

BARCLAYS PLC
Form 20-F
March 01, 2016

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, 2015

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])

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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

Name of Each Exchange

Title of Each Class

On Which Registered

25p ordinary shares

New York Stock Exchange*

<u>Title of Each Class</u>	<u>Name of Each Exchange On Which Registered</u>
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
2.00% Fixed Rate Senior Notes due 2018	New York Stock Exchange
3.65% Fixed Rate Senior Notes due 2025	New York Stock Exchange
2.875% Fixed Rate Senior Notes due 2020	New York Stock Exchange
5.25% Fixed Rate Senior Notes due 2045	New York Stock Exchange
3.25% Fixed Rate Senior Notes due 2021	New York Stock Exchange
4.375% Fixed Rate Senior Notes due 2026	New York Stock Exchange

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

Barclays Bank PLC

<u>Title of Each Class</u>	<u>Name of Each Exchange On Which Registered</u>
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*
	New York Stock Exchange

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American Depositary Shares, Series 4, each representing one Non-Cumulative Callable Dollar Preference Share, Series 4

Non-Cumulative Callable Dollar Preference Shares, Series 5 New York Stock Exchange*

American Depositary 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 SM ETN	NYSE Arca
iPath® Bloomberg Agriculture Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Aluminum Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Cocoa Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Coffee Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Copper Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Cotton Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Energy Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Grains Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Industrial Metals Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Lead Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Livestock Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Natural Gas Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Nickel Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Platinum Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Precious Metals Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Softs Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Sugar Subindex Total Return SM ETN	NYSE Arca
iPath® Bloomberg Tin Subindex Total Return SM 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 SM ETN	NYSE Arca
iPath® MSCI India Index SM 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 TM 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	NASDAQ
iPath® US Treasury Flatteners ETN	NASDAQ
iPath® US Treasury 2-year Bull ETN	NASDAQ
iPath® US Treasury 2-year Bear ETN	NASDAQ
iPath® US Treasury 10-year Bull ETN	NASDAQ
iPath® US Treasury 10-year Bear ETN	NASDAQ
iPath® US Treasury Long Bond Bull ETN	NASDAQ
iPath® US Treasury Long Bond Bear ETN	NASDAQ
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	NASDAQ
iPath® US Treasury 5-year Bear ETN	NASDAQ
iPath® S&P 500 Dynamic VIX ETN	NYSE Arca
iPath® Inverse S&P 500 VIX Short-Term Futures™ ETN (II)	NYSE Arca
iPath® GEMS Index™ 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® 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

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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 to 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	16,804,603,949
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 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

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 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

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Large Accelerated Filer
Barclays Bank PLC

Accelerated Filer

Non-Accelerated Filer

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

*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

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

(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

Form 20-F item number	Page and caption references in this document*
1 Identity of Directors, Senior Management and Advisers	Not applicable
2 Offer Statistics and Expected Timetable	Not applicable
3 Key Information	
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B. Capitalization and indebtedness	Not applicable
C. Reason for the offer and use of proceeds	Not applicable
D. Risk factors	87-94
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4A Unresolved staff comments	Not applicable
5 Operating and Financial Review and Prospects	
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	B. Related party transactions	294-296 (note 41), 431, 453 (note r)
	C. Interests of experts and counsel	Not applicable
8	Financial Information	
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	B. Significant changes	Not applicable
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	B. Plan of distribution	Not applicable
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	E. Dilution	Not applicable
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	C. Material contracts	81-82, 276 (note 31)
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	F. Dividends and paying assets	Not applicable
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11	Quantitative and Qualitative Disclosure about Market Risk	101-102, 138-147, 297 (note 43), 376-391

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12 Description of Securities Other than Equity Securities	
A. Debt Securities	Not applicable
B. Warrants and Rights	Not applicable
C. Other Securities	Not applicable
D. American Depositary Shares	312, 316-320
13 Defaults, Dividends Arrearages and Delinquencies	Not applicable
14 Material Modifications to the Rights of Security Holders and Use of Proceeds	Not applicable
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17 Financial Statements	Not applicable (See Item 8)
18 Financial Statements	Not applicable (See Item 8)
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* 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.

[Return to stability](#)

[Barclays PLC and Barclays Bank PLC](#)

2015 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 2015 to the corresponding twelve months of 2014 and balance sheet analysis as at 31 December 2015 with comparatives relating to 31 December 2014. 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.

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. These restatements were detailed in our Form 6-K filed with the SEC dated 14 July 2014.

References throughout this document to provisions for ongoing investigations and litigation including Foreign Exchange mean provisions held for certain aspects of ongoing investigations involving certain authorities and litigation including 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 2015, which include certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US SEC (2015 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) have been 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.

Strategic Update

On 1 March 2016, Barclays also announced certain strategy updates of the Group, including in relation to reorganisation of operating segments into Barclays UK and Barclays Corporate & International, the intention to reduce the Group's stake in Barclays Africa Group Limited, the contribution of certain assets to the Non-Core segment, revised guidance on future dividends and new Group financial targets. Further information can be found in the Form 6-K regarding the Group Chief Executive Officer Strategy Update filed by Barclays on 1 March 2016, which is incorporated herein by reference.

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, impairment of goodwill and other assets relating to businesses being disposed, provisions for UK customer redress, gain on US Lehman acquisition assets, provisions for ongoing investigations and litigation including Foreign Exchange, losses on sale relating to the Spanish, Portuguese and Italian businesses, Education, Social Housing, and Local Authority (ESHLA) revision of valuation methodology, and gain on valuation of a component of the defined retirement benefit liability. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted profit after tax represents profit after tax excluding the post-tax impact of own credit, impairment of goodwill and other assets relating to businesses being disposed, provisions for UK customer redress, gain on US Lehman acquisition assets, provisions for ongoing investigations and litigation including Foreign Exchange, loss on sale relating to the Spanish, Portuguese and Italian businesses, Education, Social Housing, and Local Authority (ESHLA) revision of valuation methodology, and gain on valuation of a component of the defined retirement benefit liability. A reconciliation to IFRS is presented on page 192 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. A reconciliation to IFRS is provided on page 192 for the Group;

Adjusted income and adjusted total income net of insurance claims represents total income net of insurance claims adjusted to exclude the impact of own credit, revision of Education, Social Housing, and Local Authority (ESHLA) valuation methodology and gain on US Lehman acquisition assets. A reconciliation to IFRS is presented on page 192 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 revision of ESHLA valuation methodology. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted total operating expenses represents operating expenses excluding impairment of goodwill and other assets relating to businesses being disposed, provisions for UK customer redress, provisions for ongoing investigations and litigation including Foreign Exchange and gain on valuation of a component of the defined retirement benefit liability. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted litigation and conduct represents litigation and conduct excluding the provisions for UK customer redress and the provision for ongoing investigations and litigation including Foreign Exchange. A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted cost: income ratio represents adjusted operating expenses (defined above) compared to adjusted income (defined above). A reconciliation to IFRS is presented on page 192 for the Group;

Adjusted compensation: net operating income ratio represents compensation costs: net operating income ratio excluding the impact of own credit; and the revision of ESHLA valuation methodology. A reconciliation is provided on page 192 for the Group;

Adjusted compensation: operating income ratio represents compensation costs: operating income ratio excluding the impact of credit impairment charges and other provisions; own credit; gain on US Lehman acquisition and revision of ESHLA valuation methodology. A reconciliation is provided on page 192 for the Group;

Adjusted basic earnings per share represents adjusted attributable profit (page 205) 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. A reconciliation to IFRS is provided on page 192 for the Group;

Adjusted return on average shareholders' equity represents annualised adjusted profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders' equity, excluding non-controlling interests, the impact of own credit on retained earnings, and other equity instruments. The comparable IFRS measure is return on average shareholders' equity which represents annualised profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders' equity, excluding non-controlling interests and other equity instruments. A reconciliation to IFRS is provided on page 192 for the Group;

Adjusted return on average tangible shareholders' equity represents annualised adjusted profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders' equity excluding non-controlling interests, the impact of own credit on retained earnings, and other equity instruments adjusted for the deduction of intangible assets and goodwill.

The comparable IFRS measure is return on average tangible shareholders' equity which represents annualised profit after tax for the period attributable to ordinary shareholders, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill. A reconciliation to IFRS is provided on page 192 for the Group;

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 IFRS is provided on pages 191 and 192;

Constant currency results are calculated by converting ZAR results into GBP using the average exchange rate for the year ended 31 December 2015 for the income statement and the 31 December 2015 closing exchange rate for the balance sheet 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 in October 2014 (Basel III: The Net Stable Funding Ratio, October 2014). The metric is a regulatory ratio that is not yet finalised in local regulations and, as such, represents 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;

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 applicable from 01 October 2015 and as such is a binding measure as at 31 December 2015;

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 150 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 the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures 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, projected, expect, estimate, intend, plan, goal, believe, achieve or similar words or phrases. Examples of forward-looking 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 strategic cost programme and the Group Strategy Update, rundown 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 International Financial Reporting Standards (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; United Kingdom (UK), United States (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 any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implementation of the strategic cost 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 which may impact the Group's future financial condition and performance 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 made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or 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.

References to Pillar 3 report

This document contains references throughout to Barclays annual risk report, the Pillar 3. Reference to the aforementioned report is made for information purposes only, and information found in said report is not incorporated by reference into this document.

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Governance

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Governance: Directors report

[Who we are](#)

[Board of Directors¹](#)

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 Nominations Committee. The skills and experience of the current Directors and the value they bring to the Board is described below. Full biographies can be accessed online via home.barclays/investorrelations

John McFarlane

Chairman

Relevant skills and experience

John is a former CEO of Australia and New Zealand Banking Group Limited 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; most recently demonstrated during his time as chairman of Aviva plc. He is also an experienced non-executive director and chairman. John became Chairman at the conclusion of the April 2015 AGM. He became Executive Chairman in July 2015 and held this position until 1 December 2015, when he resumed the role of Chairman.

Age: 68

Appointed:

1 January 2015

Other principal appointments

Old Oak Holdings Limited; Westfield Corporation;

Chairman, The CityUK

Committees

Nom*

Relevant skills and experience

Jes Staley

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Group Chief Executive

Jes has nearly four decades of extensive experience in banking and financial services. He worked for more than 30 years at JP Morgan, initially training as a commercial banker, and later advancing to the leadership of major businesses involving equities, private banking and asset management, and ultimately heading the company's global investment bank. Most recently, Jes served as managing partner at BlueMountain Capital. These roles have provided him with a vast experience in leadership and he brings a wealth of investment banking knowledge to the Board. Jes joined Barclays as Group Chief Executive on 1 December 2015.

Age: 59

Appointed:

1 December 2015

Other principal appointments

None

Committees

None

Relevant skills and experience

Sir Gerry Grimstone

Deputy Chairman and

Senior Independent

Director

Sir Gerry brings to the Board a wealth of investment banking, financial services and commercial experience gained through his senior roles at Schrodgers and his various former board positions. Sir Gerry has global business experience across the UK, Hong Kong, the Middle East and the US.

Age: 66

Appointed:

1 January 2016

Sir Gerry has significant experience as a non-executive director and chairman. He is currently the chairman of Standard Life plc, independent non-executive board member of Deloitte LLP and the lead non-executive at the Ministry of Defence.

Other principal appointments

Financial Services Trade and Investment Board;

The Shareholder Executive

Committees

Nom, Rep*

Relevant skills and experience

Mike Ashley

Non-executive

Age: 61

Appointed:

18 September 2013

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. While 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 principal appointments

ICAEW Ethics Standards Committee; European Financial Reporting Advisory Group's Technical Expert Group; Chairman, Government Internal Audit Agency; Charity Commission; International Ethics Standards Board for Accountants

Committees

Aud*, Nom, Ris

Tim Breedon

Non-executive

Age: 58

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 principal appointments

Marie Curie Cancer Care; Chairman, Apax Global

Alpha Limited

Committees

Aud, Nom, Rem, Ris*

Crawford Gillies

Non-executive

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.

Age: 59

Appointed:

1 May 2014

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 intends to retire from his position at Standard Life plc in 2016.

Other principal appointments

SSE plc; Control Risks Group Holdings Limited

Committees

Aud, Nom, Rem*

Reuben Jeffery III

Non-executive

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 Rockefeller Financial Services Inc. and his former senior roles with Goldman Sachs, including as the managing partner of the Paris office.

Age: 62

Appointed:

16 July 2009

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

Other principal appointments

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

Committees

Nom, Ris

^a Full Director biographies can be found on pages [324](#) to [327](#)

¹ The composition of the Board is correct as at 29 February 2016.

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Wendy Lucas-Bull

Non-executive

Age: 62

Appointed:

19 September 2013

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 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 the 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 principal appointments

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

Committees

Rep

Tushar Morzaria

Group Finance

Director

Age: 47

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, 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 Board he has been a driving influence on the Group's strategic cost programme, and managing the Group's capital plan, particularly in response to structural reform.

Other principal appointments

None

Committees

None

Relevant skills and experience

Dambisa Moyo

Non-executive

Age: 47

Appointed:

1 May 2010

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 principal appointments

SABMiller Plc; Barrick Gold Corporation; Seagate Technology plc

Committees

Rem, Rep

Relevant skills and experience

Frits van Paasschen

Non-executive

Age: 54

Appointed:

1 August 2013

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 principal appointments

None

Committees

Rep

Diane de Saint Victor

Non-executive

Age: 61

Appointed:

1 March 2013

Relevant skills and experience

Diane holds the roles of executive director, 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 the discussions of the Board and its Committees.

Other principal appointments

None

Committees

Aud, Rep

Diane Schueneman

Non-executive

Age: 63

Appointed:

25 June 2015

Relevant skills and experience

Diane joined Barclays after an extensive career at Merrill Lynch, holding a variety of senior roles. Diane brings a wealth of experience in managing global, cross-discipline business operations, client services and technology in the financial services industry. Diane's experience is a good addition to discussions of the Board and the Board Risk Committee. Diane will also join the Board Audit Committee with effect from 1 March 2016.

Other principal appointments

None

Committees

Ris

Steve Thieke

Non-executive

Age: 69

Appointed:

7 January 2014

Relevant skills and experience

Steve has significant experience in financial services, in both investment banking with JP Morgan, where among 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 principal appointments

None

Committees

Rem, Ris

Company Secretary

Lawrence Dickinson

Age: 58

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. In August 2015 Lawrence also became Group Chief of Staff to the Chairman.

Committee membership key

Aud Board Audit Committee

Nom Board Nominations Committee

Rem Board Remuneration Committee

Rep Board Reputation Committee

Ris Board Risk Committee

* Committee Chairman

Governance: Directors report

[Who we are](#)

Group Executive Committee¹

Group Executive Committee^a

Biographies for Jes Staley, Group Chief Executive, and Tushar Morzaria, Group Finance Director, who are members of the Group Executive Committee, which is chaired by Jes Staley, can be found on pages 324 and 326.

Michael Harte
Chief Operations and
Technology Officer

Bob Hoyt
Group General
Counsel

Thomas King
Chief Executive,
Investment Bank

Robert Le Blanc
Chief Risk Officer

Jonathan Moulds
Group Chief
Operating Officer

Maria Ramos
Chief Executive,
Barclays Africa Group

Tristram Roberts
Group Human
Resources Director

Michael Roemer
Group Head of
Compliance

Amer Sajed
Interim Chief
Executive,
Barclaycard

Ashok Vaswani

Chief Executive,
Personal and
Corporate Banking

^a Executive Committee biographies can be found on pages 327 to 329

¹ The composition of the Group Executive Committee is correct as at 29 February 2016.

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	11

Gender balance

Male: Female
10:4

Length of tenure

(Chairman and non-executive Directors)

0-3 years
9

3-6 years
2

>6 years

[1](#)

Geographical mix

(Chairman and non-executive Directors)

UK

[5](#)

Continental Europe

[1](#)

US

[4](#)

Other

[2](#)

Industry/background experience

(Chairman and non-executive Directors)^a

Financial Services	10
Political/regulatory contacts	9
Current/recent Chair/CEO	8
Accountancy/financial	2
International (US)	4
International (Europe)	4
International (Rest of the World)	4
Operations and Technology	1
Retail/marketing	1

[Note](#)

[a Individual Directors may fall into one or more categories](#)

[What we did in 2015](#)

[Chairman's introduction](#)

The role of any board, and one in which I passionately believe, is to create and deliver long-term, sustainable value.

Dear Fellow Shareholders

I joined Barclays in January 2015 as a non-executive Director and succeeded Sir David Walker as Chairman following the April 2015 Annual General Meeting (AGM). I would like to extend my thanks and appreciation to Sir David for all that he did for Barclays during his tenure.

This is my first report to you as Chairman and is perhaps not quite the report I anticipated writing when I first took up this role. From 17 July to 30 November 2015, I served as Executive Chairman, the Board having asked me to take on this role on an interim basis following its decision to search for a new Group Chief Executive to succeed Antony Jenkins. I welcome the flexibility afforded to us by the UK Corporate Governance Code that allowed us to operate under these revised governance arrangements for a short period of time and ensure continuity of focus and leadership. I was ably supported by my fellow Directors and by the Group Executive Committee during my period as Executive Chairman and thank them for their individual and collective guidance and input. I was delighted that, under the leadership of Sir Michael Rake, we were able to progress the search for a new Group Chief Executive quickly and welcome Jes Staley to the Board in December 2015, at which point I reverted to my role of non-executive Chairman. Jes has a track record as an outstanding leader and I believe he has the skills and experience to take Barclays forward to deliver improved shareholder returns and reclaim its position as the UK's pre-eminent bank. Jes and I are already enjoying a constructive and positive time working together.

The role of the Board

The role of any board, and one in which I passionately believe, is to create and deliver long-term, sustainable value. Barclays is a standout brand and has first-class retail, cards, commercial and investment banking businesses, but this has not translated into shareholder value in recent years. To deliver that value sustainably, we need to be much more focused on what is attractive, what we are good at, and where we are good at it. Put simply, we need to create a tangible and compelling reason for our shareholders to invest in us. This has driven the Board's focus on three priorities during 2015: focus on our core segments and markets; generate shareholder value; and instil a high performance and customer culture, with strong ethical values.

Board appointments, performance and succession planning

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One of the key aspects of my role as Chairman, and one which was especially important during my tenure as Executive Chairman, is to ensure that Barclays has an effective and cohesive, yet challenging Board, with the optimum balance of experience, skills, expertise and personal attributes. I have sought to promote a culture of integrity and transparency, enabling Board debate that allows diverse perspectives and constructive challenge. Certainly, the Board did not shy away from difficult conversations and decisions during 2015, always with a focus on what was needed to drive forward execution of the strategy to generate sustainable value for Barclays and its shareholders.

The Barclays Board has undergone a significant amount of change in recent years and saw further changes during 2015. In addition to my own appointment, we welcomed Diane Schueneman to the Board in June 2015 and Jes Staley in December 2015. Diane brings valuable operations and technology experience to the Board. Sir David Walker and Sir John Sunderland left the Board in April 2015, following the AGM, with Antony Jenkins leaving the Board in July 2015. Finally, in October 2015, we announced that Sir Gerry Grimstone would succeed Sir Michael Rake as Deputy Chairman and Senior Independent Director with effect from 1 January 2016. Sir Michael retired from the Board at the end of 2015 and I would like to thank him for his dedicated service and commitment over his eight years as a non-executive Director, including being Senior Independent Director since October 2011 and Deputy Chairman since July 2012. Sir Michael offers his own perspective on governance during 2015 on page 8.

Governance: Directors' report

[What we did in 2015](#)

Chairman's introduction

I am also delighted to report that we have met the Board diversity target we set back in 2012, which was that 25% of the Board by the end of 2015 should be women. We have now agreed a new diversity target, which is that 33% of the Board by the end of 2020 should be women, although our overriding principle is that all appointments to the Board are made on merit, taking into account the skills and experience that the Board needs now and may need in the future to support delivery of our strategy.

I am on record as saying that Barclays needs to reduce its internal bureaucracy by becoming leaner and more agile and consequently more effective and the Board and its processes are no exception to this. One of the steps I took on becoming Chairman was to review the Board's governance structure, with assistance from the Company Secretary, in order to simplify and streamline the principal Board Committees, in particular those Board Committees with responsibility for oversight of risk. As a result, the Board decided to disband the Board Enterprise Wide Risk Committee, with its responsibilities for oversight of enterprise-wide risk being assumed by the Board as a whole. We also concluded that the Board Financial Risk Committee should assume responsibility for oversight of the capital and financial aspects of operational risk, in addition to financial risk, leaving the Board Conduct, Operational and Reputational Risk Committee to focus on conduct and culture, reputational risk and citizenship. The Board Audit Committee continued to focus on the control aspects of operational risk. The Board Committees have subsequently been renamed to more accurately reflect their responsibilities.

As part of our discussions on Board and Board Committee succession planning, membership of each Committee was also reviewed to ensure that it had the right balance of skills, experience and perspectives and also to ensure that individual Directors were not being over-burdened by Committee responsibilities. Board Committees play a vital role in supporting the Board in its oversight of internal control and financial reporting, risk and risk management and reward and remuneration. Each of the Board Committee Chairmen report below on how their committees discharged their responsibilities during 2015 and the material matters each considered. The Board Nominations Committee has continued to play a role in succession planning for Group Executive Committee and senior leadership roles and, having had the opportunity during 2015, as Executive Chairman, to work even more closely with Group Executive Committee members, I was able to bring some fresh perspectives on the talent pipeline and talent management processes. More detail on the Board Nominations Committee's work on succession planning can be found on page 28.

It is important to periodically obtain an independent perspective on the effectiveness of the Board and particularly so in a year when our conventional Board governance processes were temporarily revised. We have conducted an externally facilitated review of the effectiveness of the Board each year since 2004, and for 2015 we asked Independent Board Evaluation to facilitate that review. I am pleased to advise that the overall outcome of the review was that the Board is operating effectively, although there are some areas that could be enhanced. A report on the evaluation process and the outcomes may be found on pages 33 and 34.

Culture and values

People matter more than anything else in any business: it is a company's people that make it great help it stand out from its competitors and make it an attractive proposition for customers and investors. As a Board, we are responsible for ensuring that Barclays' people do things the right things in the right way by setting the tone from the top, by living Barclays' culture and values in everything that we do and in the decisions we make, by holding the Group Executive Committee to account for the integrity of our Purpose and Values and by creating a culture in which doing the right thing is integral to the way we operate, globally. In an organisation as large and as complex as Barclays, that can be, and is, a challenge, but we are only too alive to the consequence of getting this wrong. I have personally endorsed our Code of Conduct, The Barclays Way, and the Board Reputation Committee has been monitoring, on behalf of the Board, the progress we are making to embed cultural change.

Shareholder and regulatory engagement

Meaningful engagement with our shareholders and regulators is a key pillar of our approach to corporate governance. We welcome open and constructive discussion with our stakeholders, particularly with regard to governance and succession planning, strategy and remuneration. You can read more about how we have engaged with key stakeholders during 2015 in this report. I also hope to meet with many of our private shareholders at our AGM, which will be held on 28 April 2016. A significant activity during 2015 was our external audit tender, on which we engaged with a number of our major shareholders, and you can read a report from Tim Breedon, who chaired our Audit Tender Oversight Sub-Committee, on page 18.

Looking ahead

2015 has not been without its challenges, but I believe that we now have the leadership in place to take forward execution of our strategy at pace, to deliver on our priorities and generate the long-term sustainable value that will benefit not only Barclays' shareholders, but society at large.

John McFarlane

Chairman

29 February 2016

What we did in 2015

Statement from Sir Michael Rake,

Deputy Chairman until 31 December 2015

In asking the Chairman to take on executive responsibilities we were mindful of the need to ensure that our Board governance arrangements remained effective.

Board allocation of time (%)

	2015	2014
1 Strategy formulation and implementation monitoring	56	47
2 Finance (incl. capital and liquidity)	11	17
3 Governance and Risk (incl. regulatory issues)	29	32
4 Other (incl. compensation)	4	4

Dear Fellow Shareholders

In early July 2015, we announced the departure of Antony Jenkins as Group Chief Executive and the appointment of John McFarlane as Executive Chairman, pending the appointment of a new Group Chief Executive. The non-executive Directors had reflected long and hard on the issue of Group leadership and had concluded that new leadership, bringing a new set of skills, was required to accelerate the pace of execution going forward. These events were extensively reported at the time and, rather than revisit them, I would simply like to reiterate here the Board's appreciation of Antony's contribution at what was a critical period for Barclays.

In asking the Chairman to take on executive responsibilities, albeit for an interim period, we were mindful of the need to ensure that our Board governance arrangements remained effective and to maintain an appropriate balance of responsibilities on the Board and in the running of the Company until such time as a new Group Chief Executive was appointed. I wanted to give you my perspective on how we approached that and, in particular, how my role as Deputy Chairman and Senior Independent Director evolved during this time.

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First, as Executive Chairman, John McFarlane relinquished his membership of the principal Board Committees on which he served, to ensure they continued to be composed solely of non-executive Directors and without any impediment to their ability to provide independent and constructive challenge to executive management. Specifically, John stood down as Chairman of both the Board Nominations Committee and the Board Reputation Committee and I became Chairman of both committees in his place.

Secondly, I took primary responsibility for the search for a new Group Chief Executive, leading the Board Nominations Committee through this process. As the relationship between the Chairman and Group Chief Executive is pivotal to the effectiveness of the Board, John worked closely with me during this process and his insight and guidance on the skills and qualities we needed in the new Group Chief Executive was invaluable. During the search process, I reported regularly to my non-executive colleagues on the Board on progress and on potential candidates, ensuring that they had the opportunity to provide their views and feedback. You can read more about the search for our new Group Chief Executive on page 32. We announced in late October 2015 that Jes Staley would join the Board as Group Chief Executive with effect from 1 December 2015. John subsequently resumed his chairmanship of the Board Nominations Committee, however, I continued to chair the Board Reputation Committee for the remainder of 2015.

Thirdly, my general interaction with our main stakeholders – our major shareholders and our regulators in the UK and US – increased during the period that John served as Executive Chairman.

Finally, I also maintained close contact with both John and members of senior management to ensure there were no significant issues arising from a governance perspective during this period.

2015 was my last year on the Barclays Board. I joined the Board in January 2008 and served through an eventful and difficult period for both Barclays and the financial services industry as a whole. Barclays announced in October 2015 that I would retire from the Board with effect from 31 December 2015 and I have spent time with my successor as Deputy Chairman and Senior Independent Director, Sir Gerry Grimstone, to ensure a smooth handover. I have been proud to serve on the Barclays Board and wish my fellow Directors continuing success for the future.

Sir Michael Rake

Deputy Chairman and Senior Independent Director until

31 December 2015

Governance: Directors report

[What we did in 2015](#)

[Board Audit Committee report](#)

We have continued to play a role in changing the culture and building a greater sense of personal accountability, not just at a senior level within the Group but throughout the organisation, for maintaining the control environment.

Dear Fellow Shareholders

My report for 2014 emphasised the role the Committee has in ensuring that Barclays operates with a strong control environment and, in particular, the role it is playing in changing the culture and building a greater sense of personal accountability, not just at a senior level within the Group but throughout the organisation, for maintaining that control environment. During 2015, with the agreement of the Board and the Board Risk Committee, the Committee assumed primary responsibility for assessing and tracking the progress of embedding the Enterprise Risk Management Framework (ERMF), which is the way in which Barclays approaches enterprise risk management and is the bedrock of our management of internal risk and control. In particular, the Committee was keen to find ways in which the ERMF could be linked to the Group's assessment of Management's Control Approach (MCA), both to drive the right behaviours and provide a more objective method of assessing MCA. In terms of specific control issues, an area of focus for the Committee during 2015 was operations and technology, where there are a number of material control issues the Group is addressing. In assessing control issues for disclosure, the Committee has applied similar definitions to those used for assessing internal financial

The role of Board Audit Committee Chairman continues to be a full and busy one. During 2015, I had significant interaction with our regulators, meeting with representatives from our UK and US regulators and also participating in trilateral meetings with our auditors and UK regulators. I also took the opportunity to liaise with my fellow audit committee chairmen in other financial services companies, to discuss common issues and share practice, and I met with a group of investors to discuss disclosure issues, in particular with regard to realised profits. I carried on with my practice of meeting with representatives from senior management to discuss specific issues, such as customer complaints or cyber risk, in addition to my regular meetings with the Group Finance Director and Chief Internal Auditor. I also visited Barclays Africa, attending the African chairmen's conference. I held regular private meetings with my fellow Committee members ahead of Committee meetings to ensure I had a good sense of the matters that concerned them most and likewise met regularly with the lead audit partner of the external auditor.

Committee performance

The Committee's performance during 2015 was evaluated as part of the independently facilitated Board effectiveness review and I am pleased to report that the outcomes were positive. The Committee was regarded as effective and considered to be very thorough and detailed. The review commented on the continuing need to balance the demands of a busy agenda and programme of work with the need to cover issues in appropriate detail. We will also be seeking to strengthen the level of technical accounting experience on the

controls for the purposes of Sarbanes-Oxley and has concluded that there are no control issues that are considered to be a material weakness, which would therefore merit specific disclosure. Further details may be found in the Risk Management and Internal Control section on page 39. The Committee also continued to address the significant judgements that need to be made in connection with the Group's financial statements, primarily those relating to conduct and litigation provisions and the valuations of specific financial instruments, derivatives assets and portfolios, particularly those where there is a lack of observable market data. More details of the material matters addressed by the Committee are given in the report below. The Committee also spent time carefully considering the requirements of the new viability statement and confirmed that, as indicated in last year's report, three years was the appropriate period, as it accorded with the Group's Medium Term Plan.

A significant activity for the Committee during 2015 was the external audit tender, which was conducted by an Audit Tender Oversight Sub-Committee, chaired by Tim Breedon. As I was until 2013 a partner of KPMG, one of the bidding audit firms, I took no part in the external audit tender process, other than providing input to its initial design. Tim Breedon reports separately on the external audit tender process below.

Committee. You can read more about the outcomes of the Board effectiveness review on pages 33 and 34.

Looking ahead

Barclays continues to face an unprecedented level of change, driven by both internal and external factors and it will be critical to ensure that a culture of strong control is maintained as the Group implements its strategy and also as it positions itself for structural reform. The Committee will continue to seek to ensure that management maintains its focus on building personal accountability for upholding a strong and effective control environment and is supportive of the pilot programme being implemented in 2016 that will require certain business personnel to spend time working in a control function before being promoted. 2016 will also see the Committee focus on the transition to a new auditor, KPMG, who will become Barclays auditor with effect from the 2017 financial year. We will be seeking to ensure that the quality of the audit performed by the existing auditor, PwC, is maintained until the end of its tenure and that KPMG has completed the steps it needs to undertake to ensure it is fully independent of Barclays and has a strong understanding of the business before it takes up office.

Mike Ashley

Chairman, Board Audit Committee

29 February 2016

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Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. Dambisa Moyo retired from the Committee at the end of August 2015 following a review of Board Committee composition and size by the Board, which resulted in the membership of each Board Committee being refreshed. Diane Schueneman was appointed to the Committee with effect from 1 March 2016. 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, the Board has determined that the Committee would benefit from additional direct accounting and auditing experience and consideration is being given to further appointments to the Committee in order to deepen its expertise in these areas. You can find more details of the experience of Committee members in their biographies on pages 3 and 4.

The Committee met 10 times in 2015 and the chart on page 17 shows how it allocated its time. One meeting was held purely to consider presentations from the three audit firms bidding for the external audit tender and was not attended by Mike Ashley. Committee meetings were attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer, General Counsel and Head of Compliance, as well as representatives from the businesses and other functions. The lead audit partner of the external auditor attended all Committee meetings, except the meeting to evaluate the external audit tender proposals, and the Committee held a number of private sessions with each of the Chief Internal Auditor or the lead audit partner, which were not attended by management.

Member	Meetings attended/eligible to attend
Mike Ashley*	9/10
Tim Breedon	10/10
Crawford Gillies	10/10
Dambisa Moyo (to 31 August 2015)	6/7
Diane de Saint Victor	7/10

* Did not attend the meeting that considered the appointment of a new statutory auditor given that KPMG, where until 2013 he was a partner, was one of the bidding audit firms.

Unable to attend certain meetings owing to prior business commitments. Input was provided to the Committee Chairman prior to the meeting.

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

home.barclays/corporategovernance

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Board Audit Committee report

The Committee's work

The significant matters addressed by the Committee during 2015 are described below.

Significant financial statement reporting issues

Assumptions and estimates or judgements are an unavoidable and significant part of the financial reporting process and are evaluated carefully by the Committee ahead of the publication of Barclays' results announcements. The Committee examined in detail the main judgements and assumptions made by management, any sensitivity analyses performed and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below. Where appropriate, the Committee sought input and guidance from the external auditor and welcomed its challenge on specific matters. In addition to these main areas of focus, the Committee also covered matters relating to Barclays' pension scheme, taxation and accounting policy choices.

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), Packaged Bank Accounts (PBA) and rates provided to certain customers on foreign exchange transactions.	In debating Barclays' financial results statements, the Committee examined the provisions held for the costs of customer redress. In respect of PPI, the Committee: § analysed the judgements and estimates with regard to the PPI provision, taking into account estimated overturn rates, the estimation policy on missing data, and complaints trend data	The Committee agreed that an additional provision of £150m should be taken at the first quarter but requested a full review of forecasts for PPI redress for the second quarter 2015. Having assessed the outputs of that review, it agreed to increase the provision at the half year by £600m. Following the review at the third quarter, the Committee concluded that no additional provisions were required but asked management to conduct further review and analysis for the 2015 year end to ensure that provisions were within an acceptable range. In deliberating the analyses

§ evaluated Financial Ombudsman Service overturn rates and trends, provisions utilisation, latest flow forecasts and how reasonable high and low end scenarios had been determined in order to assess the range of reasonable possible future costs

§ debated proposed additional provisions and whether the analysis performed by management was consistent with prior periods

§ assessed the Group's ability to forecast trends in PPI complaints, discussing the levels of uncertainty in the projections

§ debated the potential range of outcomes that might arise from the Plevin case (the 2014 UK Supreme Court ruling in Plevin v Paragon Personal Finance Ltd) and the potential impact on the future range of provisions arising from the proposed timebar on claims.

With regard to PBA redress, the Committee:

§ debated the practice of providing for future costs where persistent levels of complaints are received

§ assessed PBA claims experience throughout 2015, examining the level of provisions against forecast volumes and actual claims experience

§ evaluated management's analysis of complaint levels and trends and the outputs of product reviews.

presented by management in connection with the 2015 full year results, and considering in particular the potential impact resulting from the FCA's consultation on introducing a time limit for claims and addressing the Plevin case, the Committee agreed with management's proposal to increase the provision at the year end by £1,450m. The Committee and management will continue to monitor closely any changes in customer or claims management companies behaviour in light of the Plevin case and the proposed timebar.

The Committee endorsed management's recommendation that an expense of £282m for PBA should be provided for in the first half and agreed it should be disclosed as a separate item in the interim results. Having examined claims trend data, it concluded that no further provisions were required during 2015.

The Committee agreed with the proposal to make a provision of £290m in the third quarter and that this provision should be separately disclosed. The

In relation to redress to certain customers regarding rates provided on foreign exchange transactions, the Committee:

§ examined the results of the internal review conducted by management on foreign exchange transactions

§ evaluated the Group's proposal for calculating remediation for the customers affected.

remediation is still at an early stage and the Committee noted that there were no significant developments in the fourth quarter. The Committee therefore agreed that no adjustment was required in the provision at the end of 2015.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
<p>Legal, competition and regulatory provisions</p> <p>(see Notes 27 and 29 to the financial statements).</p>	<p>Barclays makes judgements in respect of provisions for legal, competition and regulatory matters.</p>	<p>§ Evaluated advice on the status of current legal, competition and regulatory matters.</p> <p>§ Assessed management's judgements and estimates of the levels of provisions to be taken and the adequacy of those provisions, based on available information and evidence.</p>	<p>The Committee discussed provisions and utilisation for Foreign Exchange and ISDAFix litigation and agreed that any residual provision should be retained and not released in the first half.</p> <p>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 £1,237m for ongoing investigations and litigation including Foreign Exchange.</p> <p>Further information may be found on pages 266 and 267.</p>
<p>Valuations</p> <p>(see Notes 13 to 18 to the financial statements).</p>	<p>Barclays exercises judgement in the valuation and disclosure of financial instruments, derivative assets and certain portfolios, particularly where quoted market prices are not available, in particular the</p>	<p>§ Debated fair value balance sheet items. This included evaluating a report from the Valuations Committee, analysing social housing bonds credit spread performance and debating the appropriateness of</p>	<p>The Committee concluded that there should be no change to the fair value approach. It also agreed with management's recommendation that an additional prudential valuation adjustment of £300m should be</p>

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Group's Education, Social Housing and Local Authority (ESHLA) portfolio, which during 2015 represented the most material judgement in view of widening credit spreads on social housing bonds and budget changes impacting social housing portfolios.

the valuation model.

§ Assessed how the ESHLA portfolio might be accounted for under IFRS 9.

§ Debated uncollateralised derivatives and differences in pricing ranges and the potential impact on the Group's financial statements.

§ Examined the significant valuation disparity between the Group and a counterparty in relation to a specific long-dated derivative portfolio.

made in respect of the ESHLA portfolio, reflecting an increase in credit uncertainty for social housing sector loans arising from some widening of social housing bond credit spreads.

The Committee noted that despite attempts by the front office trading team, the Group Finance Director and the Chairman of the Committee, it had not proved possible to gain a complete understanding of the causes of the valuation disparity from the relevant counterparty. Nonetheless, a significant element was understandable in light of the different underlying positions held and the Committee took further comfort from a third party valuation provided in relation to ongoing consideration of restructuring the trades. The Committee concluded that the Group's valuation methodology was appropriate and also noted that the Group was protected against counterparty credit risk through a collateral escrow arrangement.

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.

§ Assessed impairment experience against forecast and whether impairment provisions were appropriate.

§ Evaluated the results of the review and stress tests conducted by management of the Group's exposures to the oil and gas sector in light of the reduction in oil prices.

The Committee agreed with the proposed adjustments to emergence and outcome periods and determined that the allowances for credit impairment on loans and advances were appropriate and adequately supported by model outputs.

§ Debated management's

In relation to the oil and gas

analysis of the emergence and
outturn periods for the
Barclaycard portfolios.

sector, the Committee
determined that the proposed
provisions were appropriate but
noted that further stress was
possible in the event of a
prolonged period of lower oil
prices.

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Board Audit Committee report

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
<p>Going concern</p> <p>(see page 45 for further information).</p>	<p>Barclays is required to confirm that the going concern basis of accounting is appropriate.</p>	<p>§ Assessed a working capital report prepared by Barclays Treasury, covering forecast and stress tested forecasts for liquidity and capital compared to current and future regulatory requirements, while taking into account levels of conduct and litigation provisioning and possible further provisions that may be required.</p>	<p>After examining forecast working capital, along with Barclays' ability to generate capital and raise funding in current market conditions, the Committee concluded that Barclays' liquidity and capital position remained appropriate, that there were no material uncertainties and that the going concern basis of accounting remained appropriate.</p>
<p>Viability</p>	<p>For the 2015 reporting year onwards, the Directors are required to make a statement in the Annual Report as to the longer-term viability of Barclays.</p>	<p>§ At the request of the Board, evaluated at the year end a report from management that set out the view of Barclays longer-term viability. This report was based on Barclays Medium Term Plan (MTP) and covered forecasts for capital, liquidity and leverage, including forecast performance against regulatory targets, outcomes of the stress test of the MTP and forecast capital and liquidity performance against stress hurdle rates, funding and liquidity forecasts and an assessment of global risk themes and the Group's risk profile.</p>	<p>Taking into account the assessment by the Board Risk Committee of stress testing results and risk appetite, the Committee agreed to recommend the viability statement to the Board for approval, although it emphasised the need for the statement to refer specifically to the key risks to viability, in particular those outside the Group's direct control.</p>

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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, assessed, via discussion with and challenge of management, whether disclosures in Barclays published financial statements were fair, balanced and understandable, taking into account comments received from investors and others.

§ Evaluated reports from the Disclosure Committee on its assessment of the content, accuracy and tone of the disclosures.

§ Sought and obtained confirmation from the Group Chief Executive and Group Finance Director that they considered the disclosures to be fair, balanced and understandable.

§ Evaluated the outputs of Barclays Turnbull assessments and Sarbanes- Oxley s404 internal control process.

§ Established via reports from management that there were no indications of fraud relating to financial reporting matters.

§ Assessed disclosure controls and procedures.

§ Requested that management report on and evidence the basis on which representations to the external auditors were made.

Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of Barclays published financial statements were appropriate in ensuring that those statements were fair, balanced and understandable.

In assessing Barclays financial results statements, the Committee requested that certain amendments were made to disclosures on litigation and also provided input on other key disclosure items, including the US Wealth disposal, guidance on Barclays Non-Core, adjusting items, dividends and outlook statements. It also debated the proposed statements to be made by the Chairman and Group Chief Executive, suggesting amendments.

The Committee concluded that the disclosures and process underlying the production of the 2015 Annual Report and Financial Statements were appropriate and recommended to the Board that the 2015 Annual Report and Financial Statements are fair, balanced and understandable.

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, the performance, objectivity and independence of the external auditor, PricewaterhouseCoopers LLP (PwC) and the arrangements being made to ensure that the incoming auditor, KPMG LLP (KPMG), achieves full independence prior to commencing the Barclays' audit. 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 page 39.	The effectiveness of the control environment in operations and technology (O&T) and the status and remediation of any material control issues.	<p>§ Evaluated on a regular basis, the O&T control environment, including the status of any open material control issues, emerging risks and closed control issues, taking the opportunity to directly challenge and question functional leaders.</p> <p>§ Scrutinised the status of specific material control issues and their associated remediation plans, including in particular those relating to access management, security of secret and confidential data, cyber risk, IT infrastructure and application issues and third party supplier management.</p> <p>§ Debated any slippage to remediation programmes and</p>	<p>Having assessed the status of material control issues and their remediation, the Committee suggested that resilience should be elevated as a material control issue and requested a deep dive. The deep dive has been scheduled for early 2016. The Committee also requested further updates on cyber risk and third party supplier management, both of which are scheduled to take place in early 2016.</p> <p>The Committee requested a deep dive on access management control issues, which took place during 2015.</p>

whether this was a cultural indicator of the Group's approach.

§ Conducted a deep dive on security of secure and confidential data control issues, discussing in particular the cultural changes that the businesses needed to make.

§ Assessed the threat presented by cyber risk, including the impact of any confirmed cyber attacks.

§ Debated the progress of remediation of third party supplier management control issues, including the potential impacts of the Group's focus on cost management and of decentralisation.

The effectiveness of the business control environment, including the status of any material control issues and the progress of specific remediation plans.

§ Assessed individual reports on the control environment in PCB, Barclaycard, Barclays Africa and US Investment Banking operations, including questioning directly the heads of those businesses.

The Committee requested, and received, an update on decentralisation and its potential impact on the Group's control environment.

§ Debated the importance of maintaining an effective control environment as the Group decentralises certain functional activities.

The progress being made on embedding the ERMF to support a strong and effective internal control environment.

§ Assessed the results of a self-assessment pilot exercise conducted by the principal business units, as the first line of defence.

§ Evaluated a proposal for a revised approach to the internal control attestation process to link it to the ERMF.

The Committee suggested to management that the assessment of MCA ratings could be more closely aligned to the ERMF. It subsequently considered and approved a proposal to align the MCA and ERMF, recommending that this be implemented with effect from 1 January 2016. The

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|---|---|
| <p>§ Deliberated on the challenge of embedding conduct risk management as part of the ERMF.</p> | <p>Committee requested further work on the revised approach to the internal control attestation process, so that the revised approach could be implemented for the 2015 year end attestation. The Committee asked for a further update on the effectiveness of the challenge by the second line of defence once all risk and control assessments had been completed. This update is scheduled to be provided in early 2016.</p> |
| <p>§ Debated the effectiveness of the systems being used to support risk and control assessments by the first line of defence.</p> | |
| <p>§ Focused on the need for effective challenge by the second line of defence.</p> | |
| <p>§ Debated what metrics could be used to provide line of sight to control issues and whether a more objective approach to MCA ratings could be developed.</p> | |

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Board Audit Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
	<p>The adequacy of the Group's arrangements to allow employees to raise concerns in confidence without fear of retaliation and the outcomes of any substantiated cases.</p>	<p>§ Debated the enhancements made to the Group's whistleblowing framework, including changes in the team, communications to employees and re-publication of the Raising Concerns Policy.</p> <p>§ Evaluated the level of substantiated cases and trends in reporting.</p>	<p>The Committee welcomed the steps that had been taken to strengthen the Group whistleblowing team and to enhance awareness and visibility across the Group of whistleblowing processes and the Raising Concerns Policy. It asked for more granular reporting to be made to the Committee, including ensuring that any cases of retaliation were clearly highlighted and that Barclays Africa incidents were reported to the Committee on the same basis as the rest of the Group. This information is now being received.</p> <p>To enable an assessment of effectiveness, the Committee asked for Barclays' processes to be benchmarked against its peers. It was subsequently presented with the results of the benchmarking exercise and concluded that Barclays' processes were appropriate.</p>
Internal audit	<p>The performance of internal audit and delivery of the</p>	<p>§ Focused on how to accelerate the remediation of</p>	<p>The Committee supported the approach to enforcing even</p>

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internal audit plan, including scope of work performed, the level of resources and the methodology and coverage of the internal audit plan.

any control weaknesses and the importance of having a culture of closing issues effectively, including debating a new approach to audit issues management, which requires issues to be remediated within six months of identification, with any extension to that time period requiring the approval of a member of the Group Executive Committee.

§ Evaluated progress of the internal audit plan for 2015 and debated the plan for 2016, including assessing the proposed internal audit coverage and key control themes identified.

§ Assessed internal audit resources and attrition levels.

§ Debated the outcomes from Barclays Internal Audit's annual self-assessment.

greater accountability and ensuring greater visibility at Group Executive Committee and senior management level of the remediation of control issues and audit issues management. It confirmed its agreement to the key control themes identified by internal audit, although it asked for execution risk to be covered specifically. The Committee approved changes to internal audit's methodology and the approach to audit coverage and issues validation, which has been implemented from 1 January 2016. The Committee asked for internal audit reports to comment as a matter of course on the effectiveness of both first and second lines of defence when evaluating their audit findings. Having assessed internal audit's reports on a regular basis, the Committee confirmed completion of the internal audit plan for the first half of 2015 and approved the plan for the second half of the year, including approving the resources requested. It also approved the plan for the first half of 2016. In view of the Group's focus on cost management, the Committee asked for an assessment of the impact on the internal audit plan of any proposed headcount reductions and for this to be reported to the Committee along with any revised plan. The Committee was content with the outcomes of the self-assessment of internal audit performance, although requested an update on the quality assurance programme, which will be provided in 2016.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
External audit	The work and performance of PwC, including the maintenance of audit quality during the period of transition to a new auditor.	<p>§ Convened a separate session with the key members of the PwC audit team to discuss the 2015 audit plan and agree areas of focus.</p> <p>§ Assessed regular reports from PwC on the progress of the 2015 audit and any material issues identified.</p> <p>§ Debated the draft audit opinion ahead of 2015 year end.</p>	The Committee approved the audit plan and the main areas of focus, including impairment, valuations, conduct redress provisions, litigation and regulation and IT systems and controls. The Committee asked PwC to comment on the Group's reconciliations processes and how they compared to other financial institutions.
		The Committee was also briefed by PwC on critical accounting estimates, where significant judgement is needed.	Read more about the Committee's role in assessing the performance, effectiveness and independence of the external auditor and the quality of the external audit below.
	The external audit tender, which was conducted during 2015, and the arrangements for the transition to a new auditor.	<p>§ Received regular updates from the Audit Tender Oversight Sub-Committee on the progress of the audit tender.</p> <p>§ Convened a special meeting to evaluate final presentations from the three audit firms who responded to the request for proposal.</p>	The Committee decided to look further at potential reputation risk before making a recommendation to the Board. Having done so, it concluded on two firms for recommendation to the Board for consideration, indicating its preferred option of KPMG. In July 2015, Barclays announced

§ Assessed and endorsed the proposed process to ensure that KPMG was independent by 1 July 2016. the appointment of KPMG as its statutory auditor with effect from the 2017 financial year.

Read more about the external audit tender and the processes in place to ensure KPMG's independence below.

The Committee also covered the following matters:

§ ensured it was updated on the implementation of IFRS 9, including the work under way to develop the Group's approach, project status, resourcing and employee training. The Committee requested, and received, a specific briefing session on IFRS 9, covering the key assumptions and judgements that will be required

§ debated the Group's plan for recovery and resolution and the process by which it was developed, including assessing the forward-looking trigger indicators

§ tracked progress of plans to ensure an attestation could be made to the Group's regulators with regard to financial crime controls

§ assessed status reports on the Group's controls around client assets and encouraged management to ensure that complexity, and the associated compliance costs, was taken into account when deciding which products to be offered

§ evaluated regular reports on regulatory issues

§ approved revisions to its terms of reference and recommended them to the Board for approval

§ approved a revised Group Retail Impairment Policy.

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

The Committee is responsible for assessing the effectiveness, objectivity and independence of the Group's auditor, PwC. This responsibility was discharged throughout the year at formal committee meetings, during private meetings with PwC and via discussions with key executive stakeholders. In addition to the matters noted above, during 2015, the Committee:

§ approved the terms of the audit engagement letter and associated fees, on behalf of the Board, having scrutinised the results of Barclays' formal evaluation of PwC. More information on the formal evaluation is provided below

§ appraised PwC's approach to key accounting judgements and how they were communicated and agreed with management and the Committee

§ recognising that PwC, and its predecessor firms, has been Barclays external auditor since 1896 and that it had been more than 10 years since the external audit was last tendered, conducted an external audit tender, identified KPMG as the preferred candidate for appointment as Barclays' new auditor and made a recommendation to the Board. Details of

the audit tender process, which was overseen by the Audit Tender Oversight Sub-Committee, can be found on page 18

§ discussed and agreed revisions to the Group Policy on the Provision of Services by the Group Statutory Auditor and regularly analysed reports from management on the services that PwC provided to Barclays. Following the appointment of KPMG as auditor from 1 January 2017, the Committee also commenced oversight of new non-audit service engagements with KPMG in recognition of the potential threats to independence. Read more about non-audit services below

§ instructed Barclays Internal Audit to undertake a review of a sample of non-audit services provided by PwC to ensure that the final deliverables aligned to the scope of work approved by the Committee. No concerns were identified by this review

§ evaluated and approved revisions to the Group Policy on Employment of Employees from the Statutory Auditor and ensured compliance with the policy by regularly assessing reports from management detailing any appointments made

§ analysed the results of the inspection of PwC by the Financial Reporting Council's Audit Quality Review Team and confirmed support for the actions PwC proposed to take to address areas identified for improvement

§ assessed the draft report to the PRA prepared by PwC regarding its detailed audit work on specific topics, in particular, impairment.

PwC's performance, independence and objectivity during 2015 were formally assessed at the beginning of 2016. A questionnaire incorporating best practice recommendations from a number of professional and governance bodies, and taking account of key findings from the 2014 review, was completed by key stakeholders across the Group. The questionnaire was designed to evaluate PwC's audit process in its entirety and addressed matters including the quality of planning and communication, technical knowledge, the level of scrutiny and challenge applied and PwC's understanding of the business. The subsequent report provided empirical data on which the Committee assessed PwC. It also reflected specific comments made by respondents, giving the Committee a valuable insight into management's views. The Committee was particularly interested in assessing whether audit quality was being maintained throughout the period of transition to a new auditor. The results of the evaluation confirmed that both PwC and the audit process were effective. Having considered the results of the evaluation, the Committee recommended to the Board and to shareholders that PwC should be reappointed as the Group's auditors at the AGM on 28 April 2016, noting that this would be PwC's final year as Group auditor.

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Non-audit services

In order to safeguard the auditor's independence and objectivity, Barclays has in place a policy setting out the circumstances in which the auditor may be engaged to provide services other than those covered by the Group audit. The Group Policy on the Provision of Services by the Group Statutory Auditor (the Policy) applies to all Barclays subsidiaries and other material entities over which Barclays has significant influence. The core principle of the Policy is that non-audit services (other than those legally required to be carried out by the Group's auditor) should only be performed by the auditor in certain, controlled circumstances. The Policy sets out those types of services that are strictly prohibited and those that are allowable in principle. Any service types that do not fall within either list are considered by the Committee Chairman on a case by case basis, supported by a risk assessment provided by management.

The Committee has pre-approved all allowable services up to £100,000, or £25,000 for tax advisory services, however, all proposed work, regardless of the fees, must be sponsored by a senior executive and recorded on a centralised online system, with a detailed explanation of the clear commercial benefit arising from engaging the auditor over other potential service providers. The audit firm engagement partner must also confirm that the engagement has been approved in accordance with the auditor's own internal ethical standards and does not pose any threat to the auditor's independence or objectivity.

All requests to engage the auditor are assessed by independent management before work can commence. Requests for allowable service types in respect of which the fees are expected to meet or exceed the above thresholds must be approved by the Chairman of the Committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the Committee as a whole. All expenses and disbursements must be included in the fees calculation.

During 2015, all engagements where expected fees met or exceeded the above thresholds were evaluated by either the Committee Chairman or the Committee as a whole who, before confirming any approval, assured themselves that there was justifiable reason for engaging the auditor and that its independence and objectivity would not be threatened. Two requests were declined in 2015 (2014: two). On a quarterly basis, the Committee scrutinised details of individually approved and pre-approved services undertaken by the auditor in order to satisfy itself that they posed no risk to the auditor's independence, either in isolation or on an aggregated basis. A breakdown of the fees paid to the auditor for non-audit work can be found in Note 42 on page 296, with non-audit fees representing 23.5% (2014: 25.7%) of the audit fee. Significant categories of engagement undertaken in 2015 included:

§ attest and assurance services required by regulators in connection with reviews of internal controls including reviews of the suitability of design and operating effectiveness of controls related to custody of securities and funds

within Barclays Wealth Americas

§ 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

§ provision of advice and market insight in respect of regulatory requirements relating to remuneration structure, incentive funding and risk adjustment and remuneration reporting.

Independence of KPMG

Following the appointment of KPMG as Barclays auditor with effect from 1 January 2017, the Committee was concerned to ensure that KPMG obtained independence from Barclays during 2016, enabling it to familiarise itself with Barclays and receive a structured, formal handover from PwC. In order to ensure KPMG's independence, and to allow the Committee to assess whether any non-audit work being conducted by KPMG in the meantime is appropriate, both in terms of type and scale, Barclays is in the process of exiting any current relationships or assignments that may prevent KPMG obtaining independent status and

has implemented procedures to manage the types of relationships and assignments that KPMG provides going forward. In particular, KPMG is not permitted to provide any service that may continue beyond mid-2016 if it has potential to cause independence issues. Since October 2015, the Committee has required all new engagements to be considered in light of the Policy and is maintaining oversight of them on the same basis as for the current auditor. The Committee has reserved the right to decline any proposed engagement with KPMG.

The fees paid to KPMG for non-audit work during 2015 were £38m. Significant categories of engagement undertaken in 2015 included:

§ international tax compliance services for expatriate employees of Barclays, including expatriate tax returns, tax counselling, tax equalisation, international social security and other employment tax issues

§ independent approved person review (s.166) of interest rate swaps to small businesses, covering the sale of interest rate hedging products to retail customers

§ the building of an internal lean self-sufficiency capability to support end-to-end value stream improvements of core business processes within Group Operations and Technology

§ assistance in the establishment and running of the programme management office associated with the African brand migration project

§ support in the implementation of the Group conduct risk programme

§ support with the development of the anti-money laundering programme and the provision of related advice

§ support for Barclaycard in the assessment and restructuring of its pricing model

§ review and remediation of know your customer documentation requirements for Barclays politically exposed persons and special focus clients in the US, UK, Switzerland, Monaco, India, Singapore and Hong Kong

§ support for the development and embedding of the Basel II-compliant models in Spain.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014

Barclays intends to comply with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of a policy on the provision of non-audit services.

Board Audit Committee allocation of time (%)

	2015	2014
1 Control issues	18	24
2 Business control environment	16	10
3 Financial results	27	42
4 Internal audit matters	7	8
5 External audit matters (including external audit tender)	26	11
6 Other (including governance and compliance)	6	5

Governance in Action external audit tender

As indicated in last year's Annual Report, Barclays decided to undertake an external audit tender in 2015, with a view to replacing our external audit firm from the 2017 financial year onwards. This was done to conform with the auditor rotation requirements of the final statutory audit services order published in October 2014 by the UK's Competition and Markets Authority, which took effect in January 2015.

In December 2014, we established an Audit Tender Oversight Sub-Committee, to oversee the external audit. I was asked to chair the Sub-Committee and Crawford Gillies and Colin Beggs, Chairman of the BAGL Audit Committee, were the other members. The tender process completed in summer 2015 and the Board announced in July 2015 that it had appointed KPMG as Barclays Auditor with effect from the 2017 financial year.

One of the Sub-Committee's key objectives was to ensure that the selection process was efficient, fair, effective, open and transparent. It established and published the following weighted key assessment criteria: Audit Quality (50%), Cultural Fit (20%), Corporate Fit (15%) and Experience (15%). No fee information was available to the Board Audit Committee before the recommendation was finalised. Three levels of governance were implemented to manage and support the process.

Timeline and key activities

Governance body	Purpose
Core Audit Tender Team	<p>§ Assist the audit firms to put the best solution forward for consideration.</p> <p>§ Conduct a detailed assessment of the audit firms following the design approved by the Audit Tender Oversight Sub-Committee.</p>
Audit Tender Oversight Sub-Committee	<p>§ Agree objectives and desired outcomes for the audit tender.</p> <p>§ Approve the design of the audit tender process.</p> <p>§ Construct and agree a shortlist of firms to be asked to participate.</p> <p>§ Oversee the implementation of the audit tender process.</p>
Board Audit Committee	<p>§ Recommend to the Board, from at least two potential candidates, the preferred firm to be appointed.</p>

A number of firms were invited to participate in the audit tender, including firms outside the Big 4 auditors. We published key information on the tender in a timely manner, including making the request for proposal available on Barclays website. We also wrote to our major shareholders, setting out the process and details of the tendering audit firms, which we considered essential to transparency. Enhanced compliance procedures were established. We then undertook a

broad and structured evaluation of each firm through site visits and workshops with the tendering firms, covering all the major businesses of the Group, the control functions and specific audit exercises, which were also attended by members of the Board Audit Committee. Ongoing feedback was provided to the tendering audit firms through a single point of contact in order to ensure that each was given the best chance possible of putting forward a credible proposal to the Board Audit Committee.

At the conclusion of the audit tender process, the Board Audit Committee was able to recommend to the Board the preferred firm to be appointed, from two shortlisted firms. All tendering firms met the minimum thresholds set by the Audit Tender Oversight Sub-Committee and, following a full assessment of the proposals and detailed questioning of the audit firms, KPMG was identified as the preferred firm, based on audit quality, evaluation scores and its extensive experience of auditing banks. Mike Ashley and Sir Michael Rake, both former partners of KPMG, took no part in the evaluation process or the Board Audit Committee's recommendation and both recused themselves when the Board discussed and approved the appointment.

Tim Breedon

Chairman, Audit Tender Oversight Sub-Committee

Governance: Directors report

[What we did in 2015](#)

[Board Risk Committee report^a](#)

In 2016 the Committee will continue to supervise the level and deployment of risk appetite, as well as the Group's funding and capital position, as we respond to regulatory requirements and our expectations of continued volatility in external conditions.

Dear Fellow Shareholders

Over the past year, the Board Risk Committee reviewed management's responses to a range of external challenges. These included a slowdown in China and other emerging markets, falling oil and commodity prices, as well as some industry trends toward more aggressive lending terms in certain core markets, including UK property and international leveraged finance. Risk appetite, as well as country, sector and individual exposures, were carefully monitored to ensure that business activity and limits appropriately reflected external risks. We were pleased to see impairment remain broadly flat on 2014 levels and within planning expectations, despite increasingly challenging conditions in some markets.

A key activity for the Committee is recommending risk appetite to the Board and monitoring performance against the agreed appetite on its behalf. The context in which we set our Medium Term Plan (MTP) and risk appetite for 2015 was based on our assessment of our key markets, including risk factors arising from the near term

Another key area of focus during 2015 was the structural reform programme, where the Committee was asked by the Group Chairman to oversee progress of the planning process, particularly with regard to structural options, their capital and liquidity implications and the potential risks for the Group, its customers and for the financial system. Now that the programme has moved into its implementation phase, the Board will directly oversee programme execution, although the Committee will continue to exercise oversight of capital and liquidity aspects, including assessing capital on a legal entity basis. From July 2015, the Committee also assumed oversight responsibility for operational risk, agreeing to focus on the financial and capital aspects of operational risk, while the Board Audit Committee oversees the control aspects.

The role of Board Risk Committee Chairman is not confined to the Committee's regular meetings. During 2015, I continued to have significant interaction with our regulators, meeting regularly with representatives from our UK and US regulators. I held regular meetings with the Chief Risk Officer and members of his senior management team, with Barclays Treasurer and the Chief Operating Officer. I also liaised closely with the Chairman of Board Audit Committee, particularly on those matters where the remit of the two committees might overlap, including with regard to the implementation of the Enterprise Risk Management Framework and operational risk issues.

Committee performance

geopolitical, macroeconomic and market environment and the potential for further conduct and litigation charges. Matters for particular focus were the UK housing market, where new mortgage regulations, a potential rise in interest rates, the growth in the buy-to-let market and ongoing high levels of household debt were expected to have an impact; continuing economic and political uncertainty in Europe; weak economic prospects for South Africa; and the potential effects of ongoing weakness in oil prices. 2015 risk appetite and risk triggers were set to position Barclays conservatively given this environment. During 2015, significant stress in emerging markets and economies became evident, underpinned by a slowing in the Chinese economy and resultant market volatility. Consequently, Barclays took early action to reduce its risk appetite to emerging markets, particularly Africa, and also remained vigilant to the potential impacts arising from a downturn in economic growth, indebtedness generally and further weakness in capital markets.

At the end of 2014, the Committee asked for a review of the Group's process for setting risk appetite and during 2015 approved a revised methodology that takes a scenario-based approach, with stress testing as the basis of the risk appetite framework. This revised methodology was used to set risk appetite for 2016, with the Committee also approving the stress testing themes, the severity of the proposed stress and the financial constraints.

Note

a The name of the Committee changed from the Board Financial Risk Committee in June 2015

The Committee's performance during 2015 was evaluated as part of the independently facilitated annual Board effectiveness review and I am happy to report that the outcomes were positive. The Committee was regarded as effective and as taking a thorough and detailed approach to its responsibilities. The main area identified for improvement was ensuring that the papers presented to the Committee strike the right balance between providing data for information and providing insight and analysis to encourage greater debate and I will be working with the Chief Risk Officer and Barclays Treasurer to address this during 2016. You can read more about the outcomes of the Board effectiveness review on pages 33 and 34.

Looking ahead

The Committee expects its areas of focus for 2016 to be guided by the ongoing level of change faced by the Group as it implements its strategy and executes the structural reform programme, with a particular focus on capital and liquidity management across legal entities. We will also continue to monitor and react to any emerging risks arising in our key markets in the UK, US and South Africa as a consequence of any macroeconomic deterioration or disruption in financial market conditions.

Tim Breedon

Chairman, Board Risk Committee

29 February 2016

Committee composition and meetings

The Committee is comprised solely of independent non-executive Directors. Following a review by the Board during 2015 of Board Committee composition, Dambisa Moyo stepped down from the Committee with effect from 31 August 2015 and Diane Schueneman joined the Committee with effect from 1 September 2015. Details of the skills and experience of the Committee members can be found in their biographies on pages 3 and 4.

The Committee met seven times in 2015, with two of the meetings held in New York. Two additional meetings were held at short notice for the sole purpose of considering and approving revised risk limits in connection with specific transactions and, with the consent of the Committee Chairman, were not attended by all Committee members. The chart on page 23 shows how the Committee allocated its time during 2015. 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. Representatives from the external auditor also attended meetings.

Member	Meetings attended/eligible to attend
Tim Breedon	7/7
Mike Ashley	7/7
Reuben Jeffery III*	5/7
Dambisa Moyo (to 31 August 2015)*	3/5
Diane Schueneman (from 1 Sept 2015)	2/2
Steve Thieke*	5/7

* with the consent of the Chairman did not attend the two meetings held at short notice to consider specific transaction limits

Committee role and responsibilities

The Committee's responsibilities include:

§ recommending to the Board the total level of financial and operational risk the Group is prepared to take (risk appetite) to create long-term shareholder value

§ monitoring financial and operational risk appetite, including setting limits for individual types of risk, e.g., credit, market and funding risk

§ monitoring the Group's financial and operational risk profile

§ ensuring that financial and operational risk is taken into account during the due diligence phase of any strategic transaction and

§ providing input from a financial and operational risk perspective into the deliberations of the Board Remuneration Committee.

The Committee's terms of reference are available at

home.barclays/corporategovernance

The Committee's work

The significant matters addressed by the Committee during 2015 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Risk appetite , i.e. the level of risk the Group chooses to take in pursuit of its business objectives.	The methodology for calculating the level of risk appetite.	<p>§ Requested a review of the Group's risk appetite process and methodology and debated proposals from management to move to a scenario-based stress testing approach.</p> <p>§ Evaluated the proposed MTP stress test, agreeing on a scenario involving a global recession from an economic slowdown in China.</p> <p>§ Debated the severity of the scenario and how it would apply across the Group's main markets of the UK, US and South Africa and how it aligned to regulatory stress tests.</p>	The Committee challenged the parameters proposed by management and asked for a parameter to be linked to PBT. It also asked for early consideration to be given to the impact of IFRS 9 on the Group's risk appetite and stress testing assumptions. This work is under way and will be reported to the Committee in the first half of 2016. Given the change in methodology, the Committee requested early sight of the design and outputs as the new risk appetite process was implemented, resulting in a workshop being held in December 2015. All non-executive Directors were invited to attend the workshop.
Stress testing , i.e. testing whether the Group's	The Group's stress testing exercises, including scenario selection and constraints, the	§ Debated proposals from management to move to a scenario-based risk appetite	The Committee approved the stress test results for submission to the BoE. It

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financial position and risk profile provide sufficient resilience to withstand the impact of severe economic stress.	results and implications of stress tests, including stress tests run by the Bank of England (BoE), and regulatory feedback on the methodology and results.	setting approach and approved a change to the Group's methodology. § Assessed the progress of the BoE stress test and evaluated the preliminary results, including discussing any potential areas of sensitivity.	subsequently evaluated the BoE stress testing results and feedback from the BoE on the stress test.
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Governance: Directors report

What we did in 2015

Board Risk Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
<p>Structural reform, i.e. the progress of structural reform, including the challenges to execution.</p>	<p>The impact of structural reform on the Group's principal risks, including the impact on capital and liquidity for individual Group legal entities and the potential overall impact on the safety and soundness of the UK financial system.</p>	<p>§ Debated structural reform and the impact on the capital and liquidity flight paths for individual legal entities, in particular, the prospective credit rating of Barclays Bank PLC in the structural reform structure.</p> <p>§ Evaluated the respective impacts on capital, liquidity and on the general safety and soundness of the Group of different ring fence bank (RFB) structures.</p>	<p>The Committee recognised the design and implementation challenges of the programme and supported management in proposing structures and perimeters that best ensured the safety and soundness of all elements of the Group. It requested a workshop on structural reform to provide the Committee with an in-depth view of the key challenges. The workshop was held in December 2015 and all non-executive Directors were invited to attend.</p>
<p>Liquidity and funding, i.e. having sufficient financial resources available to enable the Group to meet its obligations as they fall due.</p>	<p>Compliance with regulatory requirements and internal liquidity risk appetite (LRA).</p>	<p>§ Assessed on a regular basis liquidity performance against requirements.</p> <p>§ Debated the credit ratings of Barclays PLC and Barclays Bank PLC and potential market reaction to a ratings downgrade following removal of sovereign support notching.</p> <p>§ Questioned the cost of additional liquidity and asked for options to reduce the cost to be considered.</p>	<p>The Committee ensured that management had in place options to manage any impact on liquidity of a ratings downgrade. It agreed that the cost of maintaining surplus liquidity was appropriate.</p>

<p>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.</p>	<p>The flight path to achieving required regulatory and internal targets and capital and leverage ratios.</p>	<p>§ Debated on a regular basis, capital performance against plan, tracking the capital flight path, any challenges/headwinds and regulatory developments.</p> <p>§ Evaluated options to maximise capital and capital ratios in order to meet regulatory and market expectations.</p>	<p>The Committee supported the forecast trajectory and the actions identified by management to manage the Group's capital position.</p>
<p>Country risk, i.e. the levels of risk the Group is prepared to take in specific countries.</p>	<p>The potential impact on the Group's risk profile of political instability and economic weakness in South Africa, one of its main markets.</p>	<p>§ Debated economic conditions in South Africa and the future outlook.</p> <p>§ Examined the actions already taken to manage risks, improve controls and asset quality and develop triggers for additional action in the event of further macro deterioration.</p> <p>§ Monitored the impact on South Africa of the slowdown in China and the fall in commodity prices.</p>	<p>The Committee sought additional information around the actions that had been taken to manage the risk profile in South Africa, including the impact of the actions taken to date. It requested a deep dive on the risk profile of the South African business, inviting the South African business heads to present on the actions that had been taken and how the business was positioned for a further economic downturn, including the impact of a further country rating downgrade.</p>

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
<p>Political and economic risk, i.e. the impact on the Group's risk profile of political and economic developments and macroeconomic conditions.</p>	<p>The potential impact on the Group's risk profile of political developments, such as the UK general election and budget statement, the potential exit of countries from the Eurozone, and weakening macroeconomic conditions, such as disruption and volatility in financial markets.</p>	<p>§ Assessed the potential impact of the UK general election and steps that could be taken to manage any market volatility.</p> <p>§ Evaluated the potential risks arising from a general macroeconomic slowdown and from financial markets disruption, including the global impact of the economic slowdown in China.</p> <p>§ Assessed global consumer indebtedness indicators and the potential impact of rising consumer debt on the Group's risk profile.</p> <p>§ Debated the Group's Eurozone exposures in the context of the potential break-up of the Eurozone in the event of a Greek exit and assessed the Group's levels of redenomination risk in the Eurozone.</p>	<p>The Committee asked management to evaluate macroeconomic conditions and market indicators to inform the strategic plan and risk appetite proposals for 2016, so that the Group is positioned appropriately.</p>
<p>Retail credit risk, i.e. UK property market, interest</p>	<p>The potential overheating of the UK housing market, particularly in London and the South East and the Group's risk</p>	<p>§ Debated UK property market indicators and conditions, particularly in the high loan to value (LTV) and the buy-to-let</p>	<p>The Committee encouraged management to continue to take a conservative approach to UK mortgage lending in the</p>

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<p>rate risk.</p>	<p>appetite for and management of sectors such as the buy-to-let sector.</p>	<p>markets and potential economic and political risks to that market.</p> <p>§ Evaluated the Group's lending criteria and its approach to assessing customers on affordability.</p> <p>§ Assessed the potential impact of an increase in interest rates on customers, including how customers had been stress tested and assessed against affordability criteria.</p>	<p>buy-to-let market and emphasised the need to keep risks and exposures within agreed appetite.</p>
<p>Specific sector risk, i.e. the Group's risk profile in sectors showing signs of stress, such as the oil sector.</p>	<p>The Group's exposures to the oil and commodities sectors in light of the price weakness and volatility in these sectors during 2015.</p>	<p>§ Regularly assessed the Group's exposures to the oil sector, including assessing steps taken with regard to the credit strategy for the sector, how the portfolio was performing and whether this was in line with expectations.</p> <p>§ Evaluated the Group's exposures to the commodities sector and actions taken to identify any names at risk and reduce exposures.</p>	<p>The Committee supported the actions that had been taken by management to manage the Group's risks and exposures to the oil and commodities sectors. It requested a stress test to assess the impact of further (and longer) oil price weakness on the Group's lending portfolio, including indirect exposure.</p>
<p>Operational Risk From 1 July 2015, the Committee took responsibility for oversight of the capital and financial aspects of operational risk.</p>	<p>The Group's operational risk capital requirements and any material changes to the Group's operational risk profile and performance versus risk appetite.</p>	<p>§ Evaluated operational risk capital and debated the potential for an increase in regulatory operational capital requirements.</p> <p>§ Debated whether Barclays advanced status for calculating operational risk capital should be retained.</p> <p>§ Tracked operational risk key indicators via regular reports from the Head of Operational Risk.</p>	<p>The Committee focused its oversight of operational risk on the financial and capital implications, debating in particular the potential impact of regulatory operational risk requirements.</p>

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Governance: Directors report

What we did in 2015

Board Risk Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
<p>Risk governance, i.e. the capability, governance and controls that the Group has over the management of risk.</p>	<p>The development of a scorecard to assist the Committee in assessing risk capability across the Group; further enhancement to the limit framework and governance of leveraged finance; the actions being taken to enhance controls and governance around risk models.</p>	<p>§ Requested development of a risk capability scorecard.</p> <p>§ Regularly debated conditions in the leveraged finance market, tracking market indicators and the Group's risk exposures and assessing the limit framework for leveraged finance and underwriting, including proposed changes to the framework to strengthen controls.</p> <p>§ Assessed the progress of enhancements to risk models controls and governance, including the role of the Group's Independent Validation Unit.</p> <p>§ Evaluated revisions proposed to the ERMF.</p>	<p>The Committee approved the approach to the risk capability scorecard and requested a formal annual assessment of capability, with the option of an external assessment every three years. The Committee approved a revised limit framework for leveraged finance transactions and approved underwriting limits in general. The Committee concluded that good progress had been made on enhancing the controls and governance around risk models and asked management to focus on improving the quality of models and data quality further. The Committee also recommended the revised ERMF to the Board for approval.</p>
<p>Remuneration</p>	<p>The scope of any risk adjustments to be taken into account by the Board Remuneration Committee when making remuneration decisions for 2015.</p>	<p>§ Evaluated the Risk function's view of performance, which informed remuneration decisions for 2015.</p>	<p>The Committee supported the Risk function's view of 2015 risk performance and endorsed the report that had been submitted to the Board Remuneration Committee.</p>

The Remuneration Report on pages 50 to 83 includes more detail on how risk is taken into account in remuneration decisions.

In addition, the Committee also covered the following matters in 2015:

§ regularly tracked the utilisation of risk appetite and evaluated the Group's risk profile

§ evaluated the impact of the Swiss franc revaluation on the Group's electronic trading systems and asked for any lessons learned to be applied to other electronic platforms

§ debated risk related matters arising from regulatory assessments and the actions needed to address any specific issues raised

§ approved regulatory submissions, including the Individual Capital Adequacy Assessment Process and the Individual Liquidity Adequacy Assessment

§ assessed and debated a report on its own performance during 2014, including considering whether its remit should be revised to cover operational risk and assessing the degree of challenge and support and value it provided to the Risk function

§ discussed and agreed on its own training needs, resulting in two workshops being held in 2015, one on risk appetite and one on structural reform, with a further briefing session on the impact of IFRS 9 planned for 2016

Board Risk Committee allocation of time (%)

	2015	2014
1 Risk profile/risk appetite (including capital and liquidity management)	43	57
2 Key risk issues	31	19
3 Internal control/risk policies Other (including remuneration and	11	11
4 and governance issues)	15	13

[Read more about Barclays risk management on pages 95 to 109 and 336 to 409](#)

§ approved amendments to its terms of reference to reflect its revised remit and to ensure they remained in line with best practice and

§ discussed and agreed its specific responsibilities for the oversight of operational risk, focusing on the capital and financial impacts, leaving the Board Audit Committee to oversee operational risk control issues.

What we did in 2015

Board Reputation Committee report^a

The Committee's responsibilities were reshaped during 2015 to focus on three main pillars: conduct and compliance; reputation; and citizenship.

Dear Fellow Shareholders

The Board Reputation Committee underwent a period of change during 2015, in terms of both a reassessment of Board Committee responsibilities and membership. John McFarlane succeeded Reuben Jeffery III as Chairman of the Committee in March 2015 and, following John's appointment as Executive Chairman in July 2015, the Board asked me to assume the role of Committee Chairman, a position I held until my retirement from the Board at the end of December 2015.

The Committee's responsibilities were reshaped during 2015 to focus on three main pillars: conduct and compliance; reputation; and citizenship. Culture and conduct are the bedrock of the organisation and, with the right culture, much of Barclays' exposure to conduct risk can be reduced. To this end, the Committee has continued to focus on these issues, assessing progress against plans for

Committee performance

As part of the annual Board effectiveness review the performance of the Board's committees was considered and I am pleased to report that the Committee is considered to be effective. The Committee is relatively new and areas for improvement included continuing to refine its agenda, particularly with regard to compliance and conduct risk, and ensuring that it does not duplicate the work of other Board Committees. Please turn to the report of the Board effectiveness review on pages 33 and 34 for more details.

Looking ahead

My successor, Sir Gerry Grimstone, will be assessing the areas of focus for the Committee in 2016 and I wish him and the Committee well for the future.

Sir Michael Rake

Chairman, Board Reputation Committee until 31 December 2015

Committee composition and meetings

The Committee comprises independent non-executive Directors, with the exception of Wendy Lucas-Bull, who the Board has decided to deem as non-independent for the purposes of the UK Corporate Governance Code, owing to her position as Chairman of Barclays Africa Group Limited. During 2015, there were a number of changes to the membership of the Committee, which are set out in the table

embedding our conduct risk programme and implementing cultural change throughout the Group. We assessed deep-dive reports into conduct risk within key businesses, such as Barclays Africa and the Cards business, and evaluated the findings of a report by Air Marshal Sir David Walker, commissioned by management to give an independent view on whether we are making progress with cultural change. I am pleased to report that, although there is more to be done, progress on both has been good and there is strong commitment throughout the Group to embedding the necessary changes.

The Committee also tracked the exposure of Barclays, and the financial sector generally, to reputational risks. Reputational risk is a risk type that is constantly evolving, with potential new risks emerging while we are implementing controls to manage identified risks. Consequently, we have taken a thematic approach to identifying our key reputational risks and have ensured that we look ahead to identify emerging risks enabling us to mitigate them early. You can read more on pages 25 and 26 about the significant matters addressed during the year.

below.

The Committee met four times during 2015 and the chart on page 26 shows how it 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
Reuben Jeffery III (Chairman and member to 31 March 2015)	1/1
John McFarlane (Chairman from 1 April 2015 to 16 July 2015)	2/2
Sir Michael Rake (Chairman and member from 17 July 2015 to 31 December 2015)	2/2
Mike Ashley (to 31 August 2015)	2/2
Tim Breedon (to 31 August 2015)	2/2
Wendy Lucas-Bull	4/4
Dambisa Moyo	4/4
Diane de Saint Victor	4/4
Sir John Sunderland (to 23 April 2015)	1/1
Frits van Paasschen (from 1 September 2015)	2/2

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 and reputational risk and

§ oversee Barclays' Citizenship Strategy, including the management of Barclays' economic, social and environmental contribution.

Until the end of June 2015, the Committee also had responsibility for oversight of operational risk. Following a review by the Board of its governance arrangements, responsibility for the oversight of the capital and financial aspects of operational risk was reallocated to the Board Financial Risk Committee, which was renamed the Board Risk Committee. The Board Audit Committee oversees the control aspects of operational risk.

The Committee's terms of reference are available at

home.barclays

Note

a Formerly called the Board Conduct, Operational and Reputational Risk Committee

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Governance: Directors report

[What we did in 2015](#)

Board Reputation Committee report

The Committee's work

The significant matters addressed by the Committee during 2015 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Conduct risk	Progress on embedding the conduct risk management framework, focus on specific conduct risks and continued reduction of customer complaint levels.	<p>§ Continued its monitoring of the conduct risk programme via quarterly reports from management.</p> <p>§ Specifically assessed the status of the conduct risk programmes in Barclays Africa and across the Cards business.</p> <p>§ Monitored regulators' views of Barclays' conduct risk management and reporting via updates from management.</p> <p>§ Assessed progress made in reducing numbers of complaints, including those escalated to the Financial Ombudsman Service.</p>	<p>The Committee welcomed the progress made in embedding the conduct risk programme and requested more visibility of the status of specific conduct risks. It encouraged management to continue to apply lessons learned from past events to prevent similar events occurring now or in the future.</p> <p>It was content with the progress made in embedding conduct risk in Barclays Africa, but encouraged greater simplification of the governance structures and communication. It also encouraged management to do more to reduce the number of complaints.</p>
Operational risk (to July 2015)	The management of Barclays operational risk profile and exposure to significant operational risks.	<p>§ Monitored Barclays operational risk profile via quarterly reports from management.</p> <p>§ Evaluated management's strategy for addressing cyber risk and monitored its progress.</p>	<p>The Committee focused its attention on emerging risks and those to which the Group's exposure was increasing. It supported tactical and strategic actions proposed by management to mitigate the Group's risks, including</p>

§ Assessed Barclays' exposure to technology risk and examined plans to resolve identified control issues by the end of the year. endorsing management's strategy for addressing cyber risk. The Committee also satisfied itself that progress in managing technology risk was good and there was a healthy focus on embedding the right culture.

Reputational issues

Ensuring that Barclays anticipates, identifies and manages reputational issues that may impact it or the industry now or in the future.

§ Tracked Barclays' exposure to reputational risks via twice-yearly management reports.

§ Examined the effectiveness of the current reputation risk framework, including assessing case studies on specific reputational matters.

The Committee took a thematic approach to its assessment of reputational risks and guided management in its approach to managing them. It satisfied itself as to the effectiveness of the reputation risk framework.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Cultural change	The progress being made on embedding of cultural change.	<p>§ Evaluated the outputs of an independent review by Air Marshal Sir David Walker.</p> <p>§ Assessed an industry-wide report by the Group of Thirty (G30) into banking conduct and culture and how Barclays practices benchmarked against the best practices and suggestions outlined in that report.</p>	The Committee endorsed Air Marshal Sir David Walker's report, which confirmed its view that progress had been good but that there was more to do to achieve the cultural change required. It encouraged management to continue to prioritise progress on cultural change. The Committee also concluded that many of the actions Barclays had taken in response to the Salz Review recommendations had aligned its practices with those proposed in the G30 report.
Citizenship	The delivery of the 2015 Citizenship Plan and development of a Shared Growth Plan for 2016-2018.	<p>§ Tracked progress against the current 2015 Citizenship plan via six-monthly reports from management.</p> <p>§ With the current Citizenship Plan coming to completion, evaluated the proposed Shared Growth Plan for 2016-2018.</p>	The Committee noted that all targets in the 2015 Citizenship Plan had been met or exceeded, with the exception of our new and renewed household lending target, which had not been possible to achieve owing to market and trading conditions. It endorsed the 2016-2018 Shared Growth Plan, particularly the proposal to link the plan to Barclays core purpose and values and to focus on employability skills.

The Committee also covered the following matters:

Board Reputation Committee allocation of time (%)

		2015	2014
	1	6	2
§ assessed progress of the programme to implement enhanced controls in the Investment Bank over conflicts of interest between Barclays and third parties	2	13	7
		57	52
	3		
§ evaluated outcomes of regulatory thematic reviews of conduct issues and controls	4	19	33
	5	6	6

§ evaluated the levels of attestation by colleagues globally to The Barclays Way, the Group's code of conduct

§ assessed the status of specific remediation programmes being implemented by the business

§ provided input to the Board Remuneration Committee on conduct and reputation issues to be taken into consideration for 2015 remuneration decisions

[Read more about Barclays' risk management on](#)

[pages 95 to 109 and 336 to 409](#)

§ tracked progress against the Compliance function's business plan, including updates on resourcing and attrition levels

§ monitored progress of Barclays' plans for compliance with the Volcker Rule (restrictions on proprietary trading and certain fund investments by banks operating in the US)

§ assessed and discussed a report on the Committee's performance during 2014

§ approved revisions to its terms of reference and recommended them to the Board for approval and

§ considered and approved Group Compliance Policies.

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Governance: Directors report

[What we did in 2015](#)

Board Nominations Committee report^a

The importance of people as a driving force in sustaining a business over the long term.

Dear Fellow Shareholders

I have often stressed the importance of people as a driving force in sustaining a business over the long term through their expertise, innovation and commitment. This is equally true of your Board, where it is crucially important that we have strong leaders able to make tough, strategic decisions while energising colleagues and galvanising them into action. It is with this in mind that the Committee approached appointments.

During 2015 we announced the appointment of two new non-executive Directors and a new Group Chief Executive. Board Committee membership was refreshed and we also took the opportunity to review the composition and roles of the Board Committees. In addition, we considered the requirements for independent non-executive directors for the boards of our strategically significant subsidiaries, including those that will be formed as the Group implements structural reform. We continued to foster executive succession by supporting new

Looking ahead

We are preparing to implement a new structure in 2016 which will enable us to prepare for structural reform, simplify the organisation and speed up execution of the individual business strategies. These changes give us the opportunity to make sure that we have the right people in senior roles and that we also take action to build strength in each of the business executive teams for the longer term.

John McFarlane

Chairman, Board Nominations Committee

29 February 2016

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. John McFarlane, as Chairman of the Board, is also Chairman of the Committee. Mike Ashley, Tim Breedon, Crawford Gillies, being the Chairmen of each of the other Board Committees, Reuben Jeffery III and Sir Gerry Grimstone, 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 and 4.

During 2015, there were eight meetings of the Committee, including four additional meetings on Group Chief Executive succession. Attendance by members at Committee meetings is shown below. The

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initiatives and by directly engaging with senior executives, for example, by mentoring individual senior executives, in order to nurture high potential individuals and help build a stronger succession pipeline.

The Committee was pleased that the Board achieved its target of having 25% female representation on the Board by the end of 2015. The target has subsequently been increased to 33% by 2020. While we also achieved our aspiration to reach 23% female representation within our senior leadership population by the end of 2015, we recognise that we need to sustain our focus to attract more senior women to Barclays, and to enable women to grow their careers with us. That will ensure we reach our 2018 goal of 26% women in senior leadership roles. We remain committed to maintaining the momentum of our gender diversity programme.

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 report on the Board effectiveness review on pages 33 and 34 for more details. I would like to thank my fellow Committee members for their hard work and support during 2015, particularly Sir Michael Rake, who chaired the Committee during the period that I was Executive Chairman, and led the search for a new Group Chief Executive.

chart on page 30 shows how the Committee allocated its time during 2015.

Committee meetings were attended by the Group Chief Executive or Executive Chairman, with the HR Director, the Global Head of Leadership, Learning & Talent, the Global Head of Diversity and Inclusion and representatives from Spencer Stuart presenting on specific items.

Member	Meetings attended/eligible to attend
Sir David Walker (Chairman until 23 April 2015)	2/2
John McFarlane* (Chairman from 24 April 2015)	4/4
16 July 2015 and from 1 December 2015)*	
Sir Michael Rake (Chairman from 17 July 2015 to 1 December 2015)	8/8
Mike Ashley	8/8
Tim Breedon	7/8
Crawford Gillies (from 24 April 2015)	7/7
Reuben Jeffery III	6/7
Sir John Sunderland (until 23 April 2015)	2/2

* John McFarlane stood down as a member of the Committee during the period 17 July – 30 November 2015, when he was Executive Chairman. No Director with executive responsibilities may be a member of the Committee

did not attend one meeting owing to prior business commitments

Note

The Chairman and the Group Chief Executive excuse themselves from meetings when the Committee focuses on the matter of succession to their roles.

Committee role and responsibilities

The principal purpose of the Committee is to:

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§ 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 home.barclays/corporategovernance

Note

a The name of the Committee changed from the Board Corporate Governance and Nominations Committee in June 2015

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The Committee's work

The significant matters addressed by the Committee during 2015 are described below:

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Board appointments	The refreshment of Board and Board Committee membership to secure individuals with the desired skills and experience needed on the Board in light of future strategic direction.	<p>§ Conducted a search for successors to Sir Michael Rake and Antony Jenkins.</p> <p>§ Evaluated a gap analysis of the skills and experience on the Board and identified the requirement for new non-executive Directors with financial services experience, and the preference to appoint more UK-based Directors given the time commitments associated with Board Committee appointments.</p>	<p>The Committee recommended the appointments of Sir Gerry Grimstone as Deputy Chairman and Senior Independent Director, Jes Staley as Group Chief Executive and Diane Schueneman as a non-executive Director.</p> <p>Please refer to pages 30 and 32 for details of the Board's approach to recruitment of new Directors and the case study of the recruitment of Jes Staley in particular.</p>
Board and Board Committee structure, size and composition	The restructure of the Board and Board Committees to allow the Board to focus on the Group's commercial and strategic performance. The optimum size of the Board, the potential impact of structural reform and the need to constitute subsidiary boards.	<p>§ Reassessed the structure, size and composition of the Board and Board Committees, as well as the current roles and responsibilities of the Board Committees, and recommended a number of changes to the Board.</p> <p>§ Requested a working plan for Board succession over the next three years.</p>	The Committee agreed that the size of the Board should be reduced over time and more matters should be delegated to the principal Board Committees. The Committee agreed that non-executive Directors should normally not serve on more than two Board Committees, to avoid being over-stretched, and to reduce the Committees in size over time to a maximum of four

members, while taking care to ensure appropriate cross-membership. The Committee recommended revised Board-level responsibilities for oversight of risk, including the Board re-taking overall responsibility for enterprise-wide risk, disbanding the Board Enterprise Wide Risk Committee and reallocating responsibility for oversight of the capital and financial aspects of operational risk to the Board Risk Committee.

Succession planning and talent management

The management of Board succession and oversight of the leadership needs of the Group to enable it to meet its strategic aims and its changing make-up resulting from the effects of structural reform.

§ Examined regular reports on succession plans and talent management of the leadership of the Group to address succession planning in the short-term and internal talent development.

§ Debated options for Directors to engage with members of the Group Executive Committee and senior management to help in nurturing high potential individuals and to support building a stronger succession pipeline.

The Committee agreed a proposal for Committee members to partner high potential senior management. The Committee endorsed the Group's rapid development programme for high potential talent and agreed to support the programme by providing an insight into the role of the Board and its priorities. The Committee also endorsed the introduction of an improved talent assessment process and assessed the efficacy of the Group's external talent acquisition process. The Committee examined the results of internal and external benchmarking exercises, including external benchmarking of senior management roles against similar roles in equivalent companies as part of the work on Group Executive Committee succession.

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Board Nominations Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Board effectiveness	The 2015 Board effectiveness review of the Board and its Committees. The progress made against the actions identified in the 2014 Board effectiveness review.	<p>§ Considered the effectiveness of the 2014 Board effectiveness review process and agreed the approach to be taken to the 2015 Board effectiveness review.</p> <p>§ Regularly examined progress of the action plan arising from the outcomes of the 2014 Board effectiveness review.</p>	<p>The Committee set the criteria for conduct of the 2015 Board effectiveness review, including the appointment of a new external facilitator, Independent Board Evaluation, and agreed an action plan to address the matters arising from the 2014 Board effectiveness review.</p> <p>See pages 33 and 34 for a full description of the process and outputs from the 2014 and 2015 effectiveness reviews.</p>
Governance implications of structural reform	The establishment of governance principles for the Group under structural reform.	<p>§ Scrutinised proposed governance guiding principles for the Group post-structural reform, which set out ultimate decision-making powers, while respecting the rights and responsibilities of the boards of the strategically significant subsidiaries: the ring-fence bank (RFB), Barclays Bank PLC, the US Intermediate Holding Company (IHC) and Barclays Africa Group (BAGL).</p>	<p>The Committee endorsed and supported the governance guiding principles. The Committee provided views on the outline board and committee composition of the RFB and Barclays Bank PLC for the Board's consideration.</p>

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§ Discussed the potential composition of the RFB and Barclays Bank PLC boards in light of regulatory requirements.

Significant subsidiary board composition

The composition of Barclays US IHC board and associated committees.

§ Determined the required structure and composition of the IHC board.

§ Endorsed the implementation of measures to allow potential future IHC board candidates the opportunity to build their knowledge of Barclays US businesses ahead of the formal creation of the IHC board in 2016.

The Committee agreed the proposed composition of the IHC board, including the appointments of Steve Thieke as chairman and Diane Schueneman as a non-executive director. It oversaw the establishment of a US Governance Review Board to allow proposed IHC board members to familiarise themselves with Barclays US businesses.

In addition the Committee covered the following matters:

§ the review of non-executive Directors' performance, independence and time commitment as part of the Committee's assessment of their eligibility for re-election

§ consideration of a new target for Board diversity beyond the end of 2015 in 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 2015 Corporate Governance Report

§ its annual review of the Directors' register of interests and authorisations granted and

§ changes to the Committee's terms of reference.

Board Nominations Committee allocation of time (%)

	2015	2014
1 Corporate governance matters	17	21
2 Board and Committee composition	24	20
3 Succession planning and talent (including CEO succession)	47	43
4 Board effectiveness	6	11
5 Other	6	5

Appointment and re-election of Directors

The Committee reviews Board and Board Committee composition, including potential new non-executive Directors, at each of its meetings. In addition to seeking successors for known retirements from the Board, the Committee monitors the skills and experience the Group needs to be able to deliver its strategic aims, to govern the Group appropriately, to ensure that risks threatening performance are identified and either addressed or mitigated, and to set the tone from the top in terms of Barclays' corporate culture and values. In 2015, the Committee also focused on the need to identify non-executive directors to serve on the boards of the Group's strategically significant subsidiaries.

When considering a new appointment to the Board, the Committee relies on assessments of the current and expected Board and Board Committee composition, in order to assess the timeline for appointments, and a skills matrix that identifies the core competencies, skills, experience and diversity required for the Board to function effectively, with target weightings for each attribute. These assessments are regularly updated to take account of the Group's needs over time.

The approach to recruiting new non-executive Directors is to create an individual 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, before shortlisted candidates are interviewed by members of the Committee. For certain Board positions, the Committee seeks engagement with key shareholders and Barclays' regulators as part of the selection process. 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 Jes Staley as Group Chief Executive, which is set out on page 32.

Executive search firms MWM Consulting, Egon Zehnder International and Spencer Stuart were instructed to assist with our Director searches in 2015. None of these firms has any other connection with Barclays, other than to provide executive recruitment services. Open advertising for Board positions was not used during 2015, as the Committee believes that targeted recruitment is the optimal way of recruiting for Board positions.

Barclays announced the appointment of two new non-executive Directors during 2015: Diane Schueneman and Sir Gerry Grimstone. In addition, Barclays announced the appointment of Jes Staley as Group Chief Executive. Each of them brings valued skills and experience which contribute to the efficacy of the Board as a whole. As previously reported, Diane Schueneman brings expertise in operations and technology to the Board, which she gained in financial services organisations, as well as wide-ranging experience of implementing change and achieving turnaround in business success and profitability. Sir Gerry Grimstone, who succeeded Sir Michael Rake as Deputy Chairman and Senior Independent Director, is well known, commands great respect within the financial services industry and brings immense experience, integrity and knowledge to his roles at Barclays. Jes Staley has the leadership skills and wide-ranging experience to deliver shareholder value and to take the Group forward strategically and, in particular, possesses a good understanding of corporate and investment banking. Biographical information is provided on pages 3 and 4, with further details available online at home.barclays

Changes in the composition of the Board and the Committee's reassessment of the structure, size and composition of the Board and its Committees resulted in a refresh of the membership of Board Committees, as well as their roles and responsibilities, during 2015. Details of the changes are included in each of the Board Committee reports.

The Directors in office at the end of 2015 were subject to an effectiveness review, as described below. Based on the results of the review, the Board accepted the view of the Committee that each Director proposed for re-election continued to be effective and that they had each demonstrated the level of commitment required in connection with

their role on the Board and the needs of the business.

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Diversity statement

The Financial Reporting Council maintains that one of the ways in which constructive board debate can be encouraged is through having sufficient diversity on the board. Barclays agrees with this view and, when it adopted a Board Diversity Policy in 2012, stated the Board's aspirational goal of achieving 25% female representation on the Board by 2015. Female representation on the Board exceeded 25% at the end of 2015, having increased during the year with the appointment of Diane Schueneman. Noting that the latest progress report on *Women on Boards* from the Davies Review has suggested a target of 33% by 2020, Barclays has adopted this new target in its Board Diversity Policy.

The Committee assisted the Board in achieving its target of 25% by ensuring that this was recorded on the Board skills matrix and, in particular, that the search firms were aware of the priority. The Committee also supported a number of initiatives to grow the talent pipeline within the Group and sought opportunities to engage with female members of senior management. Diversity as a whole, including gender, was also taken into account when evaluating the effectiveness of the Board. The comprehensive brief provided to Independent Board Evaluation for this year's review included an evaluation of boardroom dynamics and the effects of diversity. The consultant accordingly assessed the impact of diversity including gender, age, the internationality of the Directors, the breadth of experience, qualifications and skills, concluding that there was a good degree of diversity on the Board with a range of different experiences and outlooks and that the Chairman should continue to nurture inputs from all Directors to derive the benefits of this diversity.

Below Board level, Barclays met its target of 23% female representation among the Managing Director and Director population in 2015. To achieve the target, the Committee endorsed programmes to embed accountability for diversity and inclusion throughout the Group. These efforts included Balanced Scorecard aligned targets for hiring, promotion and attrition set for each business or function, expansion of diversity data to include greater focus, expanding global campaigns to raise awareness and refined communications to drive impact. More details of Barclays' diversity and inclusion strategy may be found on pages 47 to 49.

[You can find the Board Diversity Policy at](#)

home.barclays/corporategovernance

Review of Board and Board Committee effectiveness

Barclays conducts an externally facilitated review of the effectiveness of the Board, Board Committees, individual Directors and the Chairman each year. For 2015, the effectiveness review was facilitated by Independent Board Evaluation, an independent external consultancy with no other connection with Barclays. The review process involved the consultant, Ffion Hague, attending certain Board and Board Committee meetings in November and December 2015 as an observer, alongside detailed interviews conducted according to a set agenda with Directors, members of the Group Executive Committee, the Company Secretary and other members of the executive and senior management. Feedback was also sought from external stakeholders. Independent Board Evaluation prepared a report for the Board on the findings from the review process, which was presented to the Board in December 2015. In addition, the Chairman was provided with a report and feedback on the performance of each of the Directors and the Senior Independent Director received a report on the Chairman. A similar process was followed for the Board Committees. Independent Board Evaluation provided feedback to each of the Committee Chairmen on the performance of each Committee. The feedback is scheduled to be discussed by each Committee in early 2016.

Having assessed the findings of the effectiveness review, the Directors were satisfied that the Board and each of its Committees operated effectively during 2015. Nonetheless, the Board identified a number of actions to help maintain and improve its effectiveness. These, together with an update on the actions taken following the 2014 review, are set out on pages 33 and 34.

Directors Conflicts of Interest

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. The Board has adopted procedures for ensuring that its powers to authorise Directors' conflicts operate effectively. 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 Board Nominations Committee.

Governance in action: the appointment of

Jes Staley

Role requirements

The Committee, which has responsibility for identifying suitable candidates to join the Board, agreed the desired attributes for a successor to Antony Jenkins as Group Chief Executive (CEO). In addition to strong and motivational leadership qualities, the Committee sought candidates with significant experience of retail and/or commercial and investment banking in large scale, complex organisations and an excellent track record of delivery and credibility with regulators and internal and external stakeholders. Personal attributes sought included strategic thinking and the ability to lead and manage change, especially cultural change.

Process

The Committee directed the selection process. As the Chairman had accepted the role of Executive Chairman until a successor was in place, it was agreed that he would step down from the Committee to ensure that it remained composed of independent non-executive Directors and that I would lead the process. It was also agreed that the Committee as a whole would be involved in shortlisting and interviewing candidates and, once preferred candidates had been agreed, to involve the rest of the Board and key senior executives. Spencer Stuart, an

external search consultant, was engaged to assist with the search and selection process.

Search

Having established that there were currently no potential candidates within the Group with the spread and depth of experience required for the role, the Committee examined a long list of candidates produced as a result of the global search and received a presentation from Spencer Stuart covering the prospects for consideration. The Committee identified the most credible prospects to be contacted and invited to interview and requested that the views of the Group's regulators on the preferred type of candidate for the role also be obtained.

I asked Committee members to consider sources for potential candidates that might be approached directly and to recommend potential candidates for the role. In addition, although John McFarlane did not take part in the selection process, he was consulted for his view and insights. I also ensured that Board members were kept up-to-date throughout the process.

Recruitment

As Jes Staley emerged as the preferred candidate and had confirmed his interest in the role, he undertook a series of interviews involving me, the Chairman and members of the Committee. He also met with the remaining members of the Board and the Group Executive Committee.

In addition to the regular communication with Directors, the Board held an additional meeting specifically to discuss the proposed appointment and to allow Directors to share their feedback on Jes Staley before approving his appointment, which was announced on 28 October 2015.

Sir Michael Rake

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Board Nominations Committee report

Review of Board and Board Committee effectiveness

<p>Board priorities</p>	<p>Exhibiting and upholding the Company's values</p>	<p>Leveraging Board experience in support of executives</p>	<p>Greater awareness of Board Committee work</p>
<p>2014 findings</p>	<p>2014 findings</p>	<p>2014 findings</p>	<p>2014 findings</p>
<p>To refine the Board's priorities for 2015.</p>	<p>To continue the embedding of cultural change across and deeper into the organisation and provide effective oversight of progress.</p>	<p>To continue to build effective relationships between the Board and business and functional heads.</p>	<p>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.</p>
<p>Actions taken in 2015</p>	<p>Actions taken in 2015</p>	<p>Actions taken in 2015</p>	<p>Actions taken in 2015</p>
<p>In 2015 the Board re-focused its time on three key themes:</p> <ul style="list-style-type: none"> § focus on core § accelerate earnings growth 	<p>The Board Reputation Committee received reports on the progress of cultural change in 2015.</p> <p>Members of senior management completed a survey on cultural change,</p>	<p>John McFarlane has, and will continue to, discuss his key priorities as Chairman with senior management.</p> <p>Members of the Board Nominations Committee</p>	<p>The Board Committee structure was updated in 2015, following review by the Board Nominations Committee. The revised structure was approved by the Board and implemented from July 2015.</p>

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§ high performance ethic.

the results of which were shared with the Board Reputation Committee.

are mentoring high-potential senior managers.

In line with prior years, all non-executive Directors may attend Board Committee meetings on request, with the agreement of the Committee Chairman. All non-executive Directors were invited to attend Board Risk Committee workshops on risk appetite and on structural reform.

A set of execution priorities was developed for each theme and progress against these priorities was reported to the Board on a regular basis.

The results of the employee opinion survey and a values survey were shared with the Board.

2015 findings

To ensure that the Board agenda is optimised, including time for blue-sky discussion of major risks.

2015 findings

No specific matters were raised during the 2015 review.

2015 findings

To continue to ensure that all non-executive Directors have the opportunity to contribute to strategic debate.

2015 findings

To continue to raise awareness across all Board members of the significant issues considered by Board Committees and to continue to refine the remit and scope of the Board Reputation Committee.

Actions to be taken in 2016

We will identify opportunities for more free-ranging Board discussions, including discussion of risk.

A revised set of Board objectives will be agreed in order to track progress.

Actions to be taken in 2016

No actions are proposed for 2016.

Actions to be taken in 2016

We will continue to identify ways in which the skills and experience of individual non-executive Directors may be leveraged, including partnering individual non-executive Directors with members of the Group Executive Committee.

Actions to be taken in 2016

We will provide opportunities for Board Committee Chairmen to provide more detailed briefings to non-Committee members on the work of their Committee.

We will review the role and scope of the Board Reputation Committee with its new Chairman.

Improvements to the Board appointment process

2014 findings

To continue to ensure that the Board has sufficient visibility of executive succession planning and the talent pipeline.

Actions taken in 2015

The non-executive Directors attended a briefing on talent management and succession planning in April 2015.

The Board Nominations Committee considered Group Executive Committee succession in October 2015. In November 2015, the HR

Director induction

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.

Actions taken in 2015

Directors have been offered the opportunity of additional meetings with senior executives as part of their induction programmes.

Effective handling of legacy issues

2014 findings

To continue to focus on the existing priority of overseeing the resolution of legacy issues.

Actions taken in 2015

Work has continued in 2015 to resolve historical legal and conduct risks. Several outstanding issues have been resolved in 2015.

Dealing more strategically with global regulation

2014 findings

To continue to focus the Board's time on strategy and strategic options.

Actions taken in 2015

Additional time was allocated to the discussion of business strategy at Board meetings in 2015. In particular, the Investment Bank and structural reform were both covered in depth.

The Group's three strategic priorities: focus on core; accelerate

Director attended the Board meeting to provide an update on talent and succession.

earnings growth; and high performance ethic, were developed with the Board's collective input.

Representatives from the Group's UK and US regulators attended Board and Board Committee meetings during the year.

2015 findings

To continue to assess the skills and experience needed on the Board and to ensure that Board composition is balanced between UK and international members.

To enhance Board succession planning, particularly in respect of key roles.

Actions to be taken in 2016

We will develop a revised Board succession plan for discussion by the Board Nominations Committee, including planning for succession to key roles, considering the optimum size of the Board and the balance of UK and overseas Directors.

2015 findings

To enhance the Board training and induction programme, with particular focus on the training needs of Board members from outside the financial services sector.

Actions to be taken in 2016

We will schedule as part of the Board's training programme for 2016 specific briefings for non-executive Directors who do not have a financial services background.

2015 findings

No specific matters were raised during the 2015 review.

Actions to be taken in 2016

No actions are proposed for 2016.

2015 findings

To continue to provide opportunities for Board members to provide early input to thinking on major issues and decisions.

Actions to be taken in 2016

We will continue to allocate sufficient time for Board discussion of strategic priorities and options.

We will schedule additional updates to the Board on talent management and succession planning.

Governance: Directors' report

[How we comply](#)

Leadership

The Role of the Board

As members of the Board of Directors, we have a collective responsibility to create and deliver sustainable value for our shareholders, in a manner that is supported by the right culture, values and behaviours throughout the Group. To support our role in determining the strategic objectives and policies of the Group, there exists a well-defined Corporate Governance framework. We aim to achieve long-term and sustainable value and it is our responsibility as the Board to ensure that management effectively delivers on short-term objectives, while promoting the long-term growth of Barclays.

In addition, we have further responsibility for ensuring that management maintains both an effective system of internal control and an effective risk management and oversight process. When carrying out these responsibilities we consider the Group's business and reputation, the materiality of risks that are inherent in the business and the relevant costs and benefits of implementing controls. The Group's internal control system provides assurance of internal financial controls, compliance with law and regulation and effective and efficient operations.

The Board is the decision-making body for those matters that are considered of significance to the Group owing to their strategic, financial or reputational implications or consequences. To retain control of these key decisions, certain matters have been identified that only we as the Board can approve and there is in place a formal schedule of powers reserved to the Board. As Directors we must act in accordance with the Company's constitution and only exercise powers for the purposes for which they have been conferred. A summary of the matters reserved to the Board is available at home.barclays/corporategovernance. These matters include the approval of Barclays' strategy, interim and full year financial statements and any major acquisitions, mergers, disposals or capital expenditure.

Specific responsibilities have been delegated to Board Committees and each Committee has its own terms of reference, which are available on home.barclays/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 Audit Committee, the Board Nominations Committee, the Board Remuneration Committee, the Board Reputation Committee and the Board Risk Committee.

In addition to the principal Board Committees, the Regulatory Investigations Committee, which was formed in late 2012, focuses on providing Board-level oversight of regulatory investigations. This Committee met six times in 2015. John McFarlane is Chairman of the Committee and the other current Committee members are Mike Ashley, Sir Gerry Grimstone, Diane de Saint Victor and Jes Staley. Antony Jenkins, Sir Michael Rake, Sir John Sunderland and Sir David Walker also served on the Committee during 2015, stepping down when they left the Board.

Attendance

In 2015 we attended both scheduled and additional Board meetings, as disclosed in the table below. The Chairman met privately with non-executive Directors ahead of scheduled Board meetings. If, owing to exceptional circumstances, a Director was not able to attend a Board meeting, he or she ensured that their views were known to the Chairman.

Board attendance	Independent	Scheduled meetings eligible to attend	Scheduled meetings attended	Additional meetings eligible to attend	Additional meetings attended
Group Chairman					
John McFarlane	On appointment	8	8	2	2
Executive Directors					
Tushar Morzaria ^a	Executive Director	8	8	2	1
Jes Staley	Executive Director	1	1	0	0
Non-executive Directors					
Mike Ashley	Independent	8	8	2	2
Tim Breedon	Independent	8	8	2	2
Crawford Gillies	Independent	8	8	2	2
Reuben Jeffery III	Independent	8	7	2	2
Wendy Lucas-Bull ^b	Non-Independent	8	8	2	2
Dambisa Moyo	Independent	8	8	2	1
Frits van Paasschen	Independent	8	8	2	2
Sir Michael Rake	Deputy Chairman, Senior Independent Director	8	7	2	2
Diane de Saint Victor	Independent	8	8	2	2
Diane Schueneman	Independent	5	5	1	1
Steve Thieke	Independent	8	8	2	2
Former Directors					
Sir David Walker	On appointment	3	3	0	0
Antony Jenkins	Executive Director	4	4	1	1
Sir John Sunderland	Independent	3	3	0	0

Secretary

Lawrence Dickinson Notes	8	8	2	2
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- a Although eligible to attend, as an executive Director, Tushar Morzaria did not attend the additional meeting held to consider and approve the appointment of the new Group Chief Executive.
- b Although we have reached the conclusion that all non-executive Directors exhibit independence of character and judgement, we continue to disclose that, for the purposes of the Code, Wendy Lucas-Bull was not designated as independent owing to her chairmanship of Barclays Africa Group Limited, a 62%-owned subsidiary of Barclays.

Governance: Directors report

[How we comply](#)

Board Governance Framework

As a Board we may, under the authority of our Articles of Association and where appropriate, delegate all or any of our powers to an individual Director or to a Committee of Directors. Further information on the operations of each of the Barclays Board Committees can be found on the pages referenced above. Board Committee membership is reviewed regularly by the Board Nominations Committee.

Roles on the Board

As Directors we have established a division of responsibilities between running the Board and running the business of the Group. It is the responsibility of the Chairman to lead the Board and to ensure that it operates effectively, while the responsibility for the day-to-day management of Barclays has been delegated to the Group Chief Executive.

Role profiles setting out the responsibilities of the Chairman, the Group Chief Executive, Deputy Chairman, Senior Independent Director, non-executive Directors, Executive Directors, Committee Chairmen and the Company Secretary can be found in *Barclays Charter of Expectations*, which is available on home.barclays/corporategovernance. *Barclays Charter of Expectations* also sets out high-performance indicators for non-executive Directors.

The Group Chief Executive is supported by the Group Executive Committee, which is responsible for making and implementing operational decisions while running the Group's day-to-day business. Further information on the Group Executive Committee can be found on page 5. The Group Executive Management structure has been designed to support management's decision-making responsibilities, aligned to personal accountability and delegated authority, while embedding risk and control in business decision-making.

Effectiveness

Composition of the Board

The Board Nominations Committee is responsible for reviewing Board composition, considering succession plans for both the Board and senior executives, selecting and appointing new Directors and considering the results of the Board effectiveness review. For more information on the work of this Committee in 2015 please turn to page 27.

Our individual biographies can be found on pages 3 and 4: these include our relevant skills and experience, Board Committee membership and any other principal appointments. Details of changes to the Board in 2015 and year to

date are disclosed on page 6.

The Board currently comprises a Chairman, who was independent on appointment, two Executive Directors and 11 non-executive Directors. In line with the Code, independent non-executive Directors form a majority of our Board. Each year we consider the independence of our non-executive Directors, using the guidance set out in the Code and behaviours determined by us as essential in order for a Director to be considered independent. These independence criteria are disclosed in *Corporate Governance in Barclays*, which can be viewed at home.barclays/corporategovernance. Having considered this guidance, we have determined those non-executive Directors who are standing for re-election at the 2016 AGM to be independent.

Executive Directors' service contracts and the letters of appointment for the Chairman and non-executive Directors are available for inspection at the Company's registered office.

We carry out an annual effectiveness review in order to evaluate our performance as a Board. This evaluation includes an assessment of the effectiveness of Board Committees and individual Directors, to ensure that each of us continues to contribute effectively to the decision-making of the Board. Independence and the existence of any conflicts of interest are considered as part of the effectiveness evaluation. We take the outcomes of the review into account when deciding whether Directors will offer themselves for election or re-election at the AGM.

More information on the Board effectiveness review can be found on page 33 and 34.

Time commitment

In order to effectively discharge our responsibilities, non-executive Directors must commit sufficient time to their role. Set out below is the average time commitment for each non-executive position on the Board. In practice, however, time commitment is agreed on an individual basis and for certain Board positions additional time commitment will often be required in order to fulfil extra responsibilities, such as those of the Deputy Chairman, Senior Independent Director and Committee Chairmen. In addition, in exceptional circumstances, we are expected to commit significantly more time than disclosed below.

Role	Expected time commitment
Chairman	80% of a full-time position
Deputy Chairman	0.5 days a week
Senior Independent Director	As required to fulfil the role
Non-executive Director	30-36 days a year (membership of one Board Committee included, increasing to 40-50 days a year if a member of two Board Committees)
Committee Chairmen	50-60 days (inclusive of non-executive Director time commitment)

It is expected that our Chairman will commit as much time as is necessary to fulfil his duties, with his responsibilities to Barclays taking priority over other business commitments. The Chairman and non-executive Directors are also expected to allocate sufficient time to understanding the business, through meetings with regulators and executives and undergoing training to ensure ongoing business awareness. This time is in addition to that spent preparing for, and attending, Board and Board Committee meetings. When appropriate, a Director joining a Board Committee will be given a specific Board Committee induction programme.

Induction

Following appointment, each Director undergoes a comprehensive induction that has been tailored to individual requirements. The personal induction programme is designed and organised by the Company Secretary in consultation with the Chairman and in doing so they consider how to develop each Director's understanding of how the Group works and the key issues that it faces.

The purpose of the induction programme is to provide Directors with the information they need to become as effective as possible within the shortest practicable time after joining the Board. Typically, a new Director will meet with members of the Group Executive Committee and senior management, allowing an opportunity to familiarise themselves with various businesses and discuss specific matters with senior individuals. When an induction programme is complete, in addition to understanding the Group's business, a new Director should have a clear understanding of Barclays' relationships with its shareholders, regulators and customers and clients.

In 2015, John McFarlane and Diane Schueneman both received tailored induction programmes on joining the Board. Feedback was sought from both new Directors to ensure that the induction programme remains effective.

Training and development

In order to ensure that our non-executive Directors have the necessary knowledge and understanding of the Group's business to enable them to contribute effectively at Board and Board Committee meetings they are regularly provided with the opportunity for training and development.

As part of the annual performance evaluation process the individual development needs of each non-executive Director are reviewed and discussed with the Chairman. Training can be provided through one-to-one meetings with senior executives, in order to receive further insight into a particular area of the Group's business, or as part of dedicated training on a particular issue identified by the Directors and the Company Secretary.

Our Directors have a continuing responsibility to fulfil their duties as members of the Board and Board Committees and this is managed through the provision of focused training and development opportunities.

During 2015, non-executive Directors attended briefings on the following subjects: