operating in the US);
- The 2013 Citizenship Report for publication; and
- The terms of reference of the Committee to ensure that it continued to operate with maximum effectiveness.

Board Conduct, Operational and Reputational Risk, Committee Allocation of Time (%)

		2014	2013
1	Citizenship	**2**	10
2	Reputational Issues	**7**	10
3	Culture, Conduct and Compliance	**52**	47
4	Operational Risk	**33**	28
5	Other	**6**	5

Governance: Directors report

What we did in 2014

Board Corporate Governance and Nominations Committee Report

The Committee will need to ensure that the Group s governance framework can respond to the proposed structural reform changes.

Dear Shareholders

2014 was a year of great activity for the Committee. In addition to its key responsibility of assuring we have an effective Board and Board Committees in place, the Committee examined the implications arising from the recommendations made by the Parliamentary Commission on Banking Standards and the proposals made by the PRA for structural reform of banking groups.

During 2014 we announced the appointment of three new independent non-executive Directors, including John McFarlane, who will succeed me as Chairman in April 2015. In terms of Board Committee composition, membership has been refreshed and we discussed the importance of ensuring that we are able to identify successors to the current Board Committee Chairmen.

In addition, we have focused on executive succession and much work has been done to assess the strength and capability of the Senior Leaders Group, which is increasingly functioning as a cohesive team. There is also a much greater focus on values and culture in recruitment and talent assessments, with hiring decisions being made on the basis of fit with our values.

There have also been some notable successes in the diversity agenda, with external recognition for our approach to gender diversity and progress being made on plans to place high-potential women as non-executive directors on external boards.

Committee performance

The Committee directed the annual review of the effectiveness of the Board and its Committees, including its own. The Board concluded that the Committee is operating effectively. Please see the Board evaluation report on page 27 for more details.

Looking ahead

The Committee will need to ensure that the Group s governance framework can respond to the proposed structural reform changes, which will impact the way the Group is structured. We will also need to ensure that the Group has the depth and breadth of talent to succeed, particularly given the impact of regulatory change on management responsibilities and remuneration, which will impact the talent pool available to banks at a time when the competition for good, credible candidates will increase.

Sir David Walker

Chairman, Board Corporate Governance and Nominations Committee

2 March 2015

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. Sir David Walker, as Chairman of the Board, is also Chairman of the Committee. Mike Ashley, Tim Breedon, Reuben Jeffery and Sir John Sunderland, being the Chairmen of each of the other Board Committees, and Sir Michael Rake, the Deputy Chairman and Senior Independent Director, are also members of the Committee. Details of the skills and experience of the Committee members can be found in their biographies on pages 3 to 4.

During 2014, there were three meetings of the Committee and attendance by its members is shown below. The chart on page 26 shows how the Committee allocated its time during 2014. Committee meetings were attended by the Group Chief Executive with the HR Director, the Global Head of Learning & Talent and representatives from Spencer Stuart presenting on specific items.

Member	Meetings attended/eligible to attend
Sir David Walker	3/3
Mike Ashley	3/3
Tim Breedon	3/3
Reuben Jeffery III (from 1 April 2014)	2/2
Sir Michael Rake	3/3
Sir John Sunderland	3/3

Note

The Chairman and the Chief Executive Officer, Antony Jenkins, who attends each meeting, excused themselves when the Committee focused on the matter of succession to their roles.

Committee role and responsibilities

The principal purpose of the Committee is to:

¡ Support and advise the Board in ensuring that the composition of the Board and its Committees is appropriate and enables them to function effectively;

¡ Examine the skills, experience and diversity on the Board and plan succession for key Board appointments, planning ahead to deal with upcoming retirements and to fill any expected skills gaps;

¡ Provide oversight, at Board level, of the Group s talent management programme and diversity and inclusion initiatives;

¡ Agree the annual Board effectiveness review process and monitor the progress of any actions arising; and

¡ Keep the Board s governance arrangements under review and make appropriate recommendations to the Board to ensure that they are consistent with best practice corporate governance standards.

You can find the Committee s terms of reference at barclays.com/corporategovernance

Governance: Directors   report

What we did in 2014

Board Corporate Governance and Nominations Committee Report

The Committee   s work

The significant matters addressed by the Committee during 2014 are described below:

Area of focus	Matter considered	Role of the Committee	Conclusion/action taken
Appointments to the Board	Board and Committee refreshment arising from the retirements of Directors during 2014 and expected retirements in 2015	¡ Debated the appropriate structure, size and composition of the Board and its Committees to ensure optimum membership and effectiveness	¡ The Committee recommended the appointments of Steve Thieke, Crawford Gillies and John McFarlane as non-executive Directors during 2014. Please refer to pages 26 to 28 for details of the Board s approach to recruitment of new Directors and the case study of the recruitment of John McFarlane in particular
Succession planning and talent management	The consolidation of the previously fragmented approach to succession planning and talent management of the Senior Leaders Group, focusing on gaps in succession plans for Group Executive Committee roles resulting from the rebuilding of the Group	¡ The Committee identified the leadership needs of the Company, assessed the overall bench strength of leadership of Barclays Senior Leaders Group and evaluated the adequacy of succession plans for members of the Group Executive Committee and the Board	¡ The Committee assured the strength and capability of the Senior Leaders Group, and supported a greater focus on values and culture in recruitment and talent assessments, with hiring decisions being made on the basis of fit with Barclays Values

	Executive Committee over the past two years	¡ Scrutinised progress reports relating to the Talent Management Programme, which identifies talented people within Barclays who are capable of development and promotion to senior levels, and the recruitment of individuals with appropriate values and culture	¡ The Committee has also ensured the identification of potential succession candidates for Group Executive Committee roles on the basis of readiness within two years; from three to five years and emergency cover
Board effectiveness	2014 review of the effectiveness of the Board and its Committees	¡ Debated the approach to be taken to the review, probed analysis resulting from a peer review of evaluation processes undertaken in the prior year and of potential service providers	¡ The Committee set the criteria for conduct of the reviews, including the appointment of an external facilitator, and agreed an action plan to ascertain progress. See pages 27, 29 and 30 for a full description of the process and outputs from the 2013 and 2014 effectiveness reviews
Senior managers and certification regime	The proposed new regime, replacing the Approved Persons regime, requires senior managers, including Board Directors and Executive Committee members, to have a statement of responsibilities	¡ Examined the proposals and agreed that Barclays should input to the consultation on the new regime in order to make the views of the Board known	¡ The Committee supported Barclays intention to request further guidance from regulators on the standards of evidence that will be required to prove that senior managers acted reasonably and clarity on how the standards would apply to non-executive Directors
	In addition, legislation has created a new criminal offence, where senior managers may be prosecuted in circumstances where their decision or failure to act leads to a firm s failure, and a further provision has reversed the burden of proof for UK regulatory enforcement		

Significant subsidiary board composition	As a result of structural reform, Barclays will need to create two significant subsidiaries: a UK ring fence bank and a US intermediate holding company, which will be required to have independent non-executive Directors	¡ Scrutinised the proposed governance arrangements for the appointment of non-executive Directors to the boards of Barclays significant subsidiaries	¡ The Committee agreed that appointments to the boards of these entities should be approved by the Committee. It also approved the prospective appointment of Steve Thieke as chairman of the US intermediate holding company once that company is established

Area of focus	Matter considered	Role of the Committee	Conclusion/action taken
Governance of audit tender process	New rules enacted by the EU, reflected in a final order published by the Competition and Markets Authority requires Barclays to tender its external audit and change auditors by June 2020	¡ Examined the Board Audit Committee s recommendations that a member of the Board Audit Committee other than Mike Ashley should lead the audit tender given his recent, former association with KPMG, who are likely to be a bidder	¡ The Committee agreed that Mike Ashley should recuse himself from the audit tender process and that Tim Breedon should lead the process in his stead ¡ The Committee also supported the decision of the Board Audit Committee to constitute an Audit Tender Oversight Sub-committee. Further information is provided on page 16
Board Committee structure	The potential creation of a Board Operations and Technology Risk Committee	¡ Debated the proposal with the existing Board Committee Chairmen in view of the potential impact on the remit of those Committees. Key considerations were to avoid fragmenting the Board Committees further and creating more Board Committees than the Board could sustain	¡ Recognising that the Board Conduct, Operational and Reputational Risk Committee assesses operations and technology risk and that Michael Harte had been recruited as Chief Operations and Technology Officer, the Committee agreed not to create an additional committee, but to keep the matter under review in 2015

In addition the Committee covered the following matters:

- The review of non-executive Directors performance and independence as part of the Committee s assessment of their eligibility for re-election;
- Consideration of minor changes to the Company s Board Diversity Policy and recommended it to the Board for approval;
- Updating of the Charter of Expectations and Corporate Governance in Barclays;
- Proposals for the 2014 Corporate Governance Report;
- Its annual review of the Directors register of interests and authorisations granted;
- Changes to the Committee s terms of reference to reflect requirements of the UK Corporate Governance Code and the European Banking Authority s Guidelines to reflect the Committee s role in assessing the suitability of Board members, Group Executive Committee members and those in significant influence positions; and
- Approved Barclays response to the Salz Board Governance recommendations.

Board Corporate Governance and Nominations Committee Allocation of time (%)

		2014	2013
1	Corporate Governance Matters	**21**	22
2	Board & Committee Composition	**20**	19
3	Succession planning and Talent	**43**	43
4	Board Effectiveness	**11**	13
5	Other	**5**	4

Appointment and re-election of Directors

The Board regularly examines and refreshes its composition, recognising the importance of ensuring that it has an appropriate balance of skills, experience and diversity, as well as independence. The Committee has identified the key skills and experience required for the Board to function effectively, which are recorded on a skills matrix that includes target weightings for each attribute. This matrix sets out the core competencies, skills and diversity that are desired for the Board, including financial services, experience of operating as chief executives in other industries and experience of the main geographical markets in which Barclays operates.

The extent to which each of these attributes is represented on the Board is assessed by the Committee on a regular basis against the agreed skills matrix. This approach assists the Committee when determining likely future Board and Board Committee requirements by enabling the Committee to identify specific areas in which the Board would benefit from additional experience. All appointments to the Board are made on merit, taking into account skills, experience, independence and diversity, including gender.

Our approach to recruiting new non-executive Directors is to create a role and person specification with reference to the role requirements, including time commitment, the key competencies and behaviours set out in our Charter of Expectations and the desired key skills and experience identified from the skills matrix. The curriculum vitae and references of potential candidates are assessed by the Committee as a whole, (although see below in the case of the Chairman s succession), before shortlisted candidates are interviewed by members of the Committee. The Committee seeks engagement with key shareholders and Barclays regulators as part of the selection process. The feedback from these parties is taken into account before any recommendation is made to the Board, which is kept informed of progress throughout the selection and recruitment process. An illustration of the rigorous process applied to appointments can be found in the case study and timeline of the process to identify John McFarlane as successor to Sir David Walker as Chairman, which is set out on page 28.

Governance: Directors report

What we did in 2014

Board Corporate Governance and Nominations Committee Report

A particular focus for the Committee in 2014 was the retirement of Simon Fraser and Fulvio Conti in April 2014, together with the prospective retirements of Sir David Walker and Sir John Sunderland in April 2015 and the associated need to identify successors for the Chairman, the Chairman of the Board Remuneration Committee and to maintain the membership of the Board Audit Committee.

Executive search firms MWM, Egon Zehnder International and Spencer Stuart were instructed to assist with our Director searches in 2014. None of these external agencies have any other connection with Barclays, other than to provide executive recruitment services. Open advertising was not used in 2014 for Barclays non-executive Board positions as the Committee believes that targeted recruitment, based on the agreed role and person specification, is the optimal way of recruiting for these positions.

Barclays announced the appointment of three new non-executive Directors during 2014: Steve Thieke, Crawford Gillies and John McFarlane. As previously reported, the appointment of Steve Thieke brought additional experience in banking regulation, investment banking and risk management to the Board. Crawford Gillies contributes experience in a range of different industries, including the financial services sector, in addition to a background in strategy and the public sector, whilst John McFarlane brings extensive experience of investment, corporate and retail banking, as well as insurance, strategy, risk and cultural change. He also has a strong track record as a CEO and subsequently as a Chairman.

These appointments allowed the Committee to refresh the membership of Board Committees in turn. Crawford Gillies became a member of the Board Remuneration Committee in May 2014 given his experience of chairing the remuneration committee at Standard Life, and he will succeed Sir John Sunderland as Chairman of the Board Remuneration Committee with effect from the conclusion of the 2015 AGM. John McFarlane will succeed Sir David Walker as Chairman of Barclays with effect from the conclusion of the 2015 AGM. John joined the Board Corporate Governance and Nominations Committee and the Board Enterprise Wide Risk Committee with effect from 15 January 2015 and will become chairman of both committees on becoming Chairman. The membership of the Board Audit Committee was also maintained by the appointment of Crawford Gillies and Dambisa Moyo during 2014: these appointments also provide valuable cross-membership of Board Committees.

The Directors in office at the end of 2014 were subject to an effectiveness review, as described below. In addition, Barclays requires Directors to declare any potential or actual conflict of interest that could interfere with a Director s ability to act in the best interests of the Group. UK company law allows the Board to authorise a situation in which there is, or may be, a conflict between the interests of the Group and the direct or indirect interests of a Director or between the Director s duties to the Group and to another person. The Board has adopted procedures for ensuring that its powers to authorise conflicts operate effectively. For this purpose a register of actual and potential conflicts and of any authorisation of a conflict granted by the Board is maintained by the Company Secretary and reviewed annually by the Committee.

Based on the performance evaluation it is the view of the Committee, and the Board, that each Director proposed for re-election continues to be effective and that they each demonstrate the level of commitment required in connection with their role on the Board and the needs of the business.

Diversity statement

Barclays adopted a Board Diversity Policy in 2012, which is published on Barclays website. The policy sets out the Board s aspirational goal of achieving 25% female representation on the Board by 2015. Although Barclays did not appoint a further female Director to the Board during 2014, its commitment to meeting this goal remains firm.

During 2014, progress was made in developing high potential women:

- In July, the Committee was updated on the Barclays Women on Boards Initiative, which focuses on placement of programme participants as directors on external boards together with mentoring by Board members in order to improve board readiness;

- Barclays high potential development programme for managing directors has 38% female representation, which will help rebalance female representation in the Senior Leaders Group and the Group Executive Committee through the internal pipeline; and

- A further key development was the creation of diversity and inclusion workstreams led by members of the Group Executive Committee as follows: Tom King (gender), Val Soranno Keating (LGBT), Ashok Vaswani (disability), Irene McDermott Brown (multi-generational) and Maria Ramos (multi-cultural).

There has been an improvement in the number of women occupying senior roles in the Company since last year and we are committed to making further progress in 2015 by driving initiatives at all levels within the business. More details of Barclays Diversity and Inclusion strategy may be found on pages 43 to 45.

Review of Board and Board Committee Effectiveness

Barclays long-established practice is to ask an external facilitator to help conduct a review of the effectiveness of the Board, its Committees, the Executive and non-executive Directors and the Chairman. In 2014 the review was again facilitated by independent advisors, Bvalco, who have no other connection with Barclays.

As part of the review, the Directors completed a questionnaire, which focused on whether, in the case of both the Board and its Committees, each was effectively tackling the matters for which it is responsible and what improvements might be made to help meet future challenges, including development feedback for fellow Directors and the Chairman. Bvalco representatives held interviews with each participant, inviting them to discuss any features of Board or Committee content, process or dynamic which the individual thought relevant to improving the effectiveness of the Board s performance. Representatives from Bvalco also attended a meeting of the Board and certain Board Committee meetings in order to assess first-hand how the Board and Board Committees operated in practice.

Bvalco prepared a report for the Board and its Committees on the findings from the evaluation process, which was presented to the Board in February 2015. In addition, Bvalco briefed the Chairman on the performance of each of the Directors, whilst the Senior Independent Director was provided with feedback on the Chairman s performance to be shared with him following discussions with the other non-executive Directors.

Having gone through the effectiveness review described above, the Directors are satisfied that the Board and each of its Committees operated effectively during 2014. Nonetheless, the Board has identified a number of actions that will help maintain and improve its effectiveness. These, together with an update on the actions taken following the 2013 review, are set out on pages 29 to 30.

Governance in action: the appointment of John McFarlane

At the time of his appointment in November 2012, Sir David Walker stated his intention to serve as Chairman for three years, with an anticipated retirement date in 2015. Accordingly, in October 2013 the Committee invited me to lead the Chairman succession process and constituted a sub-committee to assess potential candidates. The sub-committee comprised Mike Ashley, Tim Breedon, Reuben Jeffery and me as Chairman.

We drew up a candidate specification, reflecting the role profile set out in our Charter of Expectations and the chief qualities we were looking for in a candidate. These included:

¡ The ability to lead the Board and engender the respect of the non-executive Directors and Chief Executive Officer;

¡ Experience and a good understanding of the role of the Chairman in a global enterprise;

¡ In-depth knowledge of the financial services sector and investment banking in particular;

¡ Integrity, a strong commitment to excellent corporate governance and appreciation of the issues faced by Barclays; and

¡ The ability to liaise with and secure the trust of our shareholders and other stakeholders.

Spencer Stuart, an external search consultant, was engaged to assist with the selection process and conducted a global search to identify suitable, qualified candidates. They identified a number of candidates across the UK, Continental Europe, North America, Australia and South Africa for initial assessment.

The sub-committee consulted with its advisors throughout the process. Sir David Walker, as the incumbent Chairman, did not take part in the selection process, but was consulted for his views and insights into the role. I updated other Board members on progress throughout the process.

The initial candidate list was reduced to a shortlist for consideration by the sub-committee. As John McFarlane emerged as the preferred candidate, we undertook a number of stakeholder engagements:

¡ All Board members met with John McFarlane and had the opportunity to provide feedback;

¡ We kept our regulators fully updated and, in common with other Board appointments, obtained prior regulatory approval for John McFarlane s appointment; and

¡ We held discussions with a number of major investors who responded positively on the proposed appointment.

In addition to regular communication with Directors individually, the Board met twice specifically to discuss the proposed appointment and to allow Directors to share their feedback on John McFarlane before approving his appointment, which was announced in September 2014. Given the time commitment required of the Barclays Chairman, we are grateful to Aviva plc and FirstGroup plc for agreeing to release John McFarlane to take on this important role: he will step down from these boards in April 2015 and July 2015, respectively.

The role of Barclays Chairman is a challenging one and I am pleased that in John McFarlane we identified someone who met all of the criteria we had set. He is an enormously experienced and respected banker, with global experience of both retail and investment banking who will bring great leadership, integrity and knowledge to the role.

Sir John Sunderland

Governance: Directors report

What we did in 2014

Board Corporate Governance and Nominations Committee Report

Board evaluation in 2014

Board priorities	Exhibiting and upholding the Company s values	Leveraging Board experience in support of executives	Greater awareness of Board Committee work
2013 findings To better articulate the Board s 2014 priorities, as opposed to the business priorities and reflect these in Board and Committee papers	**2013 findings** To be kept directly informed on the progress of implementing cultural change	**2013 findings** To create additional time for more wide-ranging strategic discussions between the Board and Executive Committee members	**2013 findings** To give more time, on a rolling basis, to Board Committee reporting to the Board, to allow all Directors to gain a deeper understanding of the workings of each Board Committee and their forward agendas
Actions taken in 2014 As a result of Bvalco s interviews with the Directors and discussion at the Board meeting in February 2014, the Board identified the following priorities for 2014:	**Actions taken in 2014** The majority of non-executive Directors have attended Barclays Values training and the subject of values and how we do business has been covered in the Chief Executive s reports to the Board and in business presentations	**Actions taken in 2014** The Board met with executives outside of scheduled Board meetings to discuss and challenge the Group strategy during 2014, culminating in significant interaction with Group Executive Committee members when debating	**Actions taken in 2014** The Board has allowed more time to focus on reports from Board Committees. This included the forward agenda and key issues examined to allow the Board to consult and challenge the work conducted by the Committee

¡ Board and Chairman succession ¡ Supporting the Executives ¡ Oversight and working through legacy issues ¡ Dealing more strategically with global regulation ¡ Exhibiting and upholding Barclays Values ¡ Building a cohesive, unitary Board These priorities were reflected in Board and Board Committee agendas during the year and were also debated at the Committee meeting in July 2014	The Board Conduct, Operational and Reputational Risk Committee examined reports on progress being made in implementing cultural change	proposals relating to the strategy update which was announced in May 2014 The Chairman and Company Secretary gave a presentation to the Group Executive Committee on the composition, duties, role and expectations of the Board The Board invited leaders of key businesses and functions to Board dinners to probe business strategies, plans, emerging issues and concerns	The Committee Chairs ensured that they identified the key issues for discussion
2014 findings To refine the Board s priorities for 2015	**2014 findings** To continue the embedding of cultural change across and deeper into the organisation and provide effective oversight of progress	**2014 findings** To continue to build effective relationships between the Board and business and functional heads	**2014 findings** To continue to deepen the Board s focus on the key priorities and main issues facing each of the Board Committees and to ensure that the Board Committee structure remains appropriate and fit for purpose
Actions to be taken in 2015	**Actions to be taken in 2015**	**Actions to be taken in 2015**	**Actions to be taken in 2015**

We will focus the Board s time on: ¡ Debating strategic options ¡ Culture and cultural change ¡ Succession and the talent pipeline ¡ Supporting the transition to a new Chairman ¡ Further improving information flows to the Board and Board Committees	We will leverage work that is underway to assess how well cultural change has been embedded in order to improve ways in which progress is measured and tracked by the Board	We will continue to build a better understanding of the role and expectations of the Board amongst senior executives, including the wider Senior Leaders Group	We will continue to enhance the content of reporting by Board Committees to the Board and ensure that all Directors have the opportunity to attend Board Committee meetings. The optimum Board Committee structure will also be kept under review

Improvements to the Board appointment process	Director induction	Effective handling of legacy issues	Dealing more strategically with global regulation
2013 findings To ensure that all Board members are kept fully informed of prospective candidates and potential appointments	**2013 findings** To improve the on-boarding process for new Directors, including partnering new Directors, if appropriate, with longer-serving Board members	**2013 findings** To assess and work through legacy issues, including responses to the Salz Report	**2013 findings** To increase engagement and to deepen the relationship with the Group s regulators
Actions taken in 2014 A number of Board appointments were made in 2014 taking the new approach: Steve Thieke brings additional investment management and risk expertise to the Board, Crawford Gillies will succeed Sir John Sunderland as Chairman of the Board Remuneration Committee, and John McFarlane will succeed Sir David Walker as Chairman The Board was kept regularly informed of the progress of non-executive Director searches, and the Chairman,	**Actions taken in 2014** New Directors were offered the opportunity to partner with an existing Director as part of their induction programmes Following completion of the programmes, we sought feedback from the new Directors and a number of suggestions, including the preparation of	**Actions taken in 2014** The Regulatory Investigations Committee has provided oversight of the resolution of historical legal and regulatory risks and there have been regular reports to the Board. The Board Audit Committee and the Board discussed PPI provisioning at length and agreed additional provisions. All of the Salz recommendations	**Actions taken in 2014** Representatives from the PRA, FCA and FRBNY have all attended meetings and presented to the Board during 2014 and the Board has been fully engaged on meeting regulatory expectations. The Board was also regularly briefed on the structural reform agenda in both the UK and the US

Chief Executive Officer and members of the Committee interviewed shortlisted candidates The Board Corporate Governance and Nominations Committee has also assessed Group Executive Committee succession plans	capital and liquidity briefing papers were taken forward We asked Directors for their views on potential topics for training for the Board as a whole. We also asked Board Committee members for suggestions for Committee-specific training, which were reflected in the 2014 programme	were complete by the end of 2014, but require some further embedding, with the Board regularly updated on progress	
2014 findings To continue to ensure that the Board has sufficient visibility of executive succession planning and the talent pipeline	**2014 findings** To extend the new Director induction programme to involve senior executives below Group Executive Committee level and to continue to support new Board Committee Chairmen	**2014 findings** To continue to focus on the existing priority of overseeing the resolution of legacy issues	**2014 findings** To continue to focus the Board s time on strategy and strategic options
Actions to be taken in 2015 We will schedule a specific in-depth briefing for the Board on talent and succession planning and specific follow on updates as required	**Actions to be taken in 2015** We will increase Directors interaction with members of the Senior Leaders Group and will continue to ensure that Board Committee Chairmen are provided with the right support, resources and information to enhance Board	**Actions to be taken in 2015** We will continue to progress the resolution of historical legal and conduct risks, with appropriate oversight from the Board and Board Committees to ensure they are resolved in line with the Group s Values	**Actions to be taken in 2015** As more clarity on the future regulatory framework emerges we will ensure that sufficient Board time continues to be devoted to debating strategy and strategic options, including leveraging the collective perspectives of the non-executive Directors

	Committee effectiveness		

30 |

Governance: Directors report

How we comply

Leadership

The Role of the Board

The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Group s businesses. We do this by determining the strategic objectives and policies of the Group to deliver such long-term value and providing overall strategic direction within a framework of risk appetite and controls. Our aim is to ensure that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. We endeavour to demonstrate ethical leadership and promote the Company s collective vision of its purpose, values, culture and behaviours. Each of the Directors must act in a way we determine, in good faith, would promote the success of the Company for the benefit of the shareholders as a whole.

We are also responsible for ensuring that management maintain a system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In addition, we are responsible for ensuring that management maintain an effective risk management and oversight process at the highest level across the Group. In carrying out these responsibilities, we must have regard to what is appropriate for the Group s business and reputation, the materiality of the financial and other risks inherent in the business and the relative costs and benefits of implementing specific controls.

The Board is also the decision-making body for all other matters of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.

A formal schedule of powers reserved to the Board is in place. Powers reserved to the Board include the approval of strategy, the interim and full year financial statements, significant changes in accounting policy and practice, the appointment or removal of Directors or the Company Secretary, Directors conflicts of interest, changes to the Group s capital structure and major acquisitions, mergers, disposals or capital expenditure. A summary is available at barclays.com/corporategovernance.

We have a well-defined Corporate Governance framework in place which supports our aim of achieving long term and sustainable value, supported by the right culture, values and behaviours both at the top and throughout the entire Group.

Specific responsibilities have been delegated to Board Committees and each has its own terms of reference, which are available on barclays.com/corporategovernance.

Each Committee reports to, and has its terms of reference approved by, the Board and the minutes of Committee meetings are shared with the Board. The main Board Committees are the Board Enterprise Wide Risk Committee, the Board Audit Committee, the Board Remuneration Committee, the Board Corporate Governance and Nominations Committee, the Board Financial Risk Committee and the Board Conduct, Operational and Reputational Risk Committee.

In addition to the principal Board committees, the Regulatory Investigations Committee, which was formed in late 2012, focuses on regulatory investigations. This Committee met nine times in 2014. Sir David Walker is Chairman of the Committee and the other Committee members are Mike Ashley, Diane de Saint Victor, Antony Jenkins and Sir John Sunderland.

Board Governance Framework

Responsibility for implementing operational decisions and the day-to-day management of the business is delegated to the Chief Executive Officer and the Group Executive Committee. In turn, authorities are also delegated to individual members of the Group Executive Committee.

The management committee structure supporting the executives   decision-making is driven from the following design principles:

¡ There is a clear and consistent top-down governance structure across the Group, aligned to personal accountabilities and delegated authorities;

¡ There is clarity, both internally and externally, on how governance is operated and how business level governance activities feed into Group level governance activities;

¡ Risk and control considerations are embedded as an integral part of business decision-making; and

¡ There is consistency in the use of risk and control management data for both operational and governance purposes across all levels of the organisation.

Governance: Directors report

How we comply

Attendance

During 2014, the Directors attended meetings, both scheduled meetings and additional meetings called at short notice, as set out below. Where a Director did not attend meetings owing to prior commitments or other unavoidable circumstances, he or she provided input to the Chairman so that his or her views were known.

Director	Independent	Scheduled meetings eligible to attend	Scheduled meetings attended	Additional meetings eligible to attend	Additional meetings attended
Group Chairman					
Sir David Walker	Independent on appointment	8	8	3	3
Executive Directors					
Antony Jenkins	Executive Director	8	8	3	3
Tushar Morzaria	Executive Director	8	8	3	3
Non-executive Directors					
Mike Ashley	Independent	8	8	3	3
Tim Breedon	Independent	8	8	3	2
Crawford Gillies (from 1 May 2014)	Independent	5	5	3	3
Reuben Jeffery III	Independent	8	7	3	3

Wendy Lucas-Bull	Non-independent	8	8	3	3
Dambisa Moyo	Independent	8	7	3	2
Frits van Paasschen	Independent	8	8	3	1
Sir Michael Rake	Deputy Chairman, Senior Independent Director	8	8	3	2
Diane de Saint Victor	Independent	8	8	3	3
Sir John Sunderland	Independent	8	8	3	2
Steve Thieke (from 7 January 2014)	Independent	8	8	3	3
Former Directors					
Fulvio Conti (to 24 April 2014)	Independent	3	3	0	0
Simon Fraser (to 24 April 2014)	Independent	3	3	0	0
Secretary					
Lawrence Dickinson		8	8	3	3

Roles on the Board

The roles and responsibilities of the Chairman and the Group Chief Executive are separate and clearly differentiated. This division of responsibilities at the top of the Company ensures that no one person may exert absolute control.

Barclays Charter of Expectations sets out both the role profiles and the behaviours and competencies required for each role on the Board, namely Chairman, Deputy Chairman, Senior Independent Director, non-executive Directors, Executive Directors and Committee Chairmen. It also sets out the expectations that the Board has of each Director in their role on the Board, including expected competencies, behaviours and time commitment. It has established criteria for each role and prescribes high performance indicators for each role against which each Director s performance is measured. The Charter of Expectations is available at barclays.com/corporategovernance

Role	**Main responsibilities**
Chairman of the Board	¡ Leadership of the Board including its operation and governance ¡ Build an effective Board ¡ Sets the Board agenda in consultation with Group Chief Executive and Company Secretary ¡ Facilitates and encourages active engagement and appropriate challenge by Directors ¡ Ensures effective communication with shareholders and other stakeholders and ensures members of the Board develop and maintain an understanding of the views of major investors ¡ Acts as Chairman of Board Corporate Governance and Nominations Committee and Board Enterprise Wide Risk Committee
Deputy Chairman	¡ Acting as an ambassador for the Barclays Group, particularly in terms of developing and maintaining relationships with clients, politicians, regulators, industry representatives and key opinion formers ¡ Providing support and guidance to the Chairman

¡ Act as a host, as required, at business events for major clients, business contacts and key representatives of governments, regulators and other opinion formers

Group Chief Executive	¡ Recommends the Group s strategy to the Board ¡ Implements the Group s strategy ¡ Makes and implements operational decisions and manages the business day-to-day
Senior Independent Director	¡ Provides a sounding board for the Chairman ¡ Provides support for the Chairman in the delivery of his objectives ¡ Serves as a trusted intermediary for the Directors, when necessary ¡ Available to shareholders should the occasion arise where there is a need to convey concerns to the Board other than through the Chairman or Group Chief Executive
Non-executive Director	¡ Effectively and constructively challenges management ¡ Assesses the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board ¡ Exercises appropriate oversight through scrutinising the performance of management in meeting agreed goals and objectives
Company Secretary	¡ Works closely with the Chairman, Group Chief Executive and Board Committee Chairmen in setting the annual forward calendar of agenda items for the meetings of the Board and its Committees ¡ Ensures accurate, timely and appropriate information flows within the Board, the Board Committees and between the Directors and senior management ¡ Provides advice on corporate governance issues

Effectiveness

For details of the role of the Board Corporate Governance and Nominations Committee in the selection and appointment of Directors and the process and outcomes of the annual Board effectiveness review, please see the report of the Board Corporate Governance and Nominations Committee on pages 24 to 30.

Composition of the Board

The Board Corporate Governance and Nominations Committee and, where appropriate, the Board as a whole, regularly reviews the composition of the Board and succession plans for both the Board and senior executives.

The names, skills and experience of each Director, together with their terms in office, are shown in the biographical details on pages 3 and 4. Details of changes to the Board during 2014 and in the year to date are set out in the Directors Report on page 6.

The Board currently comprises the Chairman, who was independent on his appointment, two Executive Directors and twelve non-executive Directors. The Board is made up of a majority of independent non-executive Directors. In determining the independence of the non-executive Directors, the Board considered both the guidance on independence set out in the Code, in addition to its own criteria on independence which can be found in Corporate Governance in Barclays available at barclays.com/corporategovernance. Having considered these factors, the Board concluded that all non-executive Directors standing for re-election at the 2015 AGM demonstrate the essential characteristics of independence deemed necessary by the Board. The Board has however decided that Wendy Lucas-Bull should not be designated as independent for the purposes of the Code, given her position as Chairman of Barclays Africa Group Limited, which is a 62%-owned subsidiary of Barclays. Sir John Sunderland has served on the Barclays Board for over nine years, which the Code suggests is a factor to be taken into account when determining a Director s independence. The Board continues to consider Sir John to be independent for the purposes of the Code. We continue to believe that both Directors demonstrate the independence of character and judgement expected of Barclays non-executive Directors. As previously announced, Sir John will retire from the Board at the conclusion of the 2015 AGM.

The Executive Directors of Barclays have service contracts and the Chairman and non-executive Directors have letters of appointment, which are available for inspection at the Company s registered office. The dates of the current Directors service contracts and letters of appointment are set out in the Remuneration Report on page 46.

Governance: Directors report

How we comply

Following appointment, we ask Directors to undergo an annual assessment of their effectiveness to ensure that they continue to provide a valuable contribution to the deliberations and decision-making of the Board, and that they remain independent and free from any conflicts of interest. The Directors subsequently offer themselves for election or re-election, as the case may be, each year at our AGM.

Time commitment

We expect our non-executive Directors to commit sufficient time to discharge their responsibilities. The time commitment is agreed on an individual basis, as certain non-executive Directors, including the Deputy Chairman, Senior Independent Director, Committee Chairmen and Committee members, are expected to commit additional time in order to fulfil these extra responsibilities. We also expect our Chairman to expend whatever time is necessary to fulfil his duties, with the chairmanship of Barclays taking priority over any other business time commitment. The average time commitment for each role is set out below:

Role	Expected time commitment
Chairman	80% of a full-time position
Deputy Chairman	0.5-1 day a week
Senior Independent Director	3-4 days a year
Non-executive Director	30-36 days a year (average)

Committee Chairmen	25-30 days (average)

In practice, the non-executive Directors time commitment exceeds these expectations, particularly in the case of the Chairman and Board Committee Chairmen. They must be able to commit significantly more time to the role in exceptional circumstances. In addition to work related to Board and Board Committee meetings, the Chairman and non-executive Directors also take time to meet with executives, meet with Barclays regulators, visit Barclays businesses and undertake induction, training and evaluation.

Induction

On joining the Barclays Board, a new Director undergoes a tailored induction programme which is designed to allow him or her to build quickly:

¡ An understanding of the nature of Barclays, its business and the markets in which it operates and the opportunities and challenges for each Business Division;

¡ A link with Barclays people; and

¡ An understanding of the relationships with Barclays main stakeholders, such as customers and clients, shareholders and regulators.

Our induction programmes typically comprise a series of meetings with the head of each of Barclays major business divisions and Group functions. This allows the new Director to meet the business and function heads with responsibility for implementing the Board s strategy and to debate specific matters affecting that business or function.

As part of the process we ask the Directors to provide feedback and to identify areas where they would appreciate further information. They are also invited to have an existing Director on the Board as a mentor.

On completion of the induction programme, the new Director should have sufficient knowledge of the opportunities and challenges facing Barclays to enable them to fully contribute to the Board s strategic discussions and oversight of the business.

The following is an example of a typical induction programme; where a Director is joining a Board Committee, either as a member or as Committee Chairman, this programme is

supplemented by a specific, tailored Committee induction programme.

Governance in action: the induction of Crawford Gillies

My induction programme was wide-ranging, providing a valuable introduction to Barclays. I particularly appreciated the way in which the programme was tailored to cover areas in which I expressed specific interest.

On taking up his appointment on 1 May 2014, in addition to his duties as a Director and member of the Board Remuneration and Board Audit Committees, Crawford undertook a programme of induction spanning a six-week period.

In line with the normal process, he had in excess of 20 meetings with members of the Group Executive Committee and the Senior Leaders Group to familiarise himself with the business but also to be briefed on the expectations of his role, the corporate governance framework and the work of the Board Remuneration and Board Audit Committees. With regards to the latter, Crawford also met with the lead audit partner to obtain an overview of the audit of the Group. In addition, Crawford attended a Barclays employee induction session on values and culture, Being Barclays .

Following discussion with Crawford, a further period of induction was arranged to cover topics on which he requested further information. These covered:

- A briefing on new Barclaycard technology and innovation;
- Further insight into the investment banking business;
- A further meeting with Mike Ashley as part of an overview of the work of the Board Audit Committee;
- A briefing on liquidity metrics adopted by Barclays;
- Insights into asset valuation methodology;
- An examination of proposed structural reform and recovery and resolution plans;
- Barclays processes in evaluating credit impairment; and
- Meetings with external advisers (including the Big Four audit firms) to understand the key issues facing the banking sector.

In addition, Crawford took time to visit the Barclays Africa business when in Johannesburg with the Board in November and visited the PCB business at the Liverpool Branch in August.

Training and development

We provide all Directors with the opportunity to update and refresh their knowledge throughout the year, to enable them to continue to fulfil their roles as members of the Board and its Committees.

Barclays Directors are committed to continuing their development during their term in office. The Chairman meets with each Director individually to discuss their work with the Board and agree any individual development requirements. We provide training opportunities in a number of ways, from internal meetings with senior executives and operational or functional heads, to dedicated briefings on specific areas of responsibility within the business and external training programmes.

During 2014, non-executive Directors attended briefings on the following subjects:

¡ The US Dodd Frank Wall Street Reform and Consumer Protection Act;

¡ Structural reform, in particular the requirements for an US intermediate holding company with independent non-executive Directors;

¡ Barclays values and culture; and

¡ Barclays African businesses.

In addition, non-executive Directors visited businesses around the Group, met with investors and external parties to enrich their understanding of Barclays businesses and the challenges it faces as well as a focus on areas within their remit. For example, Tim Breedon, as Chairman of the Board Financial Risk Committee, met with external evaluators of Barclays Internal Audit function to discuss the results; met with regulators in the UK and the US to discuss matters including stress testing, product control and valuations; and travelled to South Africa and New York.

Information provided to the Board

Both the Executive Directors and senior executives keep the non-executive Directors informed of the key developments in the business through regular reports and presentations, including weekly updates that include information on investors and other stakeholders reactions to the news of the week and the market s response.

Throughout the year, Directors are regularly briefed regarding their roles on the Board and its Committees, including updates on the regulatory and financial services environment. Barclays ensures that the information is provided in a timely manner and is presented clearly and concisely.

It is the role of the Company Secretary to support the Chairman in ensuring good information flows between the Board, its Committees and the senior executives. He acts as adviser to the Board regarding governance matters and provides support to the Chairman to ensure the effectiveness of the Board. In addition, Directors have access to the advice and services of the Company Secretary, who ensures Board procedures are complied with and that the Directors have access to independent and professional advice at the Company s expense.

Accountability

Risk Management and Internal Control

The Directors have responsibility for ensuring that management maintain an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Barclays is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. Barclays has an overarching framework that sets out Barclays approach to internal governance (the Barclays Guide). The Barclays Guide establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and assessing compliance.

A key component of the Barclays Guide is the Enterprise Risk Management Framework (ERMF). The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the Group s strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the Group s system of internal control, which is aligned to the recommendations of The Committee of Sponsoring Organizations of the Treadway Commission, Internal Control Integrated Framework (2013 COSO), are set out in the risk control frameworks relating to each of the Group s Principal and Key Risks. As well as incorporating our internal requirements, these reflect material Group-wide legal and regulatory requirements relating to internal control and assurance.

Effectiveness of internal controls

Key controls are assessed on a regular basis for both design and operating effectiveness. Issues arising out of business risk and control assessments and other internal and external sources are examined to identify pervasive themes. Where appropriate, control issues are reported to the Board Audit Committee via the Operational Risk and Control Committee. In addition, regular reports are made to the Board Audit Committee by management, Barclays Internal Audit and the Finance, Compliance and Legal functions covering, in particular, financial controls, compliance and other operational controls.

Risk management and internal control framework

The Directors formally review the effectiveness of the system of internal control and risk management annually. Throughout the year ended 31 December 2014 and to date, the Group has operated a system of internal control that provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Group in accordance with the guidance Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code published by the Financial Reporting Council (the Turnbull Guidance).

These processes include an attestation procedure which requires all significant processes and identified material risks to be assessed and recorded, together with the related key controls by the heads of businesses and functions. As part of this, specific consideration is given to relevant information, including as a minimum: any open control issues; any outstanding internal and external audit findings; regulatory reviews and any outstanding regulatory compliance matters; compliance with Group level policies; records of operational loss/risk events; experience of all types of fraud; and any other material control-related matters that have been raised either by management or via independent/external review. The status of any remediation in connection with these matters is also examined. The results of this attestation procedure were reported to the Board Audit Committee in February 2015, when it was noted that, although several of the attestations referred to outstanding control design or operating effectiveness issues, none of these were considered to be material and none had prevented the heads of businesses or functions from providing a Turnbull statement. All issues had identified remediation tasks and attributed timescales for resolution (or timescales being determined).

Regular reports are made to the Board covering risks of Group level significance. The Board Financial Risk Committee and the Board Conduct, Operational and Reputational Risk Committee examine reports covering the Principal Risks (Credit risk, Market risk, Funding risk, Operational risk and Conduct risk) as well as reports on risk measurement methodologies and risk appetite. Further details of material existing and emerging risks and risk management procedures are given in the Risk review section on pages 84 to 91.

36 |

Governance: Directors report

How we comply

As set out in the Risk review section of the Annual Report, a number of matters were made public during the course of 2014 which related to failings in the design and/or operation of certain controls other than those over financial reporting. Whilst the matters were disclosed in 2014, many of the failings giving rise to those issues occurred in prior periods. Management has assessed the specific control processes impacted and concluded that these are now designed and operating effectively. Areas of on-going control remediation are not considered to constitute material control failings. In addition to the above matters, a number of other issues are currently being analysed to assess their potential to impact on the control environment and the materiality of any such impact. Remediation plans will be defined and implemented, where necessary.

Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the Group s financial statements. The Legal and Technical Review Committee is responsible for examining the Group s financial reports and disclosures to ensure that they have been subject to adequate verification and comply with legal and technical requirements. The Committee reports its conclusions to the Disclosure Committee. The Disclosure Committee examines the content, accuracy and tone of the disclosures and reports its conclusions to the Group Executive Committee and the Board Audit Committee, both of which debate its conclusions and provide further challenge. Finally, the Board scrutinises and approves results announcements and the Annual Report and ensures that appropriate disclosures have been made. This governance process ensures both management and the Board are given sufficient opportunity to debate and challenge the Group s financial statements and other significant disclosures before they are made public.

Management s report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed under the supervision of the principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board (IASB). Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors; and provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed Barclays PLC s and Barclays Bank PLC s internal control over financial reporting as of 31 December 2014. In making its assessment, management has utilised the criteria set forth by 2013 COSO. Management concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2014. Our independent registered public accounting firm has issued a report on the Barclays PLC s internal control over financial reporting, which is set out on page 216.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on pages 184 to 189.

Changes in internal control over financial reporting

There have been no changes in the Group s internal control over financial reporting that occurred during the period covered by this report which have materially affected or are reasonably likely to materially affect the Group s internal control over financial reporting.

Remuneration

The Board has delegated responsibility to the Board Remuneration Committee for the remuneration arrangements of the Chairman, Executive Directors, other senior executives and other employees, including Material Risk Takers, whose total remuneration exceeds an amount determined by the Committee from time to time. A description of the work of the Board Remuneration Committee and details of the members of the Board Remuneration Committee can be found in the Directors remuneration report on pages 46 to 79, which forms part of the corporate governance statement.

Stakeholder engagement

The Board recognises the importance of engaging with stakeholders as key to effective corporate governance and actively supports building stronger and more engaged relationships. The Directors, in conjunction with the senior executive team, have participated in various forms of engagement throughout the year, covering a wide range of topics including our strategy, financial performance and corporate governance. Our shareholder communication guidelines, which underpin all investor engagements, are available at barclays.com/investorrelations.

We take care to identify our stakeholders and tailor our engagement programme to ensure that our communications are correctly targeted and distributed appropriately, broadly reflecting the geographic spread of our equity ownership. For example, we have a New York based Investor Relations (IR) team to facilitate engagement with North American investors.

On a practical level, during 2014 we conducted a tracing process to reunite over 14,000 shareholders, with their unclaimed dividends. By the end of the year, we had returned over £2m of dividends to these shareholders.

Our Annual General Meeting (AGM)

Our AGM continues to be a key date in the diary for the Board and the senior executive team. It affords us our primary opportunity to engage with shareholders, particularly our private shareholders, on the key issues facing the Group and any questions they may have. The majority of Directors, including the Chairman, were available for informal discussion before and after the formal business of our 2014 AGM.

All resolutions proposed at the 2014 AGM, which were considered on a poll, were passed with votes for ranging from 76.01% to 99.88% of the total votes cast. The 2014 AGM marked the first binding vote on the Group s remuneration policy as required by the Companies Act 2006. This resolution was passed with 93.21% of votes registered in favour.

The 2015 AGM will be held on Thursday 23 April 2015 at the Royal Festival Hall in London. The Notice of AGM can be found in a separate document, which is sent out at least 20 working days before the AGM and also made available at barclays.com/agm. Voting on the resolutions will again be by poll and the results will be announced via the Regulatory News Service and made available on our website on the same day. We encourage any shareholders that are unable to attend on the day to vote in advance of the meeting via barclays.com/investorrelations/vote.

Our stakeholders

The Board and senior executive team s participation in shareholder engagement reflects the importance we place on this activity. In addition to our Group Chief Executive and Group Finance Director, each of our four business heads and a large proportion of their senior leaders have been actively involved in investor meetings, reflecting our desire to promote shareholder access to a broad cross section of Barclays management team.

During 2014, we held quarterly results briefings, hosted by our Group Chief Executive and/or Group Finance Director and also held an in-person Group Strategy Update in May 2014. For fixed income investors, we held conference calls at both our full year and interim results, hosted by our Group Finance Director and Group Treasurer.

To further support engagement with our shareholders, we actively engaged with sell-side research analysts who provide their recommendations to the market. During 2014 this included breakfast briefings from the Group Finance Director after each of our results announcements. We also held a series of bi-annual meetings with the main credit rating agencies. These involved updates from Group Executive Committee members on their business units, as well as from Finance, Risk and Treasury, and allowed the credit rating agencies to develop a deeper understanding of our business.

The redesign of barclays.com, our corporate website, played a major part in enhancing our engagement with stakeholders. The updated IR section now provides a simple and clear source for a wide range of information on Barclays, including: our strategy and objectives, financial and operating performance, as well as all presentations and speeches by senior management. The re-launch was undertaken in line with the overall objective of making shareholders lives easier, by:

¡ Providing a central source of information on Barclays;

¡ Delivering clear messaging, with relevant and engaging content; and

¡ Making the website more intuitive to navigate.

Feedback received through engagement with all our stakeholders is communicated to the Directors to inform Board discussions. During 2014, investor and analyst views on the strategic realignment of the Group were particularly helpful to the Board s discussions relating to our Group Strategy Update in May 2014. We encourage further engagement with our investors as an opportunity to understand their views and concerns, as we continue on our journey to becoming the Go-To bank for customers and clients.

Governance: Directors report

Other statutory information

The Directors present their report together with the audited accounts for the year ended 31 December 2014.

Other information that is relevant to the Directors Report, and which is incorporated by reference into this report, can be located as follows:

Contents

Disclosures required pursuant to Listing Rule 9.8.4R can be found on the following pages:

The particulars of important events affecting the Company since the financial year end can be found in Note 29 Legal proceedings, competition and regulatory matters and Note 45 Non-current assets held for disposal and associated liabilities.

Profit and dividends

The adjusted profit for the financial year, after taxation, was £3,798m (2013: £2,945m). Statutory profit after tax for 2014 was £845m (2013: £1,297m). The final dividend for 2014 of 3.5p per share will be paid on 2 April 2015 to shareholders whose names are on the Register of Members at the close of business on 11 March 2015. With the interim dividends totalling 3p per ordinary share, paid in June, September and December 2014, the total distribution for 2014 is 6.5p (2013: 6.5p) per ordinary share. The interim and final dividends for 2014 amounted to £1,057m (2013: £859m).

The nominee companies of certain Barclays employees benefit trusts holding shares in Barclays in connection with the operation of the Company s share plans have lodged evergreen dividend waivers on shares held by them that have not been allocated to employees. The total amount of dividends waived during the year ended 31 December 2014 was £8.5m.

Board of Directors

The names of the current Directors of Barclays PLC, along with their biographical details, are set out on pages 3 to 4 and are incorporated into this report by reference. Changes to Directors during the year and up to the date of signing this report are set out below.

Name	Role	Effective date of appointment/resignation
Steve Thieke	Non-executive Director	Appointed 7 January 2014
Crawford Gillies	Non-executive Director	Appointed 1 May 2014
John McFarlane	Non-executive Director	Appointed 1 January 2015
Fulvio Conti	Non-executive Director	Resigned 24 April 2014
Simon Fraser	Non-executive Director	Resigned 24 April 2014

John McFarlane will succeed Sir David Walker as Chairman of Barclays with effect from the conclusion of the Barclays PLC AGM in 2015.

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company s Articles of Association (the Articles), the UK Corporate Governance Code (the Code), the Companies Act 2006 and related legislation. The Articles may only be amended by a special resolution of the shareholders.

The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any such Director holds office only until the next AGM and may offer himself/herself for election. The Code recommends that all directors of FTSE 350 companies should be

| 39

subject to annual re-election, and all Directors will stand for election or re-election at the 2015 AGM with the exception of Sir David Walker and Sir John Sunderland, who are retiring from the Board at the conclusion of the 2015 AGM.

Directors indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2014 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. In addition, the Company maintains Directors & Officers Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2014 for the benefit of the then Directors, and at the date of this report are in force for the benefit of directors of Barclays Pension Funds Trustees Limited as Trustee of the Barclays Bank UK Retirement Fund. The directors of the Trustee are indemnified against liability incurred in connection with the Company s activities as Trustee of the retirement fund.

Similarly, qualifying pension scheme indemnities were in force during 2014 for the benefit of Barclays Executive Schemes Trustees Limited as Trustee of Barclays Bank International Zambia Staff Pension Fund (1965), Barclays Capital International Pension Scheme (No.1), Barclays Capital Funded Unapproved Retirement Benefits Scheme, and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The directors of the Trustee are indemnified against the liability incurred in connection with the Company s activities as Trustee of the schemes above.

Political donations

The Group did not give any money for political purposes in the UK, the rest of the EU or outside of the EU, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year.

In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the USA funded by the voluntary political contributions of eligible Barclays employees. The PAC is not controlled by Barclays and all decisions regarding the amounts and recipients of contributions are directed by a steering committee comprising employees eligible to contribute to the PAC. Contributions to political organisations reported by the PAC during the calendar year 2014 totalled $103,000 (2013: $16,000).

Environment

Barclays Climate Action Programme focuses on addressing environmental issues where we believe we have the greatest potential to make a difference. The Programme focuses on managing our own carbon footprint and reducing our absolute carbon emissions, developing products and services to help enable the transition to a low-carbon economy, and managing the risks of climate change to our operations, clients, customers and society at large. We invest in improving the energy efficiency of our operations and offset the emissions remaining through the purchase of carbon credits. We also have a long-standing commitment to managing the environmental and social risks associated with our lending practices, which is embedded into our Credit Risk processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around issues of potential environmental and social risk.

We have disclosed global greenhouse gas emissions that we are responsible for as set out by The Companies Act 2006 Regulations 2013 . We provide fuller disclosure across our carbon emissions within Barclays GRI statement found on our website Barclays.com/citizenship.

	Current Reporting Year[a] 2014	Previous Reporting Year[b] 2013	Comparison Year[c] 2012
Global GHG emissions[d]			
Total CO_2e (tonnes)	830,668	968,781	1,060,442
Scope 1 CO_2e emissions (tonnes)[e]	49,994	58,176	47,718
Scope 2 CO_2e emissions (tonnes)	655,426	723,993	822,486
Scope 3 CO_2e emissions (tonnes)[f]	125,248	186,612	190,238
Intensity Ratio			
Total full time employees (FTE)	132,300	139,600	139,200
Total CO_2e per FTE (tonnes)	6.28	6.94	7.62

Notes

a 2014 reporting year covers Q4 2013 and Q1, 2, 3 of 2014. The carbon reporting year is not fully aligned to the financial reporting year covered by the Director s report. This report is produced earlier than previous carbon reporting to allow us to report within the year end financial reporting timelines.

b 2013 reporting year covers Q4 2012 and Q1, 2, 3 of 2013.

c 2012 reporting year is the full calendar year (January 2012 December 2012).

d The methodology used to calculate our CO2e emissions is the operational control approach on reporting boundaries as defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard, Revised Edition. Where properties are covered by Barclays consolidated financial statements but are leased to tenants who are invoiced for utilities, these emissions are not included in the Group GHG calculations.

- ¡ Scope 1 covers direct combustion of fuels and company owned vehicles (from UK and South Africa only, which are the most material contributors).
- ¡ Scope 2 covers emissions from electricity and steam purchased for own use.
- ¡ Scope 3 covers indirect emissions from business travel (global flights and ground transport from the UK and South Africa. 2014 car hire data covers the USA and India only. Ground transportation data (excluding Scope 1 company cars) covers only countries where this type of transport is material and data is available).

e Fugitive emissions reported in Scope 1 for 2014 & 2013 cover emissions from UK, Americas, Asia-Pacific and South Africa. Fugitive emission data for 2012 is not available. Business travel reported in Scope 1 covers company cars in the UK & South Africa. This covers the majority of our employees where we have retail operations with car fleets.

f Scope 3 is limited to emissions from business travel which covers global flights and ground transport from the UK and South Africa. 2014 car hire data also covers the USA and India only. Ground transportation data (excluding Scope 1 company cars) covers only countries where this type of transport is material and data is available.

Research and development

In the ordinary course of business the Group develops new products and services in each of its business divisions.

Share capital

Share capital structure

The Company has ordinary shares in issue. The Company s Articles also allow for the issuance of sterling, US dollar, euro and yen preference shares (preference shares). No preference shares have been issued as at 27 February 2015 (the latest practicable date for inclusion in this report). Ordinary shares therefore represent 100% of the total issued share capital as at 31 December 2014 and as at 27 February 2015 (the latest practicable date for inclusion in this report). Details of the movement in ordinary share capital during the year can be found in Note 31 on page 280.

Voting

Every member who is present in person or represented at any general meeting of the Company, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote. The proxy will have one vote for and one vote against a resolution if he/she has been instructed to vote for or against the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote. On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by order in the share register) or his proxy may be counted. If any sum payable remains unpaid in relation to a member s shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Company unless the Board otherwise determine. If any member, or any other person appearing to be interested in any of the Company s ordinary shares, is served with a notice under section 793 of the Companies Act 2006 and does not supply the Company with the information required in the notice, then the Board, in its absolute discretion, may direct that

Governance: Directors report

Other statutory information

that member shall not be entitled to attend or vote at any meeting of the Company. The Board may further direct that if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, that dividends or other monies payable on those shares shall be retained by the Company until the direction ceases to have effect and that no transfer of those shares shall be registered (other than certain specified excepted transfers). A direction ceases to have effect seven days after the Company has received the information requested, or when the Company is notified that an excepted transfer of all of the relevant shares to a third party has occurred, or as the Board otherwise determines.

Transfers

Ordinary shares may be held in either certificated or uncertificated form. Certificated ordinary shares shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. Transfers of uncertificated ordinary shares shall be made in accordance with the Companies Act 2006 and CREST Regulations.

The Board is not bound to register a transfer of partly paid ordinary shares, or fully paid shares in exceptional circumstances approved by the FCA. The Board may also decline to register an instrument of transfer of certificated ordinary shares unless it is duly stamped and deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, it is in respect of one class of shares only, and it is in favour of a single transferee or not more than four joint transferees (except in the case of executors or trustees of a member).

Preference shares may be represented by share warrants to bearer or be in registered form. Preference shares represented by share warrants to bearer are transferred by delivery of the relevant warrant. Preference shares in registered form shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. The Company s registrar shall register such transfers of preference shares in registered form by making the appropriate entries in the register of Preference shares. Each preference share shall confer, in the event of a winding up or any return of capital by reduction of capital (other than, unless otherwise provided by their terms of issue, a redemption or purchase by the Company of any of its issued shares, or a reduction of share capital), the right to receive out of the surplus assets of the Company available for distribution amongst the members and in priority to the holders of the ordinary shares and any other shares in the Company ranking junior to the relevant series of preference shares and pari passu with any other class of preference shares (other than any class of shares then in issue ranking in priority to the relevant series of preference shares), repayment of the amount paid up or treated as paid up in respect of the nominal value of the preference share together with any premium which was paid or treated as paid when the preference share was issued in addition to an amount equal to accrued and unpaid dividends.

Variation of rights

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class or with the sanction of special resolution passed at a separate meeting of the holders of the shares of that class. The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them or subsequent to them.

Limitations on foreign shareholders

There are no restrictions imposed by the Articles or (subject to the effect of any economic sanctions that may be in force from time to time) by current UK laws which relate only to non-residents of the UK and which limit the rights of such non-residents to hold or (when entitled to do so) vote the ordinary shares.

Exercisability of rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with certain of the Group s Employee Share Plans (Plans). The trustees of the EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. The trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Barclays shares held in trust. The trustees of the Global Sharepurchase EBT and UK Sharepurchase EBTs may vote in respect of Barclays shares held in the EBTs, but only as instructed by participants in those Plans in respect of their Partnership shares and (when vested) Matching and Dividend shares. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBTs.

Special rights

There are no persons holding securities that carry special rights with regard to the control of the Company.

Major shareholders[a]

Major shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by major shareholders pursuant to the FCA s Disclosure and Transparency Rules (DTR) are published via a Regulatory Information Service and is available on the Company s website. As at 31 December 2014, the Company had been notified under Rule 5 of the DTR of the following holdings of voting rights in its shares.

Person interested	Number of Barclays shares	% of total voting rights attaching to issued share capital[b]
Qatar Holding LLC[c]	813,964,552	6.65
BlackRock, Inc[d]	822,938,075	5.02
The Capital Group Companies Inc[e]	817,522,531	4.96

Notes

a Significant shareholders for the last 3 years are shown on page 318.
b The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTR.
c Qatar Holding LLC is wholly-owned by Qatar Investment Authority.

d Total shown includes 1,408,618 contracts for difference to which voting rights are attached.

e The Capital Group Companies Inc (CG) holds its shares via CG Management companies and funds. Part of the CG holding is held as American Depositary Receipts.

Between 31 December 2014 and 27 February 2015 the Company was notified that The Capital Group Companies Incd now holds 861,142,569 Barclays shares, representing 5.22% of the total voting rights attaching to issued share capital.

Powers of Directors to issue or buy back the Company s shares

The powers of the Directors are determined by the Companies Act 2006 and the Company s Articles. The Directors are authorised to issue and allot shares and to buy-back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2014 AGM. It will be proposed at the 2015 AGM that the Directors be granted new authorities to allot and buy-back shares.

Repurchase of shares

The Company did not repurchase any of its ordinary shares during 2014 (2013: none). As at 27 February 2015 (the latest practicable date for inclusion in this report) the Company had an unexpired authority to repurchase ordinary shares up to a maximum of 1,635,292,262 ordinary shares.

Change of control

There are no significant agreements to which the Company is a party that are affected by a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Going concern

The Group s business activities and financial position, the factors likely to affect its future development and performance, and its objectives and policies in managing the financial risk to which it is exposed and its capital are discussed in the Risk Management section.

The Directors have assessed, in the light of current and anticipated economic conditions, the Group s ability to continue as a going concern. The Directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing accounts.

Disclosure of information to auditor

Each Director confirms that, so far as he/she is aware, there is no relevant audit information of which the Company s auditors are unaware and that each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company s auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to those provisions.

Directors responsibilities

The following statement, which should be read in conjunction with the report of the independent registered public accounting firm set out on page 216, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 to prepare accounts for each financial year and, with regards to Group accounts, in accordance with Article 4 of the IAS Regulation. The Directors have prepared group and individual accounts in accordance with IFRS as adopted by the EU. The accounts are required by law and IFRS to present fairly the financial position of the Company and the Group and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

The Directors consider that, in preparing the accounts on pages 217 to 223, and the additional information contained on pages 224 to 304, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Directors are satisfied that the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company s performance, business model and strategy.

Directors responsibility statement

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, whose names and functions are set out on pages 3 to 5, confirm to the best of their knowledge that:

(a) The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Barclays PLC and the undertakings included in the consolidation taken as a whole; and

(b) The management report, which is incorporated into the Directors Report on pages 3 to 42, includes a fair review of the development and performance of the business and the position of Barclays PLC and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Lawrence Dickinson

Company Secretary

2 March 2015

Barclays PLC

Registered in England, Company No. 48839

Governance

People

In 2014 we experienced significant change across Barclays, driven by the refresh of our business strategy as well as the regulatory and economic environment. We have continued to support our colleagues, focusing on understanding and addressing the impact these changes have had on our internal operations. We continue progress on our journey to become the Go-To bank and enabling our colleagues to feel part of this is critical to its success.

We are continuing our journey to transform the culture of the bank. Following the launch of the Values in 2013, the focus in 2014 has been continuing to drive the cultural change through our Senior Leadership Group and setting the tone from the top. Our Values are clearly articulated for leaders and employees and are helping to shape our desired culture over time.

Our organisational culture is driven through a number of initiatives that include: building our colleagues capability and skills, embedding the Values into our organisational systems and processes, ensuring a sharper focus on role modelling behaviour, and supporting the development of our leaders.

We believe that leadership shapes culture which in turn drives organisational performance. Our leadership development programme is designed with this in mind, focusing on our Values and aligning leaders mind set with the objectives of the balanced scorecard. The Barclays Leadership Academy, launched in 2013 and designed to help us build a cadre of leaders who can shape our culture and drive organisational performance, continued to be deployed in 2014. We also deployed our Global Curriculum enabling a consistent approach to core and leadership development for all colleagues. The programmes are underpinned by the Values and build individual capability through a variety of learning styles, including multimedia and classroom based learning. In addition, we have deployed business training academies across Compliance, Barclays Internal Audit, Client & Customer Experience in Personal & Corporate Banking, and Investment Banking, giving access to role specific learning as well as core and leadership development.

To embed our desired culture at all levels of the organisation we have implemented the Values across our key people processes. Our recruitment and promotion processes include an assessment of the Values and Behaviours for all corporate grades. New joiners are invited to participate in the Being Barclays Global Induction programme as part of their transition into Barclays, enabling them to connect to the organisational Purpose as they join our Go-To journey. We have set out the behavioural standards we expect at Barclays in the global Code of Conduct (The Barclays Way) and all colleagues are required to attest and demonstrate their understanding of these.

In 2014, our performance management process has assessed colleagues against both what they do and how they do it. All colleague objectives are aligned to the 5Cs of the Balanced Scorecard to ensure consistency with Barclays strategic aims at all levels. The Values in Action framework provides a tool to assess employees against how they achieve their objectives and guides employees on behaviour in line with the Values. This framework underpins our approach to embedding the Values within Barclays across all key people processes.

We value sharing in each other s success at Barclays and our global recognition plan allows colleagues to recognise the outstanding achievements of people demonstrating our Values. Since the launch of the programme in May 2014, over 80,000 colleagues have received a Values Thank You and over 28,000 employees have been nominated by a colleague for a non-financial Values Award . Colleagues are also encouraged to participate in our all-employee share plans, which have been running successfully for over 10 years. Further details of our approach to remuneration are included in the Remuneration Report on pages 46-79.

Barclays is committed to helping young people achieve their ambitions when they enter the world of work. Our Early Careers proposition supports them in achieving their career goals through the graduate, intern and apprenticeship programmes. Barclays provides pathways for progression from apprentice to graduate supported by recognised qualifications and helps create a pipeline of talent for the organisation.

We have created over 2,000 apprenticeship positions within the organisation since the programme began in 2013, and have plans to increase this number in 2015. It is very important to us that we maintain and advocate a partnership in our approach to industrial relations. We ensure a regular and constructive dialogue with more than 30 national unions, works councils and staff associations across the globe. In the UK and South Africa, our two largest markets, we have formal partnership arrangements in place.

We consult employee representatives regularly on a wide range of matters affecting their interests. We have well established regional consultation forums in Europe and Africa through which we engage colleagues on transnational issues.

Where business restructuring is necessary and could result in potential job losses, we work closely with colleague representatives to avoid compulsory redundancies where possible. Our goal is to ensure that the colleagues that leave Barclays are supported and treated with respect. In countries where there are no collective representative bodies, we engage directly with colleagues. We have focused on putting internal colleagues first and supporting those impacted by change to ensure that, wherever possible, we retain talent within Barclays. So far over 1,000 colleagues have been redeployed. Internals First will become a key driver within our recruitment strategy ensuring we retain and promote internal talent before we look to the external market and will be launched more widely in 2015.

Barclays places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them and on the various factors affecting the performance of the Group. We recognise the importance of continuously seeking the views of our employees and the need to understand the collective voice of the organisation, especially during a time of change. In order to help us understand what colleagues think about working for Barclays, we deployed the first Global Employee Opinion Survey in October 2014. This asked all colleagues globally to provide their perspectives across a wide range of subject areas through a confidential online survey including questions on personal development, leadership and management, innovation, and citizenship. Over 90,000 colleagues participated in the survey, providing a depth of insight which will inform and shape our people strategy as we move forward into 2015. The engagement of colleagues was measured at 72%, a 1.3% decrease on 2013. Given the amount of change taking place in the organisation, it is not surprising that there has been a small drop and we are committed to building engagement further in 2015. We have performed an in-depth review of the results of the survey with all senior leaders and improving employee engagement is a key focus for 2015 to ensure we create the right environment for our colleagues to thrive.

Colleague wellness is a contributing factor to colleague engagement and following a successful UK pilot in our Personal & Corporate Banking business this year, the Barclays Wellness Portal for colleagues will be launched in 2015. The portal enables colleagues to learn more about wellness, find out what is on offer at Barclays, commit pledges to make small changes to their lives, and follow colleagues journeys as well as sharing stories of their own. The portal addresses four wellness areas: Think Well, Be Active, Social and Financial.

Barclays has made significant progress over the last two years across our people policies and practices and we will continue to evolve them, ensuring all colleagues are supported throughout their career at Barclays and beyond. Our colleagues have told us they remain committed to Barclays, and we remain committed to creating the right environment for them to thrive and succeed as we progress on our journey to Go-To .

FTE by region

	2014	2013	2012
United Kingdom	**48,600**	54,400	55,300
Continental Europe	**9,900**	9,800	11,100
Americas	**10,900**	11,100	11,100
Africa and Middle East	**44,700**	45,800	45,200
Asia Pacific			