BARCLAYS PLC
Form 20-F
February 21, 2019

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

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

For the fiscal year ended December 31, 2018

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 number	Barclays PLC	1-09246

BARCLAYS PLC

(Exact Name of Registrant as Specified in its Charter)

ENGLAND

(Jurisdiction of Incorporation or Organization)

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

(Address of Principal Executive Offices)

GARTH WRIGHT, +44 (0)20 7116 3170, GARTH.WRIGHT@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:

Title of Each Class	Name of Each Exchange On Which Registered
25p ordinary shares	New York Stock Exchange*

Title of Each Class	Name of Each Exchange On Which Registered
American Depositary Shares, each representing four 25p ordinary shares	New York Stock Exchange
4.338% Fixed Rate Senior Notes due 2024	New York Stock Exchange
Floating Rate Senior Notes due 2024	New York Stock Exchange
4.972% Fixed Rate Senior Notes due 2029	New York Stock Exchange
4.61% Fixed Rate Senior Notes due 2023	New York Stock Exchange
Floating Rate Senior Notes due 2023	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
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
5.20% Fixed Rate Subordinated Notes due 2026	New York Stock Exchange
3.20% Fixed Rate Senior Notes due 2021	New York Stock Exchange
Floating Rate Senior Notes due 2021	New York Stock Exchange
Floating Rate Senior Notes due 2023	New York Stock Exchange
3.684% Fixed Rate Senior Notes due 2023	New York Stock Exchange
4.337% Fixed Rate Senior Notes due 2028	New York Stock Exchange
4.950% Fixed Rate Senior Notes due 2047	New York Stock Exchange
4.836% Fixed Rate Subordinated Callable Notes due 2028	New York Stock Exchange
3.250% Fixed Rate Senior Notes due 2033	New York Stock Exchange

*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.

25p ordinary shares	17,132,806,284

Indicate by check mark if the 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 registrant is 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 registrant: (1) has 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) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of large accelerated filer , accelerated filer and emerging growth company in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

*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**	
A.	Selected financial data	180, 182, 205-211, 232 (Notes 10 and 11), 310
B.	Capitalization and indebtedness	Not applicable
C.	Reason for the offer and use of proceeds	Not applicable
D.	Risk factors	85-90
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B.	Business overview	iii (Market and other data), 169-176, 184-193, 218-219 (Note 2), 265-273 (Note 27)
C.	Organizational structure	8, 286-287 (Note 34), 332-335
D.	Property, plants and equipment	258 (Note 20), 259-260 (Note 21), 262 (Note 23)
4A	**Unresolved staff comments**	Not applicable
5	**Operating and Financial Review and Prospects**	
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B.	Liquidity and capital resources	120-121, 135, 137-145, 147-150, 211, 213, 234-239 (Note 14), 265 (Note 26), 273-275 (Note 28), 276-277 (Note 29), 290 (Note 36), 291-292 (Note 37), 400-406, 419-422
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	E. Taxation	312-316
	F. Dividends and paying assets	Not applicable
	G. Statement by experts	Not applicable
	H. Documents on display	316
	I. Subsidiary information	286-287 (Note 34), 332-335
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	B. Warrants and Rights	Not applicable
	C. Other Securities	Not applicable
	D. American Depositary Shares	310-311, 317-318
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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	B. Management s annual report on internal control over financial reporting	41
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16D	**Exemptions from the Listing Standards for Audit Committees**	Not applicable
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16F	**Change in Registrant s Certifying Accountant**	Not applicable
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17	**Financial Statements**	Not applicable (See Item 8)
18	**Financial Statements**	Not applicable (See Item 8)
19	**Exhibits**	Exhibit Index

* 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.

Notes

The terms Barclays or Barclays Group refer to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2018 to the corresponding twelve months of 2017 and balance sheet analysis as at 31 December 2018 with comparatives relating to 31 December 2017. The abbreviations £m and £bn represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations $m and $bn represent millions and thousands of millions of US Dollars respectively; the abbreviations m and bn represent millions and thousands of millions of Euros respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/results.

The information in this announcement, which was approved by the Board of Directors on 20 February 2019, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018, which contain an unqualified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006) will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

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

Non-IFRS performance measures

Barclays management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses 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 Barclays 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 performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to pages 195 to 200 for further information and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

Key non-IFRS measures included in this document, and the most directly comparable IFRS measures, are:

Attributable profit excluding litigation and conduct represents attributable profit excluding litigation and conduct charges. The comparable IFRS measure is attributable profit. A reconciliation is provided on pages 197-199;

Average allocated equity represents the average shareholders equity that is allocated to the businesses. The comparable IFRS measure is average equity. A reconciliation is provided on page 200;

Average allocated tangible equity is calculated as the average of the previous month s period end allocated tangible equity and the current month s period end allocated tangible equity. The average allocated tangible equity for the period is the average of the monthly averages within that period. Period end allocated tangible equity is calculated as

13.0% (2017: 12.0%) of risk weighted assets for each business, adjusted for capital deductions, excluding goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. Head Office allocated tangible equity represents the difference between the Barclays Group s tangible shareholders equity and the amounts allocated to businesses. The comparable IFRS measure is average equity. A reconciliation is provided on page 196;

Average tangible shareholders equity is calculated as the average of the previous month s period end tangible equity and the current month s period end tangible equity. The average tangible shareholders equity for the period is the average of the monthly averages within that period. The comparable IFRS measure is average equity. A reconciliation is provided on page 199;

Basic earnings per share excluding litigation and conduct is calculated by dividing statutory profit after tax attributable to ordinary shareholders excluding litigation and conduct charges, including an adjustment for the tax credit in reserves in respect of other equity instruments, by the basic weighted average number of shares. The comparable IFRS measure is basic earnings per share. A reconciliation is provided on pages 197-199;

Cost: income ratio excluding litigation and conduct represents operating expenses excluding litigation and conduct charges, divided by total income. The comparable IFRS measure is cost: income ratio. A reconciliation is provided on pages 197-199;

Operating expenses excluding litigation and conduct represents operating expenses excluding litigation and conduct charges. The comparable IFRS measure is operating expenses. A reconciliation is provided on pages 197-199;

Operating expenses excluding litigation and conduct, and a GMP charge of £140m represents operating expenses excluding litigation and conduct charges, and a GMP charge of £140m. The comparable IFRS measure is operating expenses. A reconciliation is provided on page 180;

Profit before tax excluding litigation and conduct represents profit before tax excluding litigation and conduct charges. The comparable IFRS measure is profit before tax. A reconciliation is provided on page 197-199;

Return on average allocated equity represents the return on shareholders equity that is allocated to the businesses. The comparable IFRS measure is return on equity. A reconciliation is provided on page 200;

Return on average allocated tangible equity is calculated as the annualised profit after tax attributable to ordinary equity holders of the parent, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average allocated tangible equity. The comparable IFRS measure is return on equity. A reconciliation is provided on page 196;

Return on average allocated tangible equity excluding litigation and conduct is calculated as the annualised profit after tax attributable to ordinary equity holders of the parent excluding litigation and conduct charges, including an adjustment for the tax credit in reserves in respect of other equity instruments, as a proportion of average allocated tangible equity. The comparable IFRS measure is return on equity. A reconciliation is provided on page 196;

Return on average tangible shareholders equity is calculated as the annualised profit after tax attributable to ordinary equity holders of the parent, 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. The comparable IFRS measure is return on equity. A reconciliation is provided on page 197-199; and

Tangible net asset value per share is calculated by dividing shareholders equity, excluding non-controlling interests and other equity instruments, less goodwill and intangible assets, by the number of issued ordinary shares. The components of the calculation have been included on page 199.

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 Barclays 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 of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Group s future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS 9 impacts 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 including the continuing impact of IFRS 9 implementation, 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 applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any 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 Barclays Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; instability as a result of the exit by the United Kingdom from the European Union and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Group s control. As a result, the Barclays Group s actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Barclays Group s forward-looking statements.

Subject to our obligations under the applicable laws and regulations of the United Kingdom and the United States in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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 the Barclays PLC Pillar 3 Report. 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.

Governance

This section sets out our corporate governance processes and the role they play in supporting the delivery of our strategy, including reports from the Chairman and each of the Board Committee Chairs.

Other statutory information

Governance: Directors report

How we comply with

The UK Corporate Governance Code 2016

The UK Corporate Governance Code 2016 (The Code)

The Code is not a rigid set of rules. It consists of principles (main and supporting) and provisions. The Listing Rules require companies to apply the main principles and report to shareholders on how they have done so.

You can find our disclosures as follows:

Leadership	Page
Every company should be headed by an effective board which is collectively responsible for the long-term success of the company.	
Board of Directors	5
Composition of the Board	4
There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company s business. No one individual should have unfettered powers of decision.	
Roles on the Board	37
The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.	
Roles on the Board	37
As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.	
Roles on the Board	37

Effectiveness	Page
The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.	
Board of Directors	5
Board Diversity	4
There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.	
Appointment and re-election of Directors	43

All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.

All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.

The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

Accountability	Page

The board should present a fair, balanced and understandable assessment of the company s position and prospects.

The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.

The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the company s auditors.

Remuneration	Page

Executive directors remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied.

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

Relations with shareholders	Page

There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

The board should use general meetings to communicate with investors and to encourage their participation.

Governance: Directors report

Chairman s introduction

The Board believes that its role is to create and preserve value, not just for shareholders but for all stakeholders and society more widely.

Dear Fellow Shareholders

Our aim is to ensure that our governance is fit for purpose, and in line with best practice among FTSE100 companies. I remain firmly of the view that the role of the Board is to create long-term sustainable value for the benefit of our shareholders and our wider stakeholders. To achieve this, it is vital that Barclays has a robust corporate governance framework, which provides systems of checks and controls to ensure accountability and promotes sound decision-making. It is critical that we have policies and practices in place which ensure that each of the Board and the Board Committees, and the wider Barclays Group, operates effectively, a factor that was at the forefront of our thinking when undertaking structural reform. A key element of structural reform was a review of the governance processes across the Barclays Group in order to ensure the effective operation of each of the individual boards and their respective committees, recognising that this is vital to the development and execution of the Barclays Group s strategy.

Establishment of our ring-fenced bank, and completion of structural reform

Following the financial crisis, the UK government developed legislation to require UK banks to separate their retail banking activities from other activities within their groups. The ring-fencing requirements, which came into effect on 1 January 2019, are intended to strengthen the UK financial system by simplifying banking groups and thus reducing the likelihood that customers and clients and the day-to-day services that they rely upon will be put at risk by a failure in another part of the business or shocks originating in global financial markets.

Barclays was the first UK bank to be granted approval for its ring-fencing scheme, and the establishment of our ring-fenced bank was a significant event in our history. Barclays PLC remains the parent company of the Barclays Group. The Barclays Group is organised into two clearly defined business divisions Barclays UK and Barclays International. These are housed in two banking subsidiaries Barclays UK sits within Barclays Bank UK PLC, and Barclays International sits within Barclays Bank PLC which operate alongside Barclays Services Limited but, in accordance with the requirements of ring-fencing legislation,

independently from one another. Barclays Services Limited drives efficiencies in delivering operational and technology services across the Barclays Group. Each of these subsidiaries has its own separately constituted board, comprising of both executive and non-executive directors, with distinct responsibilities, which reflects the different natures of the respective companies. Barclays Bank UK PLC and Barclays Bank PLC also have their own board committees.

Central to this new corporate structure is a new corporate governance framework. In the course of preparing for structural reform it quickly became apparent that, in order for the Board and the Barclays Group to generate long-term sustainable value for shareholders, we required a governance framework that would provide the strong foundation needed for the effective management of the restructured Barclays Group. The new governance framework is therefore based on a number of core principles. It makes clear that, although the Barclays PLC Board is the ultimate decision-making body for all board-level issues and matters that are significant to Barclays PLC, Barclays Bank UK PLC and Barclays Bank PLC, the subsidiary boards cannot be required to do or not do anything that conflicts with their legal and regulatory duties and/or responsibilities. Internal governance processes have also been developed to ensure the effective operation of the individual boards and board committees in recognition of the fact that this is key to the development and execution of the Barclays Group s strategy. In particular, there are provisions dealing with the escalation and resolution of any issues that might arise. Whilst the interaction of the boards and board committees will inevitably evolve over time, it is recognised that the oversight, scrutiny and specialist input offered by the subsidiaries can and should contribute to promoting the success of Barclays for the benefit of its shareholders as a whole.

Governance reforms

In developing the new governance framework, the opportunity was taken to review our existing governance arrangements against the requirements of The UK Corporate Governance Code 2018 (The New Code) and The Companies (Miscellaneous Reporting) Regulations 2018 (The Regulations). The New

Code and The Regulations, both of which were published in 2018, represent a major milestone in the UK government s suite of corporate governance reforms which aim to build trust in business. They emphasise, in particular, the importance of board composition, culture, and the need for boards to understand the views of their key stakeholders and to report annually on how their interests have been considered in board discussions and decision-making. Barclays PLC will report against the requirements of The New Code and The Regulations in its annual report for the year ending 31 December 2019.

Board composition

A number of changes were made to the boards of Barclays PLC and the subsidiaries in 2018 to reflect the post-ring-fencing structure. These included the appointment of Sir Gerry Grimstone, who was Deputy Chairman and Senior Independent Director of Barclays PLC and Barclays Bank PLC, as Chairman of Barclays Bank PLC and the appointment of Sir Ian Cheshire as Chairman of Barclays Bank UK PLC. Both Sir Gerry and Sir Ian are non-executive Directors of Barclays PLC.

Crawford Gillies succeeded Sir Gerry Grimstone as Senior Independent Director of Barclays PLC in April 2018. In that role, Crawford led the process to appoint Nigel Higgins as my successor. You can read more about the recruitment and appointment of our new Chairman in the Governance in action section of the Nominations Committee report on page 26.

In July 2018, Mary Anne Citrino joined Barclays PLC as a non-executive Director. Mary Anne s experience of the financial services sector brings additional knowledge and perspective to the Board, and her appointment reflects the ongoing work of the Nominations Committee to ensure that we have the right mix of individuals on the Board. You can read more about the work of the Nominations Committee on pages 22 to 26.

Mary Anne s appointment also brings female representation on the Board to 27%, which is a positive step towards achieving our diversity target of having 33% female representation on the Board by 2020, to which we remain committed.

Governance: Directors report

Chairman s introduction

Purpose, Values and Culture

As an organisation, we have evolved on nearly every level, in shape, size and ambition and, as we look to the future, we need to consider how we reflect the Barclays Group as it is today, and how we want it to be seen tomorrow. Our code of conduct, *The Barclays Way,* provides a clear path towards achieving a dynamic and positive culture within the Barclays Group by outlining our common purpose Creating Opportunities to Rise and values, which govern our way of working.

The Board receives regular reports on the alignment of Barclays culture with its purpose, values and strategy as well as qualitative and quantitative feedback on matters of interest to colleagues through the *Culture Dashboard,* which measures and tracks our progress in embedding the desired culture, and the results of the *Your View* employee opinion surveys.

Personal accountability is central to our culture and how we behave is instrumental in our achieving the highest standards of performance, adding value to our customers and clients, and meeting our regulatory obligations. The Board believes that its role is to create and preserve value, not just for shareholders but for all stakeholders and society more widely. The impact of our behaviour and business on customers and clients, colleagues, wider society and the environment is monitored by the Board with support from the Reputation Committee, which tracks key indicators across the areas of culture, citizenship, conduct, and customer and client satisfaction on an ongoing basis. You can read more about the work of the Reputation Committee on pages 27 to 30.

Stakeholder engagement

We recognise the importance of listening to, and understanding the views of, our stakeholders including colleagues such that this information can be used to inform the Board s decision-making. The Directors look to engage with stakeholders of the Barclays Group throughout the year, and are kept informed of shareholder views through regular updates, with insights provided by the Head of Investor Relations and our brokers. Crawford Gillies, our Senior Independent Director, is also available to meet with investors and other stakeholders.

A new regime for 2019

The New Code and The Regulations came into effect on 1 January 2019, and apply to reporting on financial years beginning on or after that date. We will, therefore, report against their requirements in Barclays PLC s next annual report. However, for a description of how we comply with The UK Corporate Governance Code 2016 (The Code) and the enhancements that will be made to our governance practices to reflect the requirements of The New Code and The Regulations please refer to the Governance reporting for 2019 section on page 42.

Board effectiveness

An effective board is key to the establishment and delivery of a company s strategy and we therefore continually seek to improve the effectiveness of your Board. One of the ways in which we have done this in 2018 is through a Board effectiveness review facilitated by Independent Board Evaluation, an independent, external corporate governance consultancy. We have, in recent years, commissioned annually an external assessment of the effectiveness of the Board, the Board Committees and the Directors, notwithstanding that the requirement is to do so only every three years. More information on the 2018 effectiveness review, and our progress against the findings of the 2017 effectiveness review, can be found on page 40. We are also pleased to report that, although not required by The Code, the boards of Barclays Bank UK PLC and Barclays Bank PLC have also elected to engage Independent Board Evaluation in order to review and enhance their effectiveness and ensure that they are operating optimally. We look forward to the unique perspective those reviews will provide as to the interaction of the boards and board committees of these companies, and the fitness for purpose of our new governance framework.

Looking ahead

The key areas of focus for 2019 will be embedding the new corporate governance framework, and enhancing our governance practices such that we can ensure our compliance with The New Code and The Regulations. 2019 will also be a year for us to learn from the practical application of this governance framework and the related processes in order to ensure that we have a clear frame of reference in relation to decision making, oversight and escalation, and the delivery of functional support that works for your Barclays Group and promotes the long-term sustainable success of the Barclays Group.

John McFarlane

Chairman

20 February 2019

Board composition

Balance of non-executive Directors :

executive Directors

Chairman

1	0-3 years	5
2	3-6 years	7
3	6-9 years	3

Industry experience

(Chairman and non-executive Directors)*

1	Financial Services	13 (100%)

2 Political/regulatory experience	12 (92%)
3 Current/recent Chair/CEO	5 (38%)
4 Accountancy/auditing	2 (15%)
5 Operations and Technology	2 (15%)
6 Retail/marketing	1 (8%)

International experience

(Chairman and non-executive Directors)*

1 International (UK)	10 (77%)
2 International (US)	3 (23%)
3 International (Rest of the World)	3 (23%)

Notes

* Individual Directors may fall into one or more categories.
In relation to board experience based on the location of the headquarters/registered office of a company.

Board of Directors[a]

Barclays understands the importance of having a board with 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 Barclays Board are highlighted below.

John McFarlane

Chairman

Appointed:

1 January 2015

Relevant skills and experience

John is the Chair of Barclays PLC. He is a senior figure in global banking and financial services circles having spent 43 years in the sector, including time at Aviva, The Royal Bank of Scotland, Standard Chartered and CitiBank UK.

John was recently awarded the Freedom of the City of London by Special Nomination for his outstanding achievements in the field of banking.

John brings considerable leadership, Group oversight and banking experience to the Board and his roles outside Barclays are supportive of this.

Key current appointments

Chairman, TheCityUK; Member, Financial Services Trade and Investment Board; Director, Old Oak Holdings Limited; Supervisory Board Member,

Unibail-Rodamco Westfield S.E.; Cranfield School of Management Advisory Board; Member, Institut

International d Etudes Bancaires; Member, President s Committee Confederation of British Industry

Committees

Nominations (Chair)

Jes Staley

Group Chief

Executive

Appointed:

1 December 2015

Relevant skills and experience

Jes has nearly four decades of extensive experience in banking and financial services. He brings a wealth of investment banking knowledge to the Board as well as strong executive leadership.

He previously worked for more than 30 years at JP Morgan where he initially trained as a commercial banker, later advancing to the leadership of major businesses involving equities, private banking and asset management and ultimately heading the company s Global Investment Bank.

Key current appointments

Board member, Bank Policy Institute; Board member, Institute of International Finance

Committees

None

Tushar Morzaria

Group Finance

Director

Appointed:

15 October 2013

Relevant skills and experience

Tushar is a chartered accountant with over 25 years of strategic financial management, investment banking, operational and regulatory relations experience.

He joined Barclays from JP Morgan, where he held various senior roles including the CFO of its Corporate & Investment Bank at the time of the merger of the investment bank and the wholesale treasury/security services business.

Key current appointments

Member; 100 Group Main Committee; Chair; Sterling Risk Free Reference Rates Working Group

Committees

None

Crawford Gillies

Senior Independent

Director

Appointed:

1 May 2014

Relevant skills and experience

Crawford has extensive business and management experience at executive and board level spanning over 30 years.

Beneficial to the Board and key to understanding stakeholder needs, is his experience in international and cross sector organisations, strong leadership and strategic decision-making. Gained from his former remuneration committee chairmanships at Standard Life plc and MITIE Group PLC and other current positions, Crawford brings to the Board robust remuneration experience.

Key current appointments

Non-executive director, SSE plc; Chairman, Edrington Group

Committees

Audit, Nominations, Remuneration (Chair)

[a] Full Director biographies can be found on pages 322 to 325.

Mike Ashley

Non-executive

Appointed:

18 September 2013

Relevant skills and experience

Mike has deep knowledge of accounting, auditing and associated regulatory issues, having previously worked at KPMG for over 20 years.

Mike s former roles as the lead engagement partner on the audits of large financial services groups including HSBC, Standard Chartered and the Bank of England, as Head of Quality and Risk Management for KPMG Europe LLP and as KPMG UK s Ethics Partner enable the Board to benefit from Mike s expertise in management of professional risks, quality control and understanding of ethical issues. His current Board and Committee positions outside of Barclays also support this.

Key current appointments

Member, Cabinet Office Board; Member, International Ethics Standards Board for Accountants; Member, ICAEW Ethics Standards Committee; Member, Charity Commission

Committees

Audit (Chair), Nominations, Risk, Reputation

Tim Breedon CBE

Non-executive

Appointed:

1 November 2012

Relevant skills and experience

Tim has extensive financial services experience, knowledge of risk management and UK and EU regulation, as well as an understanding of key investor issues and customer focus.

He had a distinguished career with Legal & General, where, among other roles, he was the group CEO until June 2012 and this experience enables Tim to provide challenge, advice and support to management on performance and decision-making.

Key current appointments

Chairman, Apax Global Alpha Limited; Chairman, The Northview Group Limited

Committees

Audit, Nominations, Remuneration, Risk (Chair)

Sir Ian Cheshire

Non-executive

Appointed:

3 April 2017

Relevant skills and experience

Sir Ian is a member of the Board and is also Chair of Barclays Bank UK PLC.

He brings to the Board substantial business experience particularly in the international retail sector from his lengthy executive career at the Kingfisher Group, as well as experience in sustainability and environmental matters. Sir Ian holds strong credentials in leadership, is involved with many charitable organisations, such as The Prince of Wales s Charitable Foundation and is highly regarded by the Government for his work with various Government departments.

Key current appointments

Chairman, Maisons du Monde; Chairman, Menhaden plc; Lead non-executive director for the Government; Trustee, Institute for Government

Committees

Nominations

Governance: Directors report

Who we are Board of Directors

Mary Anne Citrino

Non-executive

Appointed:

25 July 2018

Relevant skills and experience

Mary Anne is an experienced non-executive director holding considerable financial services and investment banking experience, following an executive career spanning over 20 years with Morgan Stanley.

Her current other non-executive positions and senior advisory role with Blackstone, coupled with her previous board and senior management level positions (with Dollar Tree Inc. Health Net, Inc, and Blackstone Advisory Partners) contribute to the wide ranging global, strategic and advisory experience she can provide to the Board.

Key current appointments

Non-executive director, HP Inc.; Non-executive director, Ahold Delhaize N.V.; Non-executive director, Alcoa Corporation

Committees

Risk

Mary Francis CBE

Non-executive

Appointed:

1 October 2016

Relevant skills and experience

Mary has extensive and diverse board-level experience across a range of industries, which has developed from her previous non-executive directorships with Alliance & Leicester, Aviva, the Bank of England, Centrica and Swiss Re Group, her former executive positions and current roles.

She brings to the Board strong understanding of the interaction between public and private sectors, skills in strategic decision-making and reputation management and promotes strong board governance values.

Key current appointments

Non-executive director, Ensco PLC; Member of Advisory Panel, The Institute of Business Ethics Member, UK Takeover Appeal Board

Committees

Remuneration, Reputation (Chair)

Sir Gerry

Grimstone

Non-executive

Appointed:

1 January 2016

Relevant skills and experience

Sir Gerry is a member of the Board and is also Chair of Barclays Bank PLC.

He is highly respected in the banking industry and brings to the Board immense investment banking, financial services and commercial experience both at non-executive director and chairman level. Sir Gerry has global business experience across the UK, Asia, the Middle East and the US as a result of his former positions at Schroders and Standard Life Aberdeen plc as well as his other current positions.

Key current appointments

Chairman, The City UK China Market Advisory Group; Lead non-executive, Ministry of Defence; Member, Financial Services Trade and Investment Board; Public interest non-executive director, Deloitte NWE LLP

Committees

Nominations

Reuben Jeffery III

Non-executive

Appointed:

16 July 2009

Relevant skills and experience

Reuben has extensive financial services experience, particularly within investment banking and wealth management, through his current positions and former senior roles with Goldman Sachs, where he led their European Financial Institutions Group.

He is also able to provide the Board with insight and experience of the US political and regulatory environment, gained from his Government roles in the US, including as chairman of the Commodity Futures Trading Commission and as an under Secretary of State.

Key current appointments

Vice Chairman, Rockefeller Capital Management; Director, Financial Services Volunteer Corps; Director, CQS Management Limited; Trustee, The Asia Foundation

Committees

Nominations, Risk

Matthew Lester

Non-executive

Appointed:

1 September 2017

Relevant skills and experience

Matthew contributes to the Board strong financial management and regulatory experience, having held a number of senior finance roles across a range of business sectors, including financial services. Most recently he was chief financial officer of Royal Mail Group.

His financial expertise attained from past positions and current non-executive roles enables Matthew to analyse effectively complex reporting and risk management processes and appropriately challenge executive management.

Key current appointments

Non-executive director, Man Group plc; Non-executive director, Capita plc

Committees

Audit, Risk

Dambisa Moyo

Non-executive

Appointed:

1 May 2010

Relevant skills and experience

Dambisa is an international economist and commentator on the global economy, with a PhD in economics. She brings to Barclays a background in financial services and a wide knowledge and understanding of global economic, political and social issues.

Her past non-executive directorships with Barrick Gold Corporation, SABMiller plc and Seagate Technology plc and current positions highlight her strong board level experience of companies with complex global operations.

Key current appointments

Non-executive director, Chevron Corporation; Non-executive director, 3M Company; Member of Investment Committee, Oxford University Endowment Fund

Committees

Remuneration, Reputation

Diane Schueneman

Non-executive

Appointed:

25 June 2015

Relevant skills and experience

Diane is a member of the Board and also Chair of Barclays Services Limited and a member of the Board of Barclays US LLC.

She brings to Barclays a wealth of experience in managing global, cross-discipline business operations, client services and technology in the financial services industry. Diane had an extensive career at Merrill Lynch, holding a variety of senior roles, including responsibility for banking, brokerage services and technology provided to the company s retail and middle market clients.

Key current appointments

None

Committees

Audit, Risk

Mike Turner CBE

Non-executive

Appointed:

1 January 2018

Relevant skills and experience

Mike has considerable business and board level experience gained from his lengthy career with BAE Systems PLC where he was CEO as well as his non-executive positions. He has a strong commercial background and experience in strategy and operational performance culture.

He brings significant leadership and strategic oversight experience to the Board, particularly from his current roles and previous chairmanship of GKN Plc.

Key current appointments

Chairman, Babcock International Group PLC Member, UK Government s Apprenticeship Ambassadors Network

Committees

Reputation

Company Secretary

Stephen Shapiro

Appointed:

1 November 2017

Relevant skills and experience

Stephen was appointed Company Secretary in November 2017 having previously served as the Group Company Secretary and Deputy General Counsel of SABMiller plc. Prior to this, he practised law as a partner in a law firm in South Africa, and subsequently in the UK. Stephen has extensive experience in corporate governance, legal, regulatory and compliance matters. Stephen serves on the Executive Committee of the GC100, the association of General Counsel and Company Secretaries working in UK FTSE 100 companies, and has previously served as Chairman of the ICC UK s Committee on Anti-Corruption.

Governance: Directors report

Who we are Group Executive Committee

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 page 5.

Paul Compton

Group Chief

Operating Officer

Bob Hoyt

Group General

Counsel

Laura Padovani

Group Chief

Compliance Officer

Tristram Roberts

Group Human

Resources Director

Group Executive Committee meetings are also attended on a regular basis by the Chief Internal Auditor, the Company Secretary, and an ex-officio member drawn from senior management.

Tim Throsby

Chief Executive

Officer, Barclays

International

Ashok Vaswani

Chief Executive

Officer, Barclays UK

C S Venkatakrishnan

Group Chief

Risk Officer

[a] Group Executive Committee biographies can be found on pages 322 to 325.

What we did in 2018

Board report

The Barclays Board

The Barclays Group is organised into two clearly defined business divisions Barclays UK and Barclays International. These are housed in two banking subsidiaries Barclays UK sits within Barclays Bank UK PLC, and Barclays International sits within Barclays Bank PLC which operate alongside Barclays Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Services Limited drives efficiencies in delivering operational and technology services across the Barclays Group. Barclays PLC is the parent company of the Barclays Group.

Each of the three subsidiaries has its own separately constituted board, comprising of both executive and non-executive directors, with distinct commercial, legal and regulatory responsibilities which reflect the different natures of the respective entities. Barclays Bank UK PLC and Barclays Bank PLC also have their own board committees.

The Barclays PLC Board (the Board) is responsible for the overall leadership of the Barclays Group, including establishing its purpose, values and strategy and satisfying itself as to the alignment of Barclays culture with its purpose, values and strategy. It is also responsible for ensuring that management maintains a sound system of audit, risk management, compliance and internal control. A sound system of internal control provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In meeting this responsibility, we consider what is appropriate for the Barclays Group s business and reputation, the materiality of financial and other risks and the relevant costs and benefits of implementing controls. See page 40 for further details on those systems of controls.

In collaboration with the respective boards of Barclays Bank UK PLC and Barclays Bank PLC, the Board has developed a governance framework that seeks to provide the strong foundation needed for the effective management of the re-structured Barclays Group and thus generate long-term sustainable returns for shareholders.

As stated above, the Board is the ultimate decision-making body for all board-level issues and matters that are significant to

Barclays PLC, Barclays Bank UK PLC and Barclays Bank PLC because of their potential strategic, financial, regulatory or reputational implications or because of their potential consequences for the Barclays Group as a whole.

As noted in the Chairman s introduction, internal governance processes have also been developed to ensure the effective operation of the individual boards and board committees of each of Barclays PLC, Barclays Bank UK PLC and Barclays Bank PLC respectively, in recognition of the fact that this is key to the development and execution of the Barclays Group s strategy. The *Schedule of Matters Reserved* details the key decisions in respect of which the Board has control. The *Schedule of Matters Reserved* to the Board is reviewed regularly to ensure that it remains relevant, and was recently updated to reflect our new corporate structure, evolving corporate governance requirements, and industry best practice. A summary of the matters reserved to the Board can be found at **home.barclays/**

corporategovernance.

The Board Committees

The Board is empowered through its Articles of Association to delegate all or any of its powers, authorities and discretions to any committee or committees as it thinks fit. The principal Board Committees are the Board Audit Committee, the Board Risk Committee, the Board Reputation Committee, the Board Nominations Committee and the Board Remuneration Committee.

The Board Committees are responsible for overseeing matters at the Barclays Group level and their respective authorities extend to all matters relating to their responsibilities for the Barclays Group, save to the extent that the matters relate solely to either Barclays Bank UK PLC or Barclays Bank PLC, and/or their respective subsidiaries, and fall solely within the remit of the terms of reference of the respective board committees of either Barclays Bank UK PLC or Barclays Bank PLC in which case the matter shall be dealt with by such committee, within the parameters set by the relevant Board Committee. The Board Committees report to the Board.

The Board has defined the roles and objectives of each of the Board Committees, and provided specific levels of discretion within which they can operate. In line with all board committees in the Barclays Group, the Board Committees must act in accordance with the remit of their delegated authorities and their terms of reference. The terms of reference are reviewed annually, and were recently updated to reflect our new corporate structure, evolving corporate governance requirements, and industry best practice. A copy of each Board Committee s terms of reference can be found at **home.barclays/corporategovernance.**

You can read more about what the Board and each of the Board Committees did during 2018 on the following pages.

Strategy formulation and monitoring

Debated and provided input to management on the execution of the overall strategy of the Barclays Group, and reflected on that strategy with longer-term views on what could be done to build on our strengths as a transatlantic consumer and wholesale bank, enhance financial resilience and deliver consistent and stronger returns through the business cycle. The topics considered by the Board included:

- a continued focus on ways to enhance the Barclays Group s returns
- potential growth opportunities for the Barclays Group in delivering sustainable enhanced returns through the cycle
- constraints and risks to strategy execution, including economic assumptions, expected regulatory requirements on capital and solvency ratios, investor expectations, potential impacts for clients and customers, and the various approaches to the distribution of capital
- the allocation of capital
- areas of shareholder focus in relation to the overall strategy of the Barclays Group
- strategic approach to costs optimisation, including the use of Barclays Execution Services to deliver shared services to the Barclays Group.

Discussed regular updates from the Group Chief Executive on the progress being made against the 2018 execution priorities and capital targets of the Barclays Group, received insights on stakeholder, employee and cultural matters (including results from employee opinion surveys), and updates on items of focus for the Barclays Group Executive Committee.

Monitored the progress of the execution and implementation of the structural reform programme and approved matters in connection therewith including capital reductions.

Assessed and debated the potential implications of the UK s preparations to leave the EU following the EU Referendum result and received updates on the preparations of the Barclays Group therefor, including the expansion of our Irish legal entity, Barclays Bank Ireland, as well as updates from the Chair of the Risk Committee.

Received Deep Dive presentations from management on key areas of the Barclays Group s business and lessons learned from specific events.

Finance (including capital and liquidity)

Debated, assessed and approved the Barclays Group s Medium Term Plan for 2018-2020.

Regularly assessed financial performance of the Barclays Group and its main businesses through reports from the Group Finance Director.

Reviewed and approved Barclays financial results prior to publication, including approving full year and half year dividends.

Discussed market and investor reaction to Barclays strategic and financial results announcements, with insights provided by the Head of Investor

Relations and brokers.

Provided input, guidance and advice to senior management on the Barclays Group s Medium Term Plan 2019-2021 and subsequently approved the final plan.

Governance: Directors report

What we did in 2018

Board report

Governance and risk (including regulatory issues)

Debated and approved the 2018 risk appetite for the Barclays Group.

Discussed and received regular updates on stress testing.

Regularly assessed Barclays overall risk profile and emerging risk themes, hearing directly from the Chief Risk Officer and the Chair of the Risk Committee.

Discussed and received regular updates directly from the Chief Controls Officer on the internal controls and framework of the Barclays Group and monitored progress of:

- the Barclays Internal Control Enhancement Plan (the programme for remediation of identified risk and control issues)
- the Risk and Control Self Assessment process
- improvements to the operating model of the Controls Office.

Received reports on Barclays operational and technology capability, including in relation to the recruitment of a Chief Security Officer, the launch of the Joint Operations Centre, and cyber security.

Approved the Barclays Group s 2018 Recovery Plan and considered the US Resolution Plan. Both plans considered Barclays Preferred Resolution Strategy, which is developed with the Bank of England and involves a single-point of entry resolution with bail-in at the Barclays PLC level.

Considered regular updates from the Group General Counsel on the legal and regulatory risks and issues facing the Barclays Group refer to note 27 in the financial statements.

Met with representatives of Barclays UK and US regulators to enable the Board to hear first-hand about regulatory expectations and their specific views on Barclays.

Received and considered regular updates on communications from Barclays UK and US regulators.

Considered matters relating to Board succession, including the recruitment and appointment of a new Chairman and approved appointments to the Board and Board Committees.

Received and considered regular updates from the Chairs of the Board s principal Board Committees on the matters discussed at Board Committee meetings. You can read more about what each of the Board Committees did during 2018 on the following pages.

Received regular updates from the Chairs of Barclays Bank UK, Barclays Bank PLC and Barclays Services Limited.

Approved:

- the new corporate governance framework for the Barclays Group, which reflects the corporate structure post-structural reform and recent corporate governance reforms
- the operating parameters within which Barclays Bank UK PLC and Barclays Bank PLC, and their respective groups, should run themselves in compliance with relevant law and regulation.

Considered and discussed other corporate governance matters and regulatory matters, including the Senior Managers and Certification Regime and the extension thereof.

Engaged with stakeholders through a number of mechanisms, including:

- meeting with institutional investors at seminars and conferences across many geographic locations, and meeting with private shareholders at the AGM

receiving updates on shareholder views through regular updates, with insights provided by the Head of Investor Relations and brokers
monitoring the impact of our behaviour and business on customers and clients, colleagues and society with support from the Reputation Committee, which tracks key indicators across the areas of culture, citizenship, conduct, and customer and client satisfaction, and used the insights gained to inform the Board s decision-making.

Monitored the impact of our behaviour and business on customers and clients, colleagues and society.

Received regular reports on the alignment of Barclays culture with its purpose, values and strategy as well as qualitative and quantitative feedback on matters of interest to colleagues.

Received updates from the Reputation Committee on the publication of policy statements on Coal, World Heritage Sites and Ramsar Wetlands, as well as Barclays Energy and Climate Change Statement, and discussed feedback received thereon.

Received training on whistleblowing and the Senior Managers and Certification Regime.

Considered the results of the 2017 Board effectiveness review and the proposed action plan and considered the process for and findings of the

2018 Board effectiveness review. More information on the 2018 Board effectiveness review can be found on page 4.

Other (including remuneration)

Considered progress on Barclays talent and succession planning (and hosted receptions for key talent within the Barclays Group), and monitored the overall diversity of the leadership pipeline to ensure that the broadest spectrum of leaders are being attracted to the Barclays Group.

Received updates on the Bank s diversity and inclusion initiatives, including from the Chair of the Nominations Committee, and debated the key business drivers for promoting diversity of gender, social and ethnic background, cognitive and personal strengths when making appointments to the Board and succession planning.

Considered and approved the 2018 incentive funding pools for the Barclays Group and allocation among each business and function. Please refer to the Remuneration report on pages 53 to 80 for further details.

Governance in action

Cyber security and operational resilience

The way in which businesses operate and consumers manage their lives is fundamentally changing. At Barclays, our customers undertake over six million digital banking interactions every day through online and mobile services. The impact of digitisation on the financial services sector has generally been a positive one, providing consumers with the ability to engage through their preferred channel, at a time of their choosing, without having to visit a physical branch. However, digitisation has also resulted in instances of service disruption. In a recent study on cyber and technology resilience, the Financial Conduct Authority (FCA) noted that cyber-attacks accounted for 18% of the operational incidents reported to the FCA between October 2017 and September 2018, and that technology outages in the financial services sector are becoming more frequent.

The Board considers that cyber security and operational resilience are critical issues disruptions that affect customers access to their accounts, and their money, impact confidence in the wider banking sector. The Barclays Group is focused on reducing the volume of operational incidents, and is seeking to do this through:

The strengthening of controls and governance relating to technology. We have agreed standards and processes in place to manage the risks of operating and maintaining a complex technology estate across the Barclays Group. We have also reviewed our most critical banking services, and the internal processes that support them, in order to ensure that appropriate levels of resilience are designed and implemented for each service, depending on its criticality, and to identify and remove any single points of failure. A senior Accountable Executive has been assigned to each critical banking service, with responsibility for ensuring the resilience of that service and undertaking regular testing.

We also monitor both internal and external operational incidents as part of our formal Lessons Learned and Post Incident Review processes, as well as regularly using scenario planning to further improve our activities and plans in the event of an incident.

Continued investment in our IT infrastructure. We operate a multi-channel strategy, with the channels supported by different technology systems to ensure that we can continue to service our customers in the event that one or more channels encounters difficulties. There are also, often, non-digital alternatives available for use as back-up.

We believe that our approach is proving successful between 2016 and 2017, operational incidents caused by technology reduced by 15%; between 2017 and 2018, operational incidents caused by technology reduced by 13%. Nevertheless, incidents do still occur and, when they do, we focus on minimising the impact on customers. This includes providing clear and timely updates through different channels in order to signpost customers to those services that are unaffected.

The provision of around-the-clock resilience and security. Nearly one quarter of the Barclays Group s global workforce of 85,000 is dedicated to security and technology. In order to enable our customers to transact 24/7, we seek to ensure around-the-clock resilience and security. We have created a global network of Joint Operation Centres with state-of-the-art technology and highly trained staff to enable always on monitoring, tracking, and handling of cyber threats and technology issues.

Whilst the Board is actively engaged in monitoring and overseeing cyber security and operational resilience, the control aspects of these issues are the responsibility of the Audit Committee and the operational risk issues are the responsibility of the Risk Committee. You can read more about the work of the Audit Committee and the Risk Committee on pages

12 to 21 and pages 31 to 36 respectively.

Governance: Directors report

What we did in 2018

Board Audit Committee report

Having overseen preparations for the implementation of IFRS 9, the Committee was well placed to monitor the impact of the new standard and ensure that such impact was clearly communicated to shareholders.

Dear Fellow Shareholders

2018 was another year of challenge and change for Barclays. One of the Committee s most significant activities was overseeing Barclays transition from IAS 39 to the IFRS 9 *Financial Instruments* accounting standard, in particular the introduction of a forward-looking expected credit loss (ECL) model, which is designed to recognise losses earlier. Having overseen the Barclays Group s preparation for the implementation of IFRS 9 over the last few years, my Committee colleagues and I were well placed to monitor the impact of the new standard and ensure that such impact was clearly communicated to shareholders. To this end, and in line with the Committee s responsibility for ensuring the integrity of Barclays published financial information by debating and challenging the critical judgements and estimates made by management, we provided input on material disclosures relating to IFRS 9. Please refer to the report on the following pages for details of all of regulators both in the UK and the US. I reported regularly on the activities of the Committee to the Board of Barclays PLC.

Ensuring continued focus on the strengthening of Barclays control environment remained a priority for the Committee in 2018. I held regular meetings with the Chief Internal Auditor and members of her senior management team to ensure that I was aware of current work programmes and any emerging issues. I also agreed the Chief Internal Auditor s objectives, and the outcomes of her performance assessment and remuneration. Following the success of previous networking events with Barclays Internal Audit (BIA), Committee members were once again given the opportunity to meet with senior members of the BIA management team on a less formal basis.

Having taken over the co-ordination of the Risk and Control Self-Assessment

I am proud to be Barclays Whistleblowers Champion. As Champion, I have specific responsibility for overseeing the integrity, independence and effectiveness of the Barclays Group s whistleblowing arrangements, including the policies and procedures on protecting against victimisation. In this capacity, I am pleased to report that the recommendations arising from the independent review of the whistleblowing programme that was commissioned by the Board in 2017 have been implemented in full. This includes the standing-up of a centralised team to review and assess all concerns raised and, as necessary, direct those concerns to an appropriate team for investigation. The FCA and the PRA concluded their regulatory processes in relation to the investigation of certain matters involving our whistleblowing programme, and Barclays Bank PLC reached a settlement with the New York State Department of Financial Services in respect of its investigation into the same matters. Certain information relating to the whistleblowing programme will be the material matters considered by the Committee in the last year.

On 1 April 2018, Barclays Bank UK PLC was established thereby completing structural reform. Having previously agreed the allocation of responsibilities, the Committee worked closely with the audit committees of Barclays Bank UK PLC and Barclays Bank PLC and with management to embed the necessary information flows and reporting in order to ensure that all three of the audit committees can discharge their responsibilities with the minimum amount of duplication. More generally, the intention of the new structure is that all of the Barclays Group entities operate alongside one another, but in accordance with the requirements of ring-fencing legislation. With this in mind, I held regular meetings with the chairs of the Barclays Bank UK PLC and Barclays Bank PLC audit committees and recently attended meetings of each of their committees. In turn, the chairs of those entities attended at least one Committee meeting during 2018. I also met frequently with members of senior management, including the Group Finance Director and Chief Internal Auditor, and continued my engagement with Barclays

(RCSA) process in 2017, the Chief Controls Office has developed a more detailed self-assessment process which has assisted the business in proactively identifying controls which require remediation. We received regular updates from the Chief Controls Office on those controls and other issues. Following the stand-up of the Barclays Bank UK PLC and Barclays Bank PLC audit committees, the focus of these updates was on issues of significance to the Barclays Group, most of which related to services supplied by Barclays Execution Services.

The Committee continued to engage with senior management regarding areas of control weaknesses, and received presentations from a number of different areas of the organisation on the actions taken to address unsatisfactory audit reports.

In assessing control issues for disclosure in the Annual Report, the Committee applied similar concepts to those used for assessing internal financial controls for the purposes of Sarbanes-Oxley. The conclusion we reached is that there are no control issues that are considered to be a material weakness and which therefore merit specific disclosure.

provided to the FCA and the PRA for the years 2018 2020, and to the New York State Department of Financial Services for the years 2017 2020.

Committee performance

The performance of the Committee was assessed by Independent Board Evaluation, an independent, external corporate governance consultancy as part of the annual effectiveness review of the Board of Barclays PLC. The results show that the Committee is operating effectively, and the Board takes a high level of assurance from the technical competence and diligence of the Committee s work. It is considered well constituted, with the right balance of skills and experience. Last year s review commented on the need to manage a demanding agenda efficiently so that time is allocated to the most significant items for discussion.

The Committee sought to address this by embedding the progress made by the Audit, Reputation and Risk Committees in 2017 to avoid duplication where there is an overlap of responsibilities, and focusing on time management in meetings such that discussions, and presenters, are limited to the allocated time. The results of this year s review note that there has been encouraging progress in relation to focus on key issues, but that there is still work to be done. The Committee will continue to focus on this point in the forthcoming year.

You can read more about the outcomes of the review of Board, Board Committee and individual Director effectiveness on page 25.

Looking ahead

In 2019, the Committee will continue to monitor the impact of IFRS 9, and the new IFRS 16 accounting standard pursuant to which companies will be required to bring most leases on-balance sheet from 1 January 2019. We will also further develop our relationship with the audit committees of Barclays Bank UK PLC and Barclays Bank PLC to ensure that all three audit committees operate effectively and in a streamlined manner.

Finally, Sally Clark, our current Chief Internal Auditor, has decided to retire. I would like to take this opportunity to thank her both personally and on behalf of the Committee for her support and dedication in the role over the last five years. The Committee will be involved in the process to appoint a successor, and will be seeking to ensure that we appoint a candidate who continues with her work establishing BIA as a world leading function.

Mike Ashley

Chair, Board Audit Committee

20 February 2019

Committee allocation of time (%)

2018 2017

1 Control issues	**8**	11
2 Business control environment	**12**	15
3 Financial results (including IFRS 9)	**46***	33
4 Internal audit matters	**14**	25
5 External audit matters	**13**	8
6 Other (including litigation, governance and compliance)	**7**	8

* The increased amount of time allocated to financial results in 2018 reflects the role of the Committee in monitoring the impact of the IFRS 9 Financial Instruments accounting standard and ensuring that such impact was clearly communicated to shareholders, including providing input on material disclosures.

The reduced amount of time allocated to internal audit matters in 2018 is reflective of the progress made by Barclays Internal Audit in addressing the Matters Requiring Attention identified by the Federal Reserve Bank of New York, the issues arising from the PRA s horizontal review of the function, and the recommendations made by Deloitte following its independent review of Barclays Internal Audit in 2017.

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors, with membership designed to provide the breadth of financial expertise and commercial acumen it needs to fulfil its responsibilities. Its members as a whole have recent and relevant experience of the banking and financial services sector, in addition to general management and commercial experience, and are financially literate. In particular, Mike Ashley, who is the designated financial expert on the Committee for the purposes of the US Sarbanes-Oxley Act, is a former audit partner who, during his executive career, acted as lead engagement partner on the audits of a number of large financial services groups. Matthew Lester held a number of senior finance roles across a range of business sectors, including financial services, during his executive career. You can find more details of the experience of Committee members in their biographies on pages 5 and 6.

During 2018, the Committee met nine times and the chart above shows how it allocated its time. Attendance by members at Committee meetings is shown below. Committee meetings were attended by representatives from management, including the Group Chief

Executive, Group Finance Director, Chief Internal Auditor, Chief Controls Officer, Chief Risk Officer, Chief Operating Officer, Group General Counsel and Head of Compliance, as well as representatives from the businesses and other functions. The lead audit partner of KPMG (the Barclays Group s external auditor) attended all Committee meetings in 2018 from January to July this was Guy Bainbridge; from August onwards this was Michelle Hinchliffe. The Committee held a number of separate private sessions with each of the Chief Internal Auditor and the lead audit partner, which were not attended by management.

Member	Meetings attended/eligible to attend
Mike Ashley	9/9
Tim Breedon	9/9
Crawford Gillies	9/9
Matthew Lester	9/9
Diane Schueneman	9/9

Committee role and responsibilities

The Committee is responsible for:

- assessing the integrity of the Barclays Group s financial reporting and satisfying itself that any significant financial judgements made by management are sound
- evaluating the effectiveness of the Barclays Group s internal controls, including internal financial controls
- scrutinising the activities and performance of the internal and external auditors, including monitoring their independence and objectivity
- overseeing the relationship with the Barclays Group s external auditor
- reviewing and monitoring the effectiveness of the Barclays Group s whistleblowing policies and procedures
- overseeing significant legal and regulatory investigations, including the proposed litigation statement for inclusion in the statutory accounts.

The Committee s work

The significant matters addressed by the Committee during 2018, and in evaluating the Annual Report and financial statements, are described on the following pages.

Financial statement reporting issues

The Committee s main responsibility in relation to Barclays financial reporting is to review with both management and the external auditor the appropriateness of Barclays financial statements, including quarterly results announcements, half-year

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and annual financial statements, and supporting analyst presentations, with its primary focus being on:

- assessing whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Barclays position and performance, business model and strategy
- material areas where significant judgements have been made, along with any significant assumptions or estimates, or where significant issues have been discussed with or challenged by the external auditor
- the quality and acceptability of accounting policies and practices
- any correspondence from financial reporting regulators in relation to Barclays financial reporting.

Accounting policies and practices

The Committee discussed reports from management in relation to the identification of critical accounting judgements and key sources of estimation uncertainty, significant accounting policies and the proposed disclosure of these in the 2018 Annual Report.

Following discussions with both management and the external auditor, the Committee approved the critical accounting judgements, significant accounting policies and disclosures, which are set out in Note 1,

Significant accounting policies , to the consolidated financial statements.

Two new significant accounting standards became effective from 1 January 2018, IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. Further information regarding these changes can be found in Note 1 to the consolidated financial statements. During 2018, the Committee was regularly updated on Barclays implementation of IFRS 9, in particular in relation to the new ECL model, which represented a fundamental change in approach to impairment

The Committee discussed with management the key technical decisions and interpretations required, and Barclays approach to these.

Financial reporting regulators and Barclays

The Committee from time to time considers comment letters and papers from external bodies including the SEC and the Financial Reporting Council (FRC). In that regard, the Committee considered the following:

- the FRC s Annual Review of Corporate Governance and Reporting, which summarised key characteristics of good corporate reporting from the 2017/18 reporting year
- the FRC s Year-End Advice Letter to Audit Committee Chairs and Finance Directors, which highlighted key developments for the 2018/19 reporting year
- the FRC s IFRS 9 Thematic Review, which looked at disclosures in 2018 interim accounts relating to the implementation of IFRS 9.

The Committee sought to ensure that Barclays took due account of the matters raised in the letters and papers described above in its external reporting, and sought to enhance and clarify relevant disclosures, as appropriate.

From time to time, Barclays receives comment letters from the SEC in relation to its review of the annual report and other publicly filed financial statements. Such comment letters and Barclays responses are made publicly available by the SEC on its website, sec.gov, once it has closed each such review. Barclays did not receive any such comment letters from the SEC during 2018.

Significant judgements and estimates

The significant judgements and estimates and actions taken by the Committee in relation to the 2018 Annual Report and financial statements are outlined below. The significant judgements and estimates are broadly comparable in nature to prior years. Each of these matters was discussed with the external auditor during the year and, where appropriate, has been addressed in the Auditor s Report on pages 203 to 204.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
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. The Committee undertakes an assessment on behalf of the Board in order to provide the Board with assurance that it can make the statement required by The UK Corporate Governance Code 2016.	Assessed through discussion with and challenge of management, including the Group Chief Executive and Group Finance Director, whether disclosures in the Annual Report and other financial reports were fair, balanced and understandable. Evaluated reports from Barclays PLC s Disclosure Committee on its assessment of the content, accuracy and tone of the disclosures. Established through reports from management that there were no indications of fraud	Having evaluated 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, including the 2018 Annual Report and financial statements, were appropriate in ensuring that those statements were fair, balanced and understandable. In assessing Barclays financial results statements over the course of 2018, the Committee specifically addressed and provided input to management on the

relating to financial reporting matters.	disclosure and presentation of:
Evaluated the outputs of Barclays internal control assessments and Sarbanes-Oxley s404 internal control process.	the impact of IFRS 9 on, among other things, Barclays CET1 ratio, credit risk disclosures in the Pillar 3 report and shareholders equity
Assessed disclosure controls and procedures.	the Group Finance Director s presentations to analysts
Confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made.	the level of segmental reporting.
	The Committee recommended to the Board that the 2018 Annual Report and financial statements are fair, balanced and understandable.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Impairment (refer to Note 7 to the financial statements)	Barclays has implemented IFRS9 by developing models to calculate expected credit losses in a range of economic scenarios. The key areas of judgement include setting modelling assumptions, developing methodologies for the weighting of economic scenarios, establishing criteria to determine significant deterioration in credit quality and the application of management adjustments to the model output.	Assessed impairment experience against forecast, and considered whether impairment provisions were appropriate. Evaluated the impact of IFRS 9 on impairment. Monitored the Barclays Group s ECLs, model changes, scenario updates, post-model adjustments, and volatility. Monitored SOX compliance in relation to IFRS 9 controls and, specifically, the ECL calculation.	The Committee received a number of deep dive presentations from the Finance and Credit officers responsible for the IFRS 9 implementation. The Committee considered in detail the key IFRS 9 assumptions relating to staging criteria and the weighting of economic scenarios. The Committee reviewed model adjustments and scenario updates made by management to ensure that impairment allowances were set at appropriate and adequate levels. In particular, the Committee reviewed the basis of the adjustment of £150m made to reflect current economic uncertainty in the UK. The Committee agreed that the provision levels for

			impairment were appropriate.
			In light of the need for additional disclosures to be made in relation to IFRS 9, the Committee reviewed management s dry run of the year end IFRS 9 disclosures which focused on those disclosures that were either new or significantly impacted. The Committee also reviewed the final IFRS 9 disclosures which, whilst understandbly still evolving, the Committee believed gave a good explanation of the impacts.
Conduct provisions (refer to Note 25 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).	Regularly analysed the judgements and estimates made with regard to Barclays provisioning for PPI claims, taking into account forecasts and assumptions made for PPI complaints and actual claims experience for Barclays and the industry as a whole, including the volume of invalid PPI claims.	Throughout the year, the Committee and management continued to monitor closely any changes in customer or claims management companies behaviour in light of the FCA time-bar and marketing campaign, and the ongoing impact of the Plevin case. Having reviewed the key factors impacting the PPI provision, the PPI provision was increased in Q1 2018.
		Debated the impact on the future range of provisions arising from (i) the August 2019 time-bar on claims, (ii) the PPI marketing campaigns, and (iii) the fee cap on the submission of PPI complaints by claims management companies.	Following this increase, the Committee agreed with management s assessment that the current provision of £888m was appropriate. The Committee noted that this estimate remains subject to significant uncertainty, in particular regarding the level of valid customer claims that may be received in the period to

Evaluated the adequacy of the PPI provision, considering whether the total provision is within the modelled range of future outcomes, and whether the external auditor agreed with management s analysis and approach.

August 2019. In this context, the Committee was satisfied that sensitivities to the key variables were appropriately disclosed.

Monitored the position on provisions for alternative PPI (card protection and payment break plan insurance) and considered whether further provisions were required.

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Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Legal, competition and regulatory provisions (refer to Notes 27 to 29 to the financial statements)	Although a number of significant legacy litigation issues were resolved during 2018, Barclays is engaged in various legal, competition and regulatory matters. The extent of the impact on Barclays of these matters cannot always be predicted, but matters can give rise to provisioning for contingent and other liabilities depending on the relevant facts and circumstances. The level of provisioning is subject to management judgement on the basis of legal advice and is, therefore, an area of focus for the Committee.	Evaluated advice on the status of current legal, competition and regulatory matters. 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. Considered the adequacy of disclosure, recognising that any decision to set provisions involves significant judgement.	The Committee discussed provisions and utilisation. Having reviewed the information available to determine what was both probable and could be reliably estimated, the Committee agreed that the level of provision at the year end was appropriate. The Committee also considered that the disclosures made provided the appropriate information for investors regarding the legal, competition and regulatory matters being addressed by the Barclays Group.
Long-term viability	The Directors are required to make a statement in the Annual Report as to the long-term viability of Barclays. The Committee provides advice to the Board on the form and content of the statement, including the underlying assumptions.	Evaluated at year end a report from management setting out the view of Barclays long-term viability based on Barclays MTP. The report covered forecasts for capital, liquidity and leverage, and included forecast performance against regulatory targets, outcomes of the stress test of the MTP	The Committee agreed that the appropriate timeframe for the viability statement continued to be three years. Taking into account the assessment by the Risk Committee of stress testing results and risk appetite, the

		and forecast capital and liquidity performance against stress hurdle rates, funding and liquidity forecasts as well as an assessment of global risk themes and the Barclays Group s risk profile. Considered the viability statement in conjunction with Barclays risk statements and strategy/business model disclosures. Addressed feedback from investors, the FRC and other stakeholders on viability statements in general.	Committee agreed to recommend the viability statement to the Board for approval
Valuations (refer to Notes 13 to 17 to the financial statements)	Barclays exercises judgement in the valuation and disclosure of financial instruments, derivative assets and certain portfolios, particularly where quoted market prices are not available.	Evaluated reports from the Group Financial Controller. Monitored the valuation methods applied by management to significant valuation items, including the Barclays Group s Education, Social, Housing and Local Authority portfolio and a valuation disparity with a third party in respect of a specific long dated derivative portfolio.	The Committee noted that there were no new significant valuation judgements during the year.
Tax (refer to Note 9 to the financial statements)	Barclays is subject to taxation in a number of jurisdictions globally and makes judgements with regard to provisioning for tax at risk, and on the	Evaluated the appropriateness of tax risk provisions to cover existing tax risk.	The Committee reviewed Barclays global tax risk and associated provisions for the full year and noted that gross tax risk increased

recognition and measurement of deferred tax assets.	Confirmed that the forecasts and assumptions supporting the recognition and valuation of deferred tax assets was in line with Barclays Medium Term Plan (MTP).	slightly, and the level of tax provisions remained appropriate.
		The Committee was pleased to note that the Barclays Group was not affected by BEAT in respect of 2018
	Monitored the impact to Barclays of the US framework for tax legislation, which was enacted on 22 December 2017, including the Base Erosion Anti-abuse Tax (BEAT).	

Other significant matters

Apart from financial reporting matters, the Committee has responsibility for oversight of the effectiveness of Barclays internal controls, the performance and effectiveness of BIA and

the performance, objectivity and independence of the external auditor. The most significant matters considered during 2018 are described in the table below.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Internal control Read more about Barclays internal control and risk management processes on page 40.	The effectiveness of the overall control environment, including the status of any material control issues and the progress of specific remediation plans.	Evaluated and tracked the status of the most material control issues identified by management through regular reports from the Chief Controls Officer, assessed against the Controls Maturity Model. Evaluated the status of specific material control issues (being data management, compliance, cyber, credit risk, model risk, resilience, technology and transaction operations) and tracked the progress of the associated remediation plans against agreed timeframes.	The Committee welcomed the ongoing transition to a business as usual environment following the significant volume of work that had been undertaken as part of the Barclays Internal Controls Enhancement Programme, supported by the RCSA process. The Committee continued to use the output from the RCSA process in its review of the control environment, and welcomed the introduction of more granularity, which has provided greater visibility on controls requiring

		Considered the second line of defence role in the oversight of operational risk controls, including financial controls over operational risk. Evaluated reports on the internal control environment from the external auditor.	remediation and associated risks. The Committee, together with the Risk Committee, received a deep dive presentation on this enhanced process in the course of the year. The Committee also received deep dives on control hot spots, including operational resilience and third party fraud.
		Evaluated quarterly updates on lessons learned from Critical risk events, which were tracked by the Chief Controls Office.	The Committee monitored the implementation of the Operational Risk and Control System (ORAC) and tracked the transition of all issue reporting into that system. In addition, the Committee continued to provide feedback on the reporting of material control issues.
Business control environment	The effectiveness of the control environment in each individual business, including the status of any material control issues and the progress of specific remediation plans.	Assessed reports on individual businesses and functions on their control environment, questioned the heads of the relevant businesses or functions on control concerns and scrutinised any identified control failures and closely monitored the status of remediation plans or workstreams to enhance the respective control environments. Received updates directly from senior management, and scrutinised action plans, in relation to remediation plans following unsatisfactory audit findings.	The Committee received regular deep dive control environment presentations. These provided further detail of management s assessment of the business unit control environment and key areas of focus, including key control hot spots for the businesses. The Committee also received a number of presentations from business heads following unsatisfactory audit reports. The Committee challenged the business regarding their role in identifying the control issues, and requested confirmation from management regarding the remediation programme as well as the timeframes and accountability for delivery of

		that plan.
	Received updates from management on the Designated Market Activities remediation plan, which addresses Barclays regulatory commitments to the Federal Reserve Bank of New York (the Fed) and other US and UK regulators in relation to sales and trading practices across the FX, Rates and other Markets related business areas.	
The effectiveness of the control environment in the Chief Operating Office (COO) and the status and remediation of any material control issues.	Scrutinised on a regular basis the COO control environment through deep dives and management updates, taking the opportunity to directly challenge and question functional leaders, including the Chief Operating Officer, on the progress of remediation plans.	The Committee was pleased to note continuing progress to address control issues in accordance with the agreed timescales.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Raising concerns	The adequacy of the Barclays Group s arrangements to allow employees to raise concerns in confidence and anonymously without fear of retaliation, and the outcomes of any substantiated cases.	Monitored enhancements to the whistleblowing programme following the independent review that was commissioned by the Board in 2017. Reviewed the examples of best practice in the FCA s Review of Firms Whistleblowing Arrangements. Monitored whistleblowing metrics, including case load and case ageing. Monitored instances of retaliation reports, and whether any instances had been substantiated. Received a presentation from BIA following its audit of the Investigations and Whistleblowing team.	As Whistleblowing Champion, the Chair of the Committee presented his annual report on whistleblowing matters to the Board. The Committee continued to encourage and support the provision of training to colleagues and managers on whistleblowing issues, and received their own whistleblowing training. The Committee was pleased to note that the volume of cases remains proportionate to Barclays size and footprint. The Committee was also pleased to note that the recommendations arising from the independent review of the whistleblowing programme had been implemented in full, and had been subject to validation by the Global Compliance Assurance team. Following the enhancements made, the Committee considered that

			the whistleblowing programme generally met with best practice as identified by the FCA s Review. The Barclays PLC Environmental Social Governance Report 2018 includes further details regarding the Barclays Group s whistleblowing procedures and controls.
Internal audit	The performance of BIA and delivery of the internal audit plan, including scope of work performed, the level of resources, and the methodology and coverage of the internal audit plan.	Scrutinised and agreed internal audit plans, methodology and deliverables for 2018.	The Committee received semi-annual thematic control reports from BIA and a quarterly operational report during 2018.
		Monitored BIA s progress on delivery against the Matters Requiring Attention identified by the Fed, the issues arising from the PRA s horizontal review of the function, and BIA s response to feedback received as part of the independent external review commissioned by the Committee.	The Committee observed that the issues arising from unsatisfactory audits indicated that there was still work to do in embedding the required level of control consciousness across the Barclays Group and ensuring that control exceptions were highlighted clearly in management reporting.
		Monitored delivery of the agreed audit plans, including assessing internal audit resources and hiring levels, and any impacts on the audit plan, and reviewing the reasons for the postponement of audits in greater depth.	The Committee welcomed the progress made by BIA in addressing the Matters Requiring Attention identified by the Fed, the issues arising from the PRA s horizontal review of the function, and the recommendations made as part of the independent

Debated audit risk appetite and issue validation.

Tracked the levels of unsatisfactory audits, and monitored related remediation plans.

Approved the appointment of the Chief Internal Auditor for Barclays Bank UK PLC and Barclays Bank PLC respectively.

Discussed BIA s assessment of the management control approach and control environment in Barclays Bank UK PLC, Barclays Bank PLC and the functions.

Evaluated the outcomes from BIA s annual self-assessment.

external review.

The Committee confirmed that it was satisfied with the outcome of the self-assessment of BIA performance, which evidenced that the function generally conforms to the standards set by the Institute of Internal Auditors. It further confirmed that it felt able to rely on the work of BIA in discharging its own responsibilities.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
External audit	The work and performance of KPMG.	Met with key members of the KPMG audit team to discuss the 2018 audit plan and agree areas of focus. Assessed regular reports from KPMG on the progress of the 2018 audit and any material accounting and control issues identified. Discussed KPMG s feedback on Barclays critical accounting estimates and judgements. Discussed KPMG s draft report on certain control areas and the control environment ahead of the 2018 year end. Discussed the approach to KPMG s annual report to the PRA which will be issued following completion of the 2018 audit.	The Committee approved the audit plan and the main areas of focus. Separate audit partners were assigned to lead the audits of Barclays Bank UK PLC and Barclays Bank PLC and the scope of the audit was, therefore, necessarily revised to reflect a legal entity view. Read more about the Committee s role in assessing the performance, effectiveness and independence of the external auditor below. Further details of the Committee s consideration of audit quality can be found in the Governance in action section of this report on page 26.

Considered the draft SOX control report and the draft audit opinion.

In addition, the Committee also covered the following matters:

tracked the progress of specific work being done to enhance Barclays financial crime controls, including the function s investigation capabilities, particularly in relation to prevention and detection activities. The Committee also assessed the Group Money Laundering Officer s annual report, which was also presented to the Barclays Bank UK PLC and Barclays Bank PLC audit committees

assessed the status of the programme in place to ensure Barclays compliance with client assets (CASS) regulatory requirements, including approving the annual client assets audit report and discussing the potential impact of structural reform on client assets

evaluated the outcomes of the assessment of the Committee s performance and any areas of Committee performance that needed to be enhanced

reviewed and updated its terms of reference, recommending them to the Board for approval.

External auditor

Following an external audit tender in 2015, KPMG was appointed as the Barclays Group s statutory auditor. Michelle Hinchliffe of KPMG is the Senior Statutory Auditor.

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

The Committee is responsible for assessing the effectiveness, objectivity and independence of KPMG. This responsibility was discharged throughout the year at formal Committee meetings, during private meetings with KPMG, and through discussions with key executive stakeholders. In addition to the matters noted above, the Committee also:

approved the terms of the audit engagement letter and associated fees, on behalf of the Board

discussed and agreed revisions to the Barclays Group policy on the *Provision of Services by the Group Statutory Auditor* and regularly analysed reports from management on the non-audit services provided to Barclays

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

was briefed by KPMG on critical accounting judgements and estimates and internal controls over financial reporting

assessed any potential threats to independence that were self-identified and reported by KPMG met with KPMG to discuss the issues impacting KPMG as a firm, some of which were the subject of significant adverse press coverage

reviewed the annual report on KPMG issued by the FRC s Audit Quality Review (AQR) team

received and discussed with the AQR team the findings from their review of KPMG s 2017 audit of the Barclays Group

received a report from KPMG regarding the draft findings from the review by the Public Company Accounting Oversight Board (PCAOB) of KPMG s 2017 audit of the Barclays Group.

The AQR team reviewed the main judgmental areas of KPMG s audit: the fair value of financial instruments (including trading, designated at fair value and derivative financial instruments); the impairment of loans and advances to customers; litigation provisions; conduct provisions; and the IFRS 9 transition disclosures. They identified improvements that, in their view, were required in these areas and in their discussion with the Committee highlighted, in particular, their findings as related to KPMG s audit of the

fair value of derivatives. The Committee discussed both the overall assessmentof the review and the areas for improvement in detail with KPMG, and noted the actions they had taken as regards the 2018 audit; the Committee also challenged KPMG as to whether any of the findings might be relevant to areas which had not been subject to the AQR team s review. In addition, the Committee received a detailed paper from KPMG outlining the work they performed on the fair value of the derivatives portfolio in 2017. The Committee believes that KPMG has taken appropriate action as regards its 2018 audit. Furthermore, having understood the nature of the AQR team s findings and KPMG s work, particularly as regards the fair value of the derivatives portfolio, the Committee does not believe the findings affected the overall audit conclusions reached by KPMG in the 2017 audit.

The Committee received from KPMG a note of the draft PCAOB findings and discussed with KPMG both the findings and the proposed improvements to the audit that KPMG had implemented for the 2018 audit. The Committee noted that whilst the scope for the two reviews was not the same, the PCAOB did also cover the fair value of financial instruments and the impairment of loans and advances to customers. As regards the financial statement audit, the PCAOB raised no comments on the impairment of loans and only one comment on the valuation of a minor part of the trading portfolio. As regards the audit of financial controls required by Sarbanes-Oxley, the PCAOB noted that, in their view, KPMG had not performed adequate assessments of certain management review controls relating to loan impairment and valuation models. In this respect, both management and KPMG have been working to ensure that such review controls are documented at a sufficiently granular level to meet audit and regulatory expectations. Again, having considered in detail the comments raised and KPMG s response, the Committee believes that KPMG has taken appropriate action as regards the 2018 audit and that the nature of the comments received from the PCAOB do not impact on the 2017 audit conclusions in respect of either the audit of the financial statements or internal financial controls.

KPMG s performance, independence and objectivity during 2018 were also formally assessed at the beginning of 2019 by way of a questionnaire completed by key stakeholders across the Barclays Group, including the chairs of the Barclays Bank UK PLC and Barclays Bank PLC audit committees. The questionnaire was designed to evaluate KPMG s audit process and addressed matters such as the quality of planning and communication, technical knowledge, the level of scrutiny and challenge applied and KPMG s understanding of the business. In addition, as in the prior year, KPMG nominated a senior partner of the audit team reporting to the Senior Statutory

Auditor to have specific responsibility for ensuring audit quality. The Committee therefore met with the partner concerned without the Senior Statutory Auditor to receive a report on his assessment of audit quality, bearing in mind the comments received from the AQR team and PCAOB and the responses thereto.

Taking into account the results of all of the above, the Committee considered that KPMG maintained their independence and objectivity, and that the audit process was effective.

Non-audit services

In order to safeguard the Auditor s independence and objectivity, the Barclays Group 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 Barclays Group audit. The Barclays 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 Barclays 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 Chair on a case by case basis, supported by a risk assessment provided by management.

The Policy is reviewed on an annual basis to ensure that it is fit for purpose, and that it reflects applicable rules and guidelines. This year, following the completion of structural reform, the following material amendments were made to the Policy:

references to ABSA/Barclays Africa Group Limited (BAGL), and its auditors Ernst and Young, were removed to reflect the full deconsolidation of BAGL from a regulatory perspective the Policy was updated to reflect an FRC staff guidance note entitled The Auditor s Provision of Restructuring Services to Public Interest Entity Participants in Bank Lending or Bond Funded Syndicates

the £25,000 tax planning and tax advice services threshold was removed from allowable non-audit services, which means that all such services now require approval. Tax advice to expatriate employees and training on the practice of tax law were added to the prohibited non-audit services listing

The Policy was further updated at the beginning of 2019 to align it with KPMG s update to its own internal policy on non-audit services for FTSE 350 companies which provides that the Auditor should only be engaged to supply non-audit services where those services are closely related to the audit.

The above changes were approved at a Barclays Group level by the Committee. This is in accordance with European Union law and FRC guidance, pursuant to which audit committees of Public Interest Entities (such as Barclays PLC) are required to approve non-audit services provided by their auditors to such entities, and subsidiary Public Interest Entities in the UK such as Barclays Bank UK PLC and Barclays Bank PLC can rely on the approval of non-audit services by the ultimate parent s audit committee. It should be noted that audit services, and the fee cap, will be monitored by the relevant audit committee, as appropriate.

Under the Policy the Committee has pre-approved all allowable services for which fees are less than £100,000. 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 threshold must be approved by the Chair 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 2018, with the exception of one matter, all engagements where expected fees met or exceeded the above threshold were evaluated by either the Committee Chair 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. No requests to use KPMG were declined by the Committee in 2018 (2017: none). On a quarterly basis, the Committee scrutinised details of individually approved and pre-approved services undertaken by KPMG in order to satisfy itself that they posed no risk to independence, either in isolation or on an aggregated basis.

Two minor breaches of the Policy arose during the reporting period. In both cases, KPMG confirmed to the Committee that they did not consider their position of independence had been compromised. The Committee agreed with this assessment and action was taken to address the breaches and to ensure they do not recur.

For the purposes of the Policy, the Committee has determined that any pre-approved service of a value of under £50,000 is to be regarded as not material in terms of its impact on Barclays financial statements and has required the Group Financial Controller to specifically review and confirm to the Committee that any pre- approved service with a value of £50,000-£100,000 may be regarded as such. The Committee undertook a review of pre-approved services at its meeting in December 2018 and satisfied itself that such pre-approved services were not material in the context of their impact on the financial statements.

The fees payable to KPMG for the year ended

31 December 2018 amounted to £51m, of which £11m (2017: £10m) was payable in respect of non-audit services. A breakdown of the fees payable to the Auditor for statutory audit and non-audit work can be found in Note 40. Of the £11m of non-audit services provided by KPMG during 2018, the significant categories of engagement, i.e. services where the fees amounted to more than £500,000, included:

audit-related services: services in connection with CASS audits (while the CASS audit fell within the Auditor s scope of services, the fees for such services did not form part of the global fee arrangements and therefore required separate Committee approval pursuant to the Policy)

other attest and assurance services: ongoing attestation and assurance services for treasury and capital markets transactions to meet regulatory requirements, including regular reporting obligations and verification reports.

As noted above, the *Provision of Services by the Group Statutory Auditor* Policy was updated to clarify that the Barclays Group should only engage the Auditor to supply non-audit services where those services are closely related to the audit. Having reviewed the non-audit services that have been provided by KPMG since their appointment as the Barclays Group s external auditor with effect from the financial year beginning 1 January 2017, we believe that this change will have limited impact on the Barclays Group. For example, all of the non-audit services provided by KPMG in 2018 fall within the new policy and would, therefore, have been permissible. Of the £10m of non-audit services provided by KPMG during 2017, KPMG would have been prohibited from providing services amounting to less than £300,000 pursuant to the new policy.

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

An external audit tender was conducted in 2015 and the decision was made to appoint KPMG as Barclays external auditor with effect from the 2017 financial year, with PwC resigning as the

Governance in action Audit quality

Although BIA, as the Barclays Group s internal auditor, and KPMG, as the Barclays Group s external auditor, have primary responsibility for the quality of their respective audits, the Committee plays an important role in promoting and supporting audit quality through its various responsibilities (as detailed in its terms of reference).

The Committee gains insight into the activities of BIA, and its effectiveness, in three ways. Firstly, BIA maintains a quality assurance and improvement programme that covers all aspects of BIA s activity across the Barclays Group and which is overseen by the Committee. In the event that any issues are identified in relation to BIA s work for Barclays Bank UK PLC and/or Barclays Bank PLC, such issues will be reported to the relevant audit committee. Secondly, the independent Internal Audit Quality Assurance team samples all

responsibility for ensuring audit quality - without the Senior Statutory Auditor in order to receive a report on his assessment of audit quality. KPMG provided the Committee with a report regarding the draft findings from the Public Company Accounting Oversight Board s review of KPMG s 2017 audit of Barclays, and the findings of the FRC s Audit Quality Review (AQR) team review of KPMG s 2017 audit of Barclays were also shared with the Committee. The AQR team monitors the quality of the audit work of statutory auditors and audit firms in the UK that audit certain entities, including banks such as Barclays. They conduct reviews of individual audits, and focus on the appropriateness of key audit judgments made in reaching the audit opinion and the sufficiency and appropriateness of the audit evidence obtained; reviews of firm-wide procedures are wide-ranging in nature and include an assessment of how the culture within firms impacts on

Barclays Group s external auditor at the conclusion of the 2016 audit.

Barclays is in compliance 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.

Provided that KPMG continue to maintain their independence and objectivity, and the Committee remains satisfied with their performance, the Barclays Group has no intention of appointing an alternative external auditor before the end of the current required period of 10 years.

of BIA s work on an annual basis and presents its findings to the Committee. Thirdly, the Committee commissions an external assessment of BIA at least once every five years with the last such review being undertaken during the second half of 2017. To the extent that the Committee is made aware of any development areas or issues, it endeavours to monitor the delivery of any remedial actions.

The Committee oversees the Group s relationship with its external auditor and is responsible for reviewing the performance, independence and objectivity of the external auditor in order to decide whether to recommend to the Barclays PLC Board a proposal for shareholders to reappoint the current external auditor. As part of that review, which is organised at a Barclays Group level, the views of the Barclays Bank UK PLC and Barclays Bank PLC audit committees are sought. In addition, this year, the Committee met with the nominated senior partner on the audit team who has

audit quality.

The Committee believes that high quality audit is the primary mechanism for providing stakeholders with assurance that the financial statements give a true and fair view of their company and, therefore, promotes market confidence in the company s financial reports. For these reasons, the Committee continues to be an advocate of high quality audit and keeps abreast of the debate as to whether audits, and auditors, are fit for purpose by regularly reviewing industry guidance from, for example, the FRC and the International Organization of Securities Commissions. The Committee provided information in response to the request from the Competition & Markets Authority for its review into competition in the UK audit market which will examine three main areas: choice, resilience and incentives and we look forward to reviewing the conclusions of that study.

What we did in 2018

Board Nominations Committee report

The Committee, alongside the Board, is very alive to the benefits of diversity in order to avoid group think and to ensure that the Board and senior management team more closely reflect the diversity of the communities they serve.

Dear Fellow Shareholders

2018 saw the establishment of our new corporate structure, and the embedding of the newly constituted Barclays Bank UK PLC and Barclays Bank PLC boards comprising distinct combinations of executive and non-executive directors. Throughout this period of change, the Committee continued to consider regularly the composition of, and succession plans for, the Barclays PLC Board in order to ensure the right balance of diversity, experience and skills to provide the strategic oversight needed to motivate colleagues and sustain our business over the long term. In this respect, we were pleased to appoint Mary Anne Citrino as a non-executive Director in July 2018, the Committee having followed its usual approach of engaging an executive search firm and conducting a rigorous search and selection process. You can find out more about Mary Anne s background, experience and skills in her biography on page 6. We also processes for executive succession. During the year, we closely monitored the status and progress of the Barclays Talent and Succession strategy - which is aimed at attracting and retaining the best talent for the Barclays Group - and provided management with guidance and input on the strategy, as appropriate. The Committee also reviewed diversity in the talent pipeline and discussed ways in which high performing individuals within senior management can be developed and nurtured in order to strengthen our succession pipeline.

The Committee was encouraged by Barclays ever increasing commitment to diversity. The Committee, alongside the Board, is very alive to the benefits of diversity at board level and in senior management, both in terms of gender, ethnicity and more broadly, in order to avoid group think and to ensure that the Board and the senior management team more closely reflect the diversity of the communities that they serve. In light of the Hampton Alexander and Parker

Committee performance

The performance of the Committee was assessed by Independent Board Evaluation, an independent, external corporate governance consultancy as part of the annual effectiveness review. The results confirm that the Committee is performing effectively, and that the role and responsibilities of the Committee are clear and well understood. Last year s review noted that the Committee needed to be mindful of ensuring that all non-executive Directors received the same flow of information in relation to decisions and discussions by the Committee. The Committee sought to address this through the delivery of updates by me, as Chair of the Nominations Committee, to the Board and outside of scheduled Board meetings, to the extent appropriate. This year s review notes that this is something that now needs to be further built upon. More information on the 2018 review of Board, Board Committee and individual Director effectiveness, and progress made look forward to welcoming Nigel Higgins, my successor, as Chairman with effect from the conclusion of the AGM on 2 May 2019. Nigel s appointment marks the culmination of an intensive recruitment process led by a sub-committee of the Board chaired by our Senior Independent Director, Crawford Gillies, and is made with the full approval and support of the Nominations Committee. You can read more about Nigel s recruitment and appointment in the Governance in action section of the Board report on page 26.

On 19 March 2018, we announced various Board changes to reflect the post-ring-fencing structure:

Sir Gerry Grimstone, who was Deputy Chairman and Senior Independent Director of Barclays PLC and Chair of the Barclays PLC Reputation Committee, moved instead to become Chairman of Barclays Bank PLC. He remains a non-executive Director of Barclays PLC

Sir Ian Cheshire was appointed Chairman of Barclays Bank UK PLC. He remains a non-executive Director of Barclays PLC

Crawford Gillies was appointed Senior Independent Director of Barclays PLC

Reviews, the Board Diversity Policy and Committee terms of reference were reviewed in order to ensure that both documents reflect our commitment to identifying, attracting, retaining and promoting the best talent, irrespective of the gender, ethnic background, religion or other defining characteristic of any candidate. The Board Diversity Policy and the Committee s terms of reference are available at **home.barclays/corporategovernance.**

In July 2016, Barclays was proud to become one of the first signatories to HM Treasury s Women in Finance Charter and remains committed to its pledge to improve gender diversity within the financial services sector. Work has continued towards our target of 33% female representation on the Board by 2020, not least, with the appointment of Mary Anne Citrino as a non-executive Director to the Board. The Committee also reviewed the Barclays Group s progress towards building a diverse and inclusive workforce, including reviewing updates on progress made across the Barclays Group against the five global pillars of Barclays Diversity and Inclusion strategy: gender, disability, LGBT, multicultural and multigenerational. Find out more about this in the People section on pages 47 to 52.

against the findings of the 2017 review, can be found on page 25 and 26.

Looking ahead

Whilst it is always a difficult choice to retire from a company as prestigious as Barclays, I am delighted that the Board has appointed Nigel Higgins to succeed me as Chairman. I have every confidence that Nigel will be a superb steward of both the Board and the bank as Barclays continues to progress following the substantial restructuring of the past few years.

John McFarlane

Chair, Board Nominations Committee

20 February 2019

Mary Francis was appointed Chair of the Barclays PLC Reputation Committee

Continuing on the theme of succession, one of the Committee s key considerations is the

Committee allocation of time (%)

	2018	2017
1 Corporate governance matters	**13**	8
2 Board and Board Committee composition	**41**	45
3 Succession planning and talent	**27**	33
4 Board Effectiveness	**11**	11
5 Other	**8**	6

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. The members of the Committee are John McFarlane, Mike Ashley, Tim Breedon, Sir Ian Cheshire, Crawford Gillies, Sir Gerry Grimstone, and Reuben Jeffrey III. You can find more details of the experience of Committee

members in their biographies on pages 5 and 6.

During 2018, the Committee met five times and the chart shows how it allocated its time. Attendance by members at Committee meetings is shown below. Committee meetings were attended for the relevant agenda items by the Group Chief Executive, the Group HR Director and the Group Head of Talent. The Global Head of Diversity and Inclusion also attended to the extent required.

Member	Meetings attended/eligible to attend
John McFarlane	5/5
Mike Ashley	5/5
Tim Breedon	5/5
Sir Ian Cheshire	5/5
Crawford Gillies	5/5

Sir Gerry Grimstone	5/5
Reuben Jeffery III	4/5

Committee role and responsibilities

The Committee is responsible for:

- supporting and advising the Board in ensuring that it is comprised of individuals who are best able to discharge the duties and responsibilities of Directors
- evaluating the balance of skills, experience, independence, knowledge and diversity, on the Board
- ensuring that both appointments and succession plans are based on merit and objective criteria and, within this context, promoting diversity of gender, social and ethnic background, cognitive and personal strengths
- agreeing the annual Board performance evaluation process and considering its effectiveness
- ensuring that the Board has appropriate corporate governance standards and practices in place and revising these in order to ensure that they are consistent with best practice
- appointing directors to, and removing directors from, the boards of certain significant subsidiaries of the Barclays Group (with the recommendation of the relevant nominations committee, and the approval of the relevant board, where appropriate) and agreeing appropriate policies and processes to apply to the governance of those subsidiaries.

The Committee s work

The significant matters addressed by the Committee during 2018 are described on the following pages.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Board and Board Committee composition	The membership of the Board, and the current and future composition of the Board and its Committees.	Reviewed the Board skills matrix and discussed the key skills and experience needed on the Board in the context of future strategic direction and structural reform, including any areas requiring strengthening from a skills and	The Committee prepared an appropriate individual specification for an additional non-executive Director and shared it with executive search firm, Egon Zehnder. Egon Zehnder was advised that, subject always to

		succession perspective. Identified the requirement for additional non-executive Directors with attributes including investment banking experience, retail banking experience and also digital / technology experience. Continued the search for an additional female non-executive Director with the relevant skill set. Played an important role in the search for the Chairman’s successor.	applying rigorous, objective criteria, in the context of Barclays’ strategic direction and the diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, there was a preference for female candidates in light of the Board’s diversity target of having 33% female representation on the Board by 2020. Egon Zehnder prepared a long-list of candidates (including references and CVs), which was reviewed by the Committee. A shortlist was prepared, and the candidates were interviewed. Mary Anne Citrino was identified as the preferred candidate, and was appointed to the Board on 25 July 2018.
		Reviewed the membership, size and composition of the Board Committees.	The Committee continues its search for an additional female non-executive Director – preferably with retail banking experience and digital/technology experience – to further promote diversity of gender on the Board. Any appointment made will be based on merit and, as mentioned above, objective criteria.
Board composition of Barclays Bank UK PLC and Barclays Bank PLC in preparation for the legal entity stand up on 1 April 2018 under the Structural Reform Programme	The composition of the Barclays Bank UK PLC and Barclays Bank PLC boards.	Finalised the establishment of the boards of Barclays Bank UK PLC and Barclays Bank PLC, and discussed the suitability of potential candidates identified to join those boards.	The Committee finalised the appointments to the boards of Barclays Bank UK PLC and Barclays Bank PLC ahead of the execution of structural reform. This included the appointment of Chairs to these Boards in Sir Ian Cheshire and Sir Gerry Grimstone respectively, and taking the opportunity to appoint a dedicated Senior Independent Director within Barclays PLC in Crawford Gillies.

Governance: Directors report

What we did in 2018

Board Nominations Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Executive succession planning and talent management	Succession planning and talent management at the Barclays Group Executive Committee level.	Reviewed the progress being made against Barclays Talent and Succession strategy, including monitoring diversity within the talent pipeline. Discussed updates from the Group HR Director on the Barclays Group Executive Committee succession plans, including assessing emergency cover, the existing talent pipeline and any potential gaps. Considered individuals identified as potential Barclays Group Executive Committee successors and discussed next steps for their development. Assessed the succession plans for the most critical business unit and functional roles, and discussed how to develop the high performing individuals identified.	The Committee reviewed the succession pipeline of the Barclays Group Executive Committee and their direct reports. The Committee was encouraged that all Barclays Group Executive Committee roles had at least one female successor, and that 33% of the total successors identified were female. Barclays is committed to achieving 33% female representation among the Barclays Group Executive Committee and their direct reports by 2020, and as at year-end 2018 we are reporting 28% female representation among this population. The Committee also discussed the continued use of ex officio posts to both the Barclays Group Executive Committee and business executive committees to give senior individuals more exposure to Barclays Group matters. This serves to not only broaden the scope of perspectives within the relevant committee but also to develop those individuals thus ensuring a healthy pool of potential candidates in the succession pipeline.

Diversity and Inclusion	Ensuring Barclays attracts and retains the best talent.	Reviewed the Barclays Group s progress towards continuing to build a diverse and inclusive workforce.	The Committee received regular updates from the Global Head of Diversity and Inclusion on progress made across the firm against the five global pillars of Barclays Diversity and Inclusion strategy: Gender, Disability, LGBT, Multicultural and Multigenerational. Whilst acknowledging that there is more to do, the Committee was pleased with the progress that had been made. Further detail on this progress can be found above under Board and Board Committee Composition and in the People section on pages 47 to 52.

In addition, the Committee also covered the following matters:

considered the results of, and agreed the action plan in respect of, the 2017 Board effectiveness review and the process for the 2018 Board and Board Committee effectiveness review

monitored Directors conflicts of interests, and Directors induction and training

evaluated the outcomes of the assessment of the Committee s performance and any areas of Committee performance that needed to be enhanced

reviewed the Committee s terms of reference, recommending them to the Board for approval

Appointment and re-election of Directors

Board and Board Committee composition is a standing item for consideration at each Committee meeting. This includes the consideration of potential new non-executive Director appointments, both in respect of planned succession for known retirements and as a result of the ongoing review of the skills and experience needed on the Board in order for it to continue to operate effectively.

The Committee frequently considers a skills

matrix for the Board, which identifies the core competencies, skills, diversity and experience required for the Board to deliver its strategic aims and govern the Barclays Group effectively. Certain attributes identified in the skills matrix have a target weighting attached to them and these are regularly updated to reflect the needs of the Barclays Group. The Committee reviews the skills matrix when considering a potential new appointment to the Board, as well as reviewing the current and expected Board and Board Committee composition. This helps to determine a timeline for proposed appointments to the Board.

To the extent that the Nominations Committee identifies any gaps in the Board s profile which may be a result of the forthcoming retirement of a Director, or in response to changing market needs that information is used to inform the search for a new Director or Directors and the specific skills that are required will be identified; for example, an individual with international experience, or recent history serving on a particular board committee. The *Charter of Expectations* contains the key competencies, skills and experience expected of non-executive Directors, and these, in addition to

other details such as expected time commitment, will be included in an individual specification. The Board and the Committee remain mindful of the targets set by the Hampton Alexander Review and the Parker Review respectively for FTSE 100 companies to have a minimum of 33% female representation on their board by 2020 and at least one person of colour on their board by 2021. The Committee considers CVs and references for potential candidates. Any candidates who are shortlisted will be interviewed by members of the Committee and, if applicable, key stakeholders and Barclays regulators may be asked to provide feedback on the proposed appointment. The Board is updated on the progress of the recruitment and interview process, and any feedback from the interviews is provided to the Board alongside a recommendation for appointment.

During 2018, executive search firms Egon Zehnder and Spencer Stuart were instructed to assist with the search for a new female non-executive Director and new Chairman, respectively. Neither firm has any other connection to Barclays, other than to provide recruitment services. Open advertising for Board positions was not used this year, as the

Committee believes that targeted recruitment is the optimal way of recruiting for such positions. Both of the firms used for non-executive Director recruitment have signed up to the Voluntary Code of Conduct for Executive Search Firms, which includes measures designed to improve gender diversity on boards.

In 2018, Barclays announced the appointment of Mary Anne Citrino as a non-executive Director with effect from 25 July 2018. Mary Anne has extensive board-level experience and brings strong commercial acumen, together with investment banking experience (see pages 6 and 323 for details of Mary Anne s background, experience and skills). In addition, Barclays announced the appointment of Nigel Higgins as John McFarlane s successor. For more details about Nigel s recruitment and appointment, please refer to the Governance in action section on page 26.

The Directors in office at the end of 2018 were subject to an effectiveness review, as described on page 26, which considered, among other things, what specific contribution they made to the Company. Based on the results of this review, the Board accepted the view of the Committee that each Director proposed for election or re-election continues to be effective, and contributes to the Company s long-term sustainable success, specific details of which can be found on page 26. Having served on the Board for nine years, Reuben Jeffery III and Dambisa Moyo will both retire from the Board at this year s AGM and will not, therefore, be standing for re-election.

The Committee noted certain stakeholder concerns with respect to the following Directors proposed re-election at last year s AGM:

Sir Ian Cheshire s time commitments. Since Sir Ian s appointment in 2017, his time commitments have not been an issue. Sir Ian has been available as and when required by the Barclays Group, and he attended 100% of scheduled and additional Board meetings in 2018 (some of which were often called on short notice). He is an effective Barclays PLC non-executive Director. Subsequent to the year end, Sir Ian s role as Chairman of Debenhams Plc came to an end.

Crawford Gillies and the appointment of our former auditor, PwC, as external adviser to the Remuneration Committee. Prior to the appointment of KPMG as the Barclays Group s external auditor on 31 March 2017 (formally approved at the 2017 AGM in May 2017), PwC was the Barclays Group s external auditor. PwC was subsequently appointed as the independent adviser to the Remuneration Committee in October 2017, following a robust tender process. The PwC team providing advice to the Committee is different to the past audit team, and the Committee is satisfied that the advice provided is independent and objective.

Mike Ashley s re-election as a non-executive Director following the appointment of KPMG as the Barclays Group s Auditor. The Committee confirms that although Mike was Chair of the Audit Committee at the relevant time, since he is a former KPMG partner he had no involvement in the audit tender process, the recommendation to the Board nor the decision to appoint KPMG as the Barclays Group s Auditor. The audit tender process was led by Tim Breedon.

Tim Breedon has been a Director for over six years and, accordingly, his independence was subjected to a more rigorous review pursuant to the recommendations of The UK Corporate Governance Code 2016. Having considered Tim s interests outside of the Barclays Group and other relationships which could materially affect his ability to exercise independent judgement, the Committee concluded that there were no circumstances which would impact upon Tim s ability to act in the best interests of Barclays PLC. The Committee remains satisfied that the length of Tim s tenure has no impact on his level of independence, or the effectiveness of his contributions

In light of the recommendations set out in The UK Corporate Governance Code 2018, Barclays PLC introduced a new procedure, with effect from 1 January 2019, requiring all Directors to request pre-clearance prior to taking on any additional commitments, including but not limited to directorships, and to indicate in the clearance request the likely time commitment involved. The Company Secretary maintains a record of each Director s commitments. This new procedure will enable the Board to track individual Directors commitments in order to satisfy itself that no Director is over-committed. With regard to new Director appointments, all potential candidates are asked to disclose their significant commitments, and to give an indication of the time spent on those commitments. This information is taken into account by the Committee when considering proposed appointments on the basis that all Directors are expected to allocate sufficient time to their role on the Board in order to discharge their responsibilities effectively.

Review of Board, Board Committee and individual Director effectiveness

Process

In recent years, the Board has assessed its effectiveness, and that of the Board Committees and the individual Directors, annually in a process facilitated by an independent third party. This has been driven by the Board s belief that an effective board is key to the delivery of a company s strategy, and that an objective, external perspective helps to identify what is working well and priorities for improvement, and promotes open discussion, resulting in a more effective Board. A full external review of the Barclays PLC Board, Board Committees and individual Directors was carried out during Q4 of 2018.

Independent Board Evaluation (IBE), which is an independent, external corporate governance consultancy with no other

connection to the Barclays Group, was once again chosen to facilitate the effectiveness review on the basis that it offered not only the relevant skills but also prior knowledge of the Board and thus the ability to provide more insightful feedback. Consistent with previous years, IBE carried out interviews with the Directors to obtain feedback on the effectiveness of the Board throughout 2018, and also attended several Board and Board Committee meetings. Although not required by The Code, the boards of each of Barclays Bank UK PLC and Barclays Bank PLC have also elected to engage IBE to evaluate them, in order to enhance their effectiveness and ensure that they are operating optimally. This will, ultimately, provide the Barclays Group with a unique perspective as to the interaction of the boards and board committees of these companies, and the fitness for purpose of our new governance framework.

IBE issued their final report to the Board in December 2018 on the findings of the effectiveness review. 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.

Following consideration of the findings of the 2018 Board and Board Committee effectiveness reviews, the Directors remain satisfied that the Board and each of the Board Committees are operating effectively.

2017 findings of the Board effectiveness review and actions taken in 2018

Key findings of the 2017 Board effectiveness review, which was also facilitated by IBE, were that improving business performance would need to be a particular focus for 2018 and that structural reform particularly the need for clear accountability and delineated responsibilities in the new structure between the individual boards and board committees was regarded as a major challenge.

Following completion of structural reform, and the resolution of a number of significant legacy litigation and conduct matters, the executive team has been able to apply even greater focus to improving the performance of the business in the course of 2018 and has done so effectively. In relation to the second finding, and as noted earlier, a review of the governance processes across the Barclays Group was undertaken in order to ensure the effective operation of each of the boards and the respective board committees. In order to streamline governance processes, where appropriate, and clarify relationships between and among management and Barclays PLC, as well as the individual boards and their respective committees, the Board has agreed a new set of governance operating procedures and protocols which are detailed in a Corporate Governance Operating Manual (the Manual). The Manual is intended to promote efficient, effective and cohesive governance across the respective boards and board committees, and has been approved and adopted and is in the process of being further embedded.

2018 Board effectiveness review

Feedback from the 2018 Board effectiveness review, facilitated by IBE, included that the execution of structural reform had gone well, financial results were encouraging and legacy issues were being resolved satisfactorily. Board members commented that the Board was well supported, and papers and presentations had improved, and Directors induction was strong. The review yielded a number of recommendations, a high level summary of which is set out below. The Board intends to take action to address each of these recommendations during the course of 2019.

Recommendations:

The Board is large relative to peers and the whole Board should be engaged in considering how the Board might be reduced in size to a more manageable level whilst having careful regard to the board skills matrix and relevant role profiles, to diversity and to succession planning.

Governance in action

Recruiting and appointing a new Chairman

As a result of John McFarlane s wish to serve for a maximum of four years on the Barclays PLC Board, and his anticipated retirement in 2019, Barclays PLC needed to identify and recruit a new Chairman. Whilst the Nominations Committee would normally lead the process for the identification and recommendation of the Chairman s successor, given the importance of the role of Chairman, the Board was keen to involve all of the non-executive Directors in the recruitment process, rather than just those non-executive Directors who were members of the Nominations Committee. The Board asked the Senior Independent Director, Crawford Gillies, to convene a group of non-executive Directors the Chairman s Appointment Oversight Committee (CAOC) to lead the search process for the Chairman s successor, and to identify and recommend one or more candidates for consideration by the Chairman s Appointment Committee (CAC). The CAOC, led by Crawford, comprised Tim reduced. The Nominations Committee and the Board were both provided with regular updates on the status of the search.

Recruitment

Following the initial interview process, Nigel Higgins emerged as the preferred candidate on the basis of: his extensive experience in, and understanding of, banking and financial services, gained through a 36-year career at Rothschild; his strong track record in leading and chairing a range of organisations, and in acting as a strategic adviser to multiple major corporations and Governments internationally; and his wealth of experience in the operation of a financial services group, in building teams and culture on an international scale, and in growing businesses. He also demonstrated the strong personal qualities and the understanding of UK corporate governance required to be Chairman of Barclays PLC, The Board should ensure that the company s purpose and values are fully aligned with its culture and that all Directors lead by example and promote the desired culture.

Enhanced training for Board members and senior executives on UK corporate governance, in particular for those with limited UK plc experience, would be helpful, as would refresher training sessions and more opportunities for site visits.

To enable the Board to spend more time on longer-term and strategic issues, a short set of annual objectives setting out what the Board and Board Committees need to achieve would help to bring further focus on key issues in each forum, and will result in papers and meetings being more effective in terms of length and duration, respectively.

The 2018 Board effectiveness review considered diversity when assessing the effectiveness of the Board.

Board Committee effectiveness

The 2018 Board Committee effectiveness review was carried out by IBE. It was noted that this was the first review post-structural reform. The process involved both interviews with the Board Committee members and completion of a questionnaire, following which an effectiveness review report of the findings was provided to the Board Chairman and each Board Committee Chair. The conclusion of the Board Committee effectiveness review is that

Breedon, Mary Francis, and Reuben Jeffery III. The CAC, also chaired by Crawford, comprised all of the non-executive Directors, apart from the Chairman himself. The CAC was responsible for considering the candidate or candidates nominated by the CAOC, and for nominating and recommending a candidate for consideration and approval in principle by the Board, subject both to the relevant candidate being approved by the PRA and the FCA, and terms of appointment being agreed between the candidate and Barclays PLC.

Process

It was agreed that the main candidate attributes included excellent chairing skills, sufficient financial services experience such that the individual could hit the ground running , international exposure, experience of UK corporate governance, the ability to think strategically, and willingness to challenge management. With these skills and attributes in mind, Spencer Stuart, an external search consultant, were engaged to support the search and selection process.

Search

Spencer Stuart conducted a rigorous global search and identified 160 potential candidates. Over time, and having sought the views of the Directors including John McFarlane on the preferred type of candidate for the role, the long list was

including the stature, gravitas, resilience and willingness to challenge management and the rest of the Board, as and when required.

Having confirmed his interest in the role, Nigel undertook a series of further interviews and met with each of Crawford, Tim, Mary, Reuben and the Group Chief Executive. As part of the process, the Remuneration Committee met to consider and approve the financial terms of the letter of appointment to be entered into by Barclays PLC and Nigel. The Board held an additional meeting to specifically discuss the proposed appointment of Nigel as Chairman, and to allow Directors to share their feedback, and the feedback from external references, on him. The Board granted full authority to the Nominations Committee to finalise and agree Nigel s terms of appointment, and to undertake any further necessary actions required in respect of his appointment. Ultimately, Nigel s appointment was approved by the Board and announced on 2 November 2018. Nigel will join the Board as a non-executive Director of Barclays PLC on 1 March 2019, and will succeed John McFarlane as Chairman with effect from the conclusion of this year s AGM.

the Board Committees are working effectively. You can read more about the findings for each Board Committee within each Board Committee Chair s letter.

What we did in 2018

Board Reputation Committee report

The Committee welcomed the launch of Barclays new Purpose, which emphasises that our financial services play an essential role in enabling individuals and businesses to seize their opportunities.

Dear Fellow Shareholders

This is my first report to you as Chair of the Board Reputation Committee. I took over from Sir Gerry Grimstone on 1 April 2018, when he was appointed Chair of Barclays Bank PLC. I would like to thank Sir Gerry for all he did during his two years as Chair of the Committee. We welcomed Mike Turner to the Committee on 11 January 2018.

The Committee supports the Board in delivering its vision of Barclays Purpose, Culture and Values, in reviewing the management of conduct and reputation risk, and in overseeing how Barclays meets its corporate and societal obligations. We do this through challenging the leaders of the business at all levels, by examining data and indicators, and through deep dives into specific areas of the bank.

In 2018 the Committee encouraged management to ensure that its objectives for culture and standards of conduct were clearly understood

Oversight of conduct across the organisation is an essential part of our work. Barclays has a strong framework of conduct risk controls, focussed on preventing harm to customers or markets, or any form of financial crime. The Committee received regular reports on compliance with this framework from the Chief Compliance Officer and the heads of the Financial Crime team, Human Resources, Risk and Internal Audit. We reviewed at each meeting data from the Conduct and Complaints Dashboards and undertook deep dives into actual or potential problem areas. Despite disappointments, such as the problems arising with the introduction of our online investment service, Smart Investor, we welcomed the evidence of strengthening controls and positive trends in conduct breaches and disciplinary cases across the bank.

Following the successful introduction of the dashboards over the past two years, the Committee agreed that they should be developed further so that cultural and conduct indicators are brought more clearly together, are well suited to each individual business entity, and are sufficiently forward looking. Barclays UK, Barclays International, and Barclays Execution

Committee also encouraged management in its drive to identify and control reputational risk as clearly as it does conduct risk. We approved a new reputation risk framework in October 2018.

With important changes in the structure of the Barclays Group in 2018, the Committee reviewed the governance framework for oversight of conduct and reputation across the organisation. We were pleased that the Group Chief Executive agreed to attend our meetings regularly at my invitation, so that we continue to focus on strong leadership of the culture and conduct of the Group as a whole. We have established effective relationships with the boards and committees of Barclays Bank UK PLC and Barclays Bank PLC. We strengthened our interactions with the Risk Committee: it was particularly valuable to share the results of Strategic Risk Assessments by the operational risk team, with recommendations on improving the product risk review and financial crime control processes. We maintained our close relationship with the Remuneration Committee, since performance incentives are integral to and embedded in each part of the bank. We welcomed the launch of Barclays new Purpose, which emphasises that our financial services play an essential role in enabling individuals and businesses to seize their opportunities. The Purpose is underpinned by the Values of the organisation: respect, integrity, service, excellence and stewardship.

At each of our meetings we reviewed the Culture Dashboard, which provides data on how far the Values are embedded in the organisation s actual behaviours and actions. The results showed a sustained and positive trend. The annual survey by the Banking Standards Board (BSB) of the culture in 26 member banks provides an important external lens to complement our internal data. At our December 2018 meeting we discussed the results of their latest survey with Dame Colette Bowe and Alison Cottrell, Chair and CEO of the BSB. We were encouraged to hear that colleagues described Barclays as innovative and were positive about our initiatives to strengthen wellbeing and gender diversity. The Committee agreed with the BSB s comments on areas of focus which were similar for Barclays peers including the need for sensitive management of changes associated with new technology and innovation, reducing organisation bureaucracy and improving employee working environments.

Services have all been contributing to the review, and the revised Culture and Conduct dashboards will be an important underpin to our work in 2019.

As our shareholders will know, Barclays has a strong and longstanding commitment to managing the environmental and social impacts of our business, recognising that our success is closely linked to that of the communities in which we live and work. A recurring topic in our discussions has been climate change and the challenges for business in balancing the need to maintain the supply of energy to support economic growth and prosperity while also meeting the goals of the Paris Accord. In 2018 we challenged and discussed with management Barclays approach to financing businesses which operate in sectors that are sensitive because of their relative carbon intensity or local environmental impact. This has resulted in the publication of a policy statement on our approach to energy and climate change, as well as statements on World Heritage Sites and Ramsar Wetlands, all of which can be found on our website. During 2018 the

conduct and culture.

Committee performance

The performance of the Committee was assessed by Independent Board Evaluation, an independent, external corporate governance consultancy as part of the annual effectiveness review. The results confirm that the Committee is operating effectively, and note that it is thorough in its approach. Last year s review suggested that further consideration needed to be given to the continued oversight of Conduct and Reputation Risk matters post-structural reform. This is something that is being kept under review by the Committee, and we are considering inviting more business heads to present their views to the Committee in addition to the presentations from function heads we currently receive. You can read more about the outcomes of the review of Board, Board Committee and individual Director effectiveness on page 26.

Governance: Directors report

What we did in 2018

Board Reputation Committee report

Looking ahead

Finally, I would like to record my thanks to the Committee members, Group Chief Compliance Officer, Laura Padovani, and wider senior management for their continued hard work. In 2019, the Committee looks forward to continuing its support of the Board in promoting its vision of Barclays purpose, values, culture and behaviours and of management in embedding the right Culture and Conduct across the Barclays Group, and driving down Conduct and Reputation Risk.

Mary Francis

Chair, Board Reputation Committee

20 February 2019

Committee allocation of time (%)

	2018	2017
1 Conduct and compliance	**41**	36
2 Culture	**19**	20
3 Reputation risk	**16**	14
4 Customer satisfaction	**13**	14
5 Citizenship	**11**	16

Committee composition and meetings

The Committee is composed solely of independent non-executive Directors. The members of the Committee are Mary Francis, Mike Ashley, Dambisa Moyo, and Mike Turner. Mike Turner joined the Board on 1 January 2018 and became a member of the Committee with effect from 11 January 2018. Sir Gerry Grimstone left the Committee on 1 April 2018 when he became Chair of Barclays Bank PLC. You can find more details of the experience of Committee members in their biographies on pages 5 and 6.

The Committee held five scheduled meetings during 2018 and the chart shows how it allocated its time. Attendance by members at Committee meetings is shown below. Committee meetings were attended by representatives from management, including the Group Chief Executive, Group Chief Compliance Officer, Chief Internal Auditor, Group Chief Risk Officer, Group General Counsel, Group Chief of Staff, Group HR Director and the Group Head of Corporate Relations, as well as representatives from the businesses and other functions. The lead audit partner of KPMG (the Barclays Group s external auditor) attended all Committee meetings in 2018 from January to July this was Guy Bainbridge; from August onwards this was Michelle Hinchliffe. Representatives from the BSB also attended two meetings.

Member	Meetings attended/eligible to attend*
Mary Francis	5/5
Mike Ashley	5/5
Sir Gerry Grimstone (to 1 April 2018)	2/2
Dambisa Moyo	5/5
Mike Turner	5/5

* Including one combined meeting of the Risk Committee and the Reputation Committee.

Committee role and responsibilities

The Committee is responsible for:

- supporting the Board in promoting its collective vision of Barclays purpose, values, culture and behaviours
- reviewing, on behalf of the Board, the management of Conduct and Reputation risk
- overseeing Barclays conduct in relation to its corporate and societal obligations, including setting the guidance, direction and policies for Barclays approach to customer and regulatory matters and Barclays Citizenship Strategy, including advising the Board and management on these matters
- safeguarding the independence of and overseeing the performance of Barclays Compliance function, including the performance of the Group Chief Compliance Officer.

The Committee s work

The significant matters addressed by the Committee during 2018 are described on the following pages.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken

Conduct risk	Conducting robust reviews of any current and emerging risks arising from the inappropriate provision of financial services	Discussed updates from management on conduct risk and considered performance against key conduct risk indicators, and the status of initiatives in place to address those risks and further strengthen the culture of the business.	Management was engaged in thorough discussion and challenge on the conduct risk dashboard, and alignment with the *Culture Dashboard*.
		Requested and considered deep dive analyses on conduct risk, including on progress in developing intelligence- led initiatives to combat fraud.	The Committee was particularly pleased with the level of conduct risk insight received from the use of data analytic tools and from the deep dive sessions.
		Received reports on internal audit activities relating to conduct, including details of any unsatisfactory audit reports and remediation steps identified.	The Committee benefited from the presentation of material conduct structured scenario assessments, described in the Governance in action section of this report on page 30.
		Received updates on the implementation of the revised Code of Conduct, *The Barclays Way*. Reviewed the Compliance function annual compliance plan.	The Committee challenged management to align analysis and control of conduct risk with that of other Principal Risks, such as Market and Credit Risk, and approved the revised Conduct Risk Management Framework and the 2019 Annual Compliance Plan.

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Cultural progress	Reviewing management s progress in embedding a values-based culture across the organisation	Debated Culture dashboards and the progress being made to embed cultural change across Barclays globally. Received regular updates on colleague engagement metrics and the results of employee *Your View* surveys. Received reports on internal audit activities relating to culture. Considered and discussed with representatives of the Banking Standards Board the results of their 2017 and 2018 Annual Reviews of Barclays and received periodic updates from management detailing follow up against the 2017 key findings.	Following the Committee s challenge to improve the use of the *Culture Dashboard*, it was satisfied with management s progress to evolve and align the culture dashboards with the conduct dashboards Through consideration of the *Your View* results in each quarter, the Committee was encouraged by the high colleague engagement scores achieved throughout 2018 and especially in response to launch of the new Purpose, and by improvements made to the perception of colleagues working environments, and in reducing bureaucracy. The Committee appreciated management s acknowledgement that further improvement is still required in these areas and of the need to continue to embed and instil the desired culture Group-wide, and was supportive of the work undertaken by the Group Chief Executive to

		Received information on management s initiatives to improve colleague well-being and resilience, including actively encouraging employees to work dynamically and bolstering the supportive environment in which colleagues feel able to talk about the impacts of stress and mental health concerns.	continue to drive the desired culture across the Barclays Group. The Committee regularly discussed the importance of an open and honest culture in which colleagues feel able to speak up and raise concerns.
Reputation and brand	Ensuring that Reputation risks and issues are identified and managed appropriately.	Reviewed at each meeting key significant and emerging Reputation risks facing Barclays, receiving specific information on business action to address those issues and the outcomes of horizon scanning.	The Committee achieved greater oversight from enhanced Reputation risk reports, and minutes of meetings of Risk Committees of major subsidiaries.
		Regularly evaluated the measures being taken to understand external perceptions of the Bank, including 2018 YouGov Reputation Research. Considered whether the process for identifying, managing and overseeing reputation risk was functioning effectively. Reviewed the refreshed Reputation Risk Management Framework.	The Committee held significant discussion on and challenged management to, enhance the Reputation Risk framework to better align it to other Principal Risks Frameworks, and approved the refreshed Reputation Risk Management Framework.
Customer satisfaction	Ensuring fair outcomes for customers by monitoring complaints volumes, the standard and quality of complaints	Received bi-annual updates on complaints and challenged the performance against key indicators.	The Committee was pleased to see a general downward trend (excluding PPI) in the overall number of complaints received by Barclays during 2018.

handling processes, root cause analysis of complaints, and other relevant metrics.	Considered the quality of the processes in place to address and resolve customer complaints. Monitored trends in the underlying causes of complaints and considered forward looking analysis to identify events (both industry-wide and Barclays-specific) which could influence the volume and timings of complaints.	Management was challenged to make, and made, steady progress in refining and aligning complaints management and reporting and the Committee noted that and that further improvement was required.

Governance: Directors report

What we did in 2018

Board Reputation Committee report

Area of focus	Reporting issue	Role of the Committee	Conclusion/action taken
Environmental and social matters, including Citizenship	Monitoring progress against Barclays Citizenship plan and considering and approving the approach to future Citizenship strategy. Overseeing Barclays commitment to managing its impact on broader society, including conduct in relation to corporate and societal obligations.	Received and considered the bi-annual summary Citizenship dashboards, assessing status updates on the Shared Growth Ambition as the plan drew to an end. Reviewed Barclays ratings and relative peer ranking in external ESG benchmarks and tracked external perceptions on Citizenship through stakeholder and media analysis. Reviewed updates at each meeting on reputation risk considerations of sensitive sector engagement.	The Committee was pleased with the strong successes created by Shared Growth Ambition (2016-2018) and it approved management s approach to evolving Barclays Citizenship strategy for 2019, and supported the extension of our community investment initiatives (LifeSkills, Connect with Work and Unreasonable Impact) and ensuring that our public commitments are clear. The Committee recognised the need for greater clarity in Barclays public social and environmental commitments and challenged management to assess and improve communication on Barclays positioning. The Committee approved the policy statements on Coal, World Heritage Sites and Ramsar Wetlands, published in April 2018 and the comprehensive Energy and Climate Change Statement published in January 2019.

In addition, the Committee also covered the following matters:

- received and reviewed minutes of Barclays Bank UK PLC and Barclays Bank PLC risk committee meetings
- received a report on management s annual review of the effectiveness of compliance with the Volcker Rule (restrictions on proprietary trading and certain fund investments by banks operating in the US)
- received a report from management on Barclays Swap Dealer Annual Compliance Report
- evaluated the outcomes of the assessment of the Committee s performance and any areas of Committee performance that needed to be enhanced
- reviewed and updated its terms of reference, recommending them to the Board for approval.

Governance in action

Structured Scenario Assessments

Structured Scenario Assessments (SSAs) were developed by the Barclays Group Operational Risk Team. They use scenario analysis to explore the risks in extreme but plausible situations. The results provide the opportunity to understand, assess and manage tail risk as well as contributing to calculations of capital requirements and risk tolerance across the Barclays Group. The SSAs covering operational risk highlight that instances of misconduct - especially arising from mistreatment of customers and markets, and financial crime - are among the most significant tail risks facing most banks today.

The Committee has had sight of all prescribed scenario topics used in the SSAs, and it requested presentations on a number of those which are conduct focused. At its meetings in June, October, and December, the Committee received presentations on:

- Operational Risk: Conduct Capital Allocation
- Retail Mis-selling
- Financial Crime

The Committee gained valuable insights from these presentations on the drivers of past cases of misconduct in the banking sector, and ways of strengthening controls to guard against extreme risks in the future, for instance through enhanced product review processes. It is very supportive of the use of SSAs by the business, and the level of technical insight of conduct-related risks they bring to the Committee. They provide an opportunity for the Committee to independently challenge and explore the topics, methodology and results. The Committee will continue to receive presentations on the material conduct-related SSAs during 2019.

Governance: Directors report

What we did in 2018

Board Risk Committee report

One of the key roles of the Committee is to review and challenge the risk appetite of the bank: its ability to earn an appropriate return while being able to withstand shocks.

Dear Fellow Shareholders

During 2018, the Committee continued to pay careful attention to the potential impact of macro-economic developments and market volatility on the risk profile of the bank. As in 2017, these issues remain challenging and we continue to work with management to position the bank conservatively to deal with political and economic uncertainty. In particular, the Committee has closely examined the impact of uncertainty stemming from the process of UK withdrawal from the European Union (EU), as well as the broader global political and economic landscape. In addition, it has reviewed the operational risk profile of the bank, and its resilience to internal and external threats. Themes that the committee evaluated in 2018 included UK corporate and consumer credit risk, in particular in the context of uncertainty created as a result of the possibility of a disorderly UK withdrawal from the EU in this context the Committee is also monitoring operational resilience in relation to leaving the EU without reaching an agreement, considering issues of operational and broader business continuity. Other key risks established limits but encouraged management to maintain a high level of vigilance. In addition, based on concerns of a US economic slowdown and wider global trade shocks affecting global growth, the Committee also reviewed with management the Barclays Group s Leveraged Finance portfolio exposure, which was split between direct (portfolio holds) and indirect (underwriting) risk. In terms of consumer credit, debt levels had continued to rise both in the UK and US. However, a steady transition to a higher quality book together with management s conservative approach to lending continued the good progress of previous years to strengthen the Barclays Group s credit risk profile across the consumer portfolio. This continued focus on book quality is evidenced by a significant reduction in impairment for the year.

In relation to risk-taking in the Investment Bank, the Committee monitored the progress across a number of initiatives, and noted that growth had been appropriately controlled in line with stated security programme. This work, which is scheduled to complete by 2019, includes a range of actions designed to enable more accurate prediction of cyberattacks and increase the speed of detection of cyber events.

One of the key roles of the Committee is to recommend to the Board the overall risk appetite of the bank: its ability to earn an appropriate return while being able to withstand shocks in the market and economic environment. In this context, as well as reviewing internal stress tests, the Committee monitors closely the assessment of Barclays PLC s performance under a variety of regulatory stress tests including those conducted by the US Federal Reserve (CCAR) and the Bank of England (BoE) in each case meeting the appropriate minimum capital requirments and the biennial European Banking Authority (EBA) stress test.

Given the high level of reliance on model outputs in supporting our that the committee is monitoring with potential for wider contagion include those related to increased market volatility and the impact of a Chinese slowdown, although direct exposure to the latter is limited and of high quality. The Committee also considered updates on risk themes related to US Consumer Credit and European peripheral and redenomination risk, as well as operational risks related to cyber security. These risks are actively monitored and managed and the Committee maintains regular oversight of the risk profile and actions taken.

Credit risk management in 2018 was particularly focused on maintenance of the defensive positioning of our UK portfolios, continuing the approach which has been pursued since the UK Referendum on leaving the EU in June 2016. Following a high profile single-name corporate failure in 2017, the Committee also received a detailed analysis from management on Tall Tree exposures in the Corporate bank, both in the UK and US, to understand the portfolio composition, governance and approval processes, as well as key risks and mitigants. The Committee was satisfied that the portfolio was operating satisfactorily within

intentions, and adequate controls through risk frameworks and second-line oversight were in place.

During the year, the Committee continued to monitor the progress being made by management in the identification, assessment and management of operational risk. An essential component is improvement in the Risk and Control Self-Assessments (RCSAs). These are now derived from a process-based approach which will enable management to better identify and manage operational risks. In addition, the Committee was pleased to see progress in the implementation of Structured Scenario Assessments (SSAs). These are used to evaluate operational risk arising from more extreme, but plausible situations. The Committee was able to review outputs from the SSAs related to Critical Application Disruption and Large Scale Data Disruption, both of which are key areas of regulatory focus in relation to operational resilience.

The Committee also evaluated Barclays approach to the management of cyber risk, receiving a briefing on the current cyber threat landscape and Barclays strategy and capability for responding to the threat. This included a detailed briefing on the build-out of transformational improvements to Barclays

stress tests, the

Committee continued to evaluate progress made in the improvement of model risk management in the Barclays Group. While recognising that there is further work to do, the Committee is pleased that substantial progress was made through 2018 as evidenced by an increasingly stable model inventory and further improvements in documentation and control.

In late 2017, the Committee commissioned an external third party assessment of the Risk

function, which was delivered in 2018. The review concluded that the function meets regulatory expectations, is meeting or exceeding industry standards, evidences effective and independent oversight with good evidence of challenge, with strong stewardship and technical competence. The Committee encouraged management to develop action plans to address the areas highlighted in the assessment where evolution of regulatory expectations or best practice will require focus in 2019 and these plans will be monitored by the Committee.

Committee performance

The Committee s performance during 2018 was assessed by Independent Board Evaluation, an independent, external corporate governance consultancy as part of the annual effectiveness review. The results show that the Committee s work is regarded as clear, systematic and thorough, and the Board takes assurance from the quality of the Committee s work. Last year s review highlighted the need to ensure that the way in which the Committee works with the Audit Committee and the Reputation Committee continues to capture all significant issues effectively while minimising any overlap. To address this, the Committee sought to ensure that it continued to work closely with the other Board Committees during 2018 and the results of the review note good co-ordination with the Audit Committee, in particular. The results indicate that, in 2019, it may be helpful to consider areas where the work of the Committee could be further streamlined in conjunction with the risk committees of Barclays Bank UK PLC and Barclays Bank PLC.

You can read more about the outcomes of the review of Board, Board Committee and individual Director effectiveness on page 26.

Looking ahead

In 2019, the Committee will continue to focus on the impact of the external environment on the risk profile of the bank, particularly as the position in relation to the UK withdrawal from the EU becomes clearer. Following the feedback from the independent Board evaluation, we will also consider opportunities to optimise activities with the risk committees of Barclays Bank UK PLC and Barclays Bank PLC. Finally, the committee will continue to evaluate progress made by the Risk function in further developing its capabilities and impact.

Tim Breedon

Chair, Board Risk Committee

20 February 2019

Committee composition and meetings

The Committee is comprised solely of independent non-executive Directors. You can find more details of the experience of

Committee members in their biographies on pages 5 and 6.

Committee allocation of time (%)

		2018	2017
1	Risk profile/risk appetite (including capital and liquidity management)	**56**	53
2	Key risk issues	**26**	26
3	Internal control/risk policies	**9**	12
4	Other (including remuneration and governance issues)	**9**	9

* Based on scheduled meetings

During 2018, the Committee met nine times, and the chart above shows how it allocated its time. Two of the meetings were held at Barclays New York offices. Committee meetings were attended by representatives from management, including the Group Chief Executive, Group Finance Director, Group Chief Internal Auditor, Group Chief Risk Officer, Group Treasurer and Group General Counsel, as well as representatives from the businesses and other representatives from the Risk function. The lead audit partner of KPMG (the Barclays Group s external auditor) attended all Committee meetings in 2018 from January to July this was Guy Bainbridge; from August onwards this was Michelle Hinchliffe.

Member	Meetings attended/eligible to attend
Tim Breedon	9/9
Mike Ashley	9/9
Mary Anne Citrino (from 1 November 2018)	2/2
Reuben Jeffery III	8/9
Matthew Lester	9/9
Diane Schueneman	9/9

* Including one combined meeting of the Risk Committee and the Reputation Committee

Committee role and responsibilities

The Committee is responsible for:

- recommending to the Board the Barclays Group s risk appetite for financial, operational and legal risk
- monitoring financial, operational and legal risk appetite, including setting limits for individual types of risk, e.g. credit, market and funding risk
- monitoring the Barclays Group s financial, operational and legal risk profile
- commissioning, receiving and considering reports on key financial operational and legal risk issues
- providing input from a financial and operational risk perspective to the Remuneration Committee to assist in its deliberations relating to incentive packages.

The Committee s work

The significant matters addressed by the Committee during 2018 are described on the following pages.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Risk appetite and stress testing i.e. the level of risk the Barclays Group chooses to take in pursuit of its business objectives, including testing whether the Barclays Group s financial position and risk profile provide sufficient resilience to withstand the impact of severe economic stress.	The risk context to Medium Term Plan (MTP), the financial parameters and constraints and mandate and scale limits for specific business risk exposures; the Barclays Group s internal stress testing exercises, including scenario selection and financial constraints, stress testing themes and the results and implications of stress tests, including those run by the Bank of England (BoE) and the European Banking Authority (EBA).	To discuss and agree stress loss and mandate and scale limits, for Credit Risk, Market Risk and Treasury and Capital risk. To evaluate the BoE annual cyclical stress test results, and the results of a stress test under the EBA biennial stress test submission. Considered and approve internal stress test themes and the financial constraints and scenarios for stress testing risk appetite for the MTP. To consider the Federal Reserve Board s feedback of the US Intermediary Holding Company s Comprehensive Capital	The Committee reviewed proposed enhancements to the Barclays Group s stress testing processes which are designed to improve capabilities in this area. The Committee reviewed and approved, for recommendation to the Board, the financial results of the MTP internal stress test exercise on the basis that Barclays remained within the Barclays Group s Risk Appetite. The Committee requested and received an overview of the stress testing principles and objectives which served to provide a helpful framework for the review of the stress test results submissions to the BoE and EBA. The Committee approved the 2018 annual stress test results for submission to the BoE, including a range of strategic management

		Analysis and Review (CCAR) following the submission of the CCAR stress test results.	actions, in addition to the standard BAU management actions designed to mitigate risk impacts. Similarly, the Committee approved the results of the stress test under the biennial EBA stress test submission.
Capital and funding i.e. having sufficient capital and financial resources to meet the Barclays Group s regulatory requirements and its obligations as they fall due, to maintain its credit rating, to support growth and strategic options.	The trajectory to achieving required regulatory and internal targets and capital and leverage ratios.	To review on a regular basis, capital performance against plan, tracking the capital trajectory, any challenges and opportunities and regulatory policy developments. To assess on a regular basis liquidity performance against both internal and regulatory requirements. To monitor capital and funding requirements.	The Committee examined and supported the forecast capital and funding trajectory and the actions identified by management to manage the Barclays Group s capital position. The Committee considered and approved the Barclays Group capital adequacy assessment together with the methodologies and results of the reverse stress testing for submission of the 2018 Internal Capital Adequacy Assessment Process (ICAAP) as well as the Barclays Group s 2018 Individual Liquidity Adequacy Assessment Process (ILAAP). Approvals included, for the first time, assessments for Barclays Bank PLC and Barclays Bank UK PLC on an individual basis, as required by the Regulator. The Committee also considered and discussed feedback from the Regulator in relation to the ICAAP submission and requested management to provide regular updates on planned improvements to the ICAAP process in response to the feedback.

What we did in 2018

Board Risk Committee report

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Political and economic risk i.e. the impact on the Barclays Group s risk profile of political and economic developments and macroeconomic conditions.	The potential impact on the Barclays Group s risk profile of geopolitical developments, as well as continuing to monitor the potential political and economic impact of Brexit scenarios	To review and discuss plans for the impacts of Brexit under various withdrawal scenarios. To consider trends in the UK and US economies, including the impact of rate rises. To assess the transmission effects of a Chinese economic slowdown/ trade war metrics arising from its influence on the world economy. To review exposures to Emerging Markets as a result of volatility in these markets arising from the impact of global political and economic events	In relation to the potential risk impacts of Brexit, considerations were escalated to include operational resilience to the impact risk of an exit with no agreement in place. Other key material risk themes kept under review by the Committee included stress in US consumer credit and stress in UK property. A new theme of Italian peripheral and redenomination risk was added as a key risk theme. The Committee directed management to apply additional focus to monitoring evidence of rising global leverage, credit cycle and geopolitical risks.
Credit risk i.e. the potential for financial loss if customers fail to fulfil	Conditions in the UK housing market, particularly in London and the South East; levels of UK consumer	To assess conditions in the UK property market and monitor signs of stress.	The Committee reiterated to management the need to ensure appropriate credit selection and discipline when selecting business, and the importance of consumer

their contractual obligations.	indebtedness, particularly in the context of the risk of inflation and negative real wage growth; and the performance of the UK and US Cards businesses, including levels of impairment.	To monitor how management was tracking and responding to persistent rising levels of consumer indebtedness, particularly unsecured credit in both the UK and US. To review Leveraged Finance portfolios in order to assess these were within risk appetite and manageable limits. To review business development activities in the Corporate and Investment Bank.	profiling to achieve better risk selection. The Committee encouraged management to continue with its conservative approach to UK lending and supported pre-emptive measures to de-risk the UK Cards portfolio to guard against any downturn in the UK economy.
Operational risk i.e. costs arising from human factors, inadequate processes and systems or external events.	The Barclays Group s operational risk capital requirements and any material changes to the Barclays Group s operational risk profile and performance of specific operational risks against agreed risk appetite.	To track operational risk key indicators. To consider specific areas of operational risks, including fraud, conduct risk, cyber risk, execution risk, technology and data, including the controls that had been put in place for managing and avoiding such risks. To review Barclays approach to scenario analyses as a risk management tool and assess a range of Structured Scenario	The Committee focused its attention on the financial and capital impacts of operational risk. In relation to cyber risk, the Committee received an update on the transformational improvements to Barclays security posture and associated controls in this area and endorsed management plans to remediate and implement new controls designed to enable more accurate prediction of cyberattacks and increase speed of detection of cyber events in order to minimise impact on Barclays and client/ customers. In relation to Fraud and Transaction Operation risks, the Committee requested and assessed a report on Barclays fraud capabilities to reduce losses in these areas.

	Assessments which had been created to support assessments and management of tail risk within the business, stress testing and risk tolerance.	The Committee approved the 2018 Operational Risk Tolerance Statement, which proposed a higher tolerance of operational risks, provided these have a Risk Reduction Plan based on approved control improvements.
		The Committee reviewed and approved two material outsourcing programmes which supported the roll-out of Barclays Cloud outsourcing.

Area of focus	Matter addressed	Role of the Committee	Conclusion/action taken
Model risk i.e. the risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Model risk governance.	To evaluate the appropriateness of the Barclays Model Risk Management framework, and monitor progress on the implementation of an enhanced modelling framework, including receiving updates on findings in relation to specific modelling processes.	The Committee reviewed and approved the Model Risk Framework and Tolerance Statement. The Committee maintained oversight of Model risk and in particular monitored planned improvements to Barclays Model Risk Management framework and ongoing upgrade plans. This included reviewing and assessing Barclays material alignment with the PRA Supervisory Statement on stress test models. The Committee agreed an approach towards other Large Model Frameworks such as ICAAP, ILAAP and stress testing and monitored progress to ensure that the scope of Model Risk Management (MRM) implementation was expanded to bring into governance non-modelled methods used in other Large Model Frameworks. The Committee urged management to focus on remediation of models used in financial planning and stress testing where these were currently non-compliant with the regulator s guidance. In relation to progress with MRM implementation, the Committee

			observed progress with validation of Tier 1 (material) models which had been documented under new enhanced standards, as well as the documentation of Tier 2 and Tier 3 models.
			The Committee also maintained oversight of the models used in the CCAR 2018 submission to ensure these were materially brought into governance by management. The substantive completion of this exercise was believed to have been a significant factor in the positive CCAR result.
Risk framework and governance	The frameworks, policies and talent and tools in place to support effective risk management and oversight.	To track the progress of significant risk management projects, including progress on achieving compliance with the Basel Committee for Banking Supervision (BCBS239) risk data aggregation principles and reviewed the results of the 2017 Risk and Control Self-Assessment (RCSA) process across the Barclays Group together with an update on the approach to the 2018 RCSA process.	The Committee assessed during the year the Barclays Group s risk management capability in the form of an independent assessment of the design and effectiveness of the Risk function. The Committee discussed and approved an annual refresh of the Principal Risk Frameworks under the remit of the Committee. The annual update to the ERMF was also approved by the Committee.
		To assess risk management matters raised by Barclays regulators and the actions being taken by management to respond.	
		To review the design of	

		the Barclays Group s Enterprise Risk Management Framework (ERMF).	
Remuneration	The scope of any risk adjustments to be taken into account by the Board Remuneration Committee when making remuneration decisions for 2018.	To debate the Risk function s view of performance, making a recommendation to the Board Remuneration Committee on the financial and operational risk factors to be taken into account in remuneration decisions for 2018.	The Committee discussed the report of the Chief Risk Officer and considered the proposal put forward in relation to the impact of relevant risk factors in determining 2018 remuneration.

In addition, the Committee also covered the following matters in 2018:

- reviewed and assessed Barclays liquidity pool investment portfolio from a perspective of the limit framework defined by Risk
- considered and approved a large non-investment grade transaction underwriting commitment on the basis of exposure within distribution activity limits
- considered detailed report of Tall Trees exposure in Corporate lending and Leveraged Finance portfolios
- considered detailed reports in relation to growth opportunities in the Investment Bank from a risk/activities perspective
- considered a report on the effectiveness of the Committee and any areas of the Committee s performance that could be improved

Governance in action

Risk of the UK s planned departure from the EU

A key focus of the committee in 2018 was the continued oversight of management s actions to respond to the political and economic uncertainty following the UK s decision to leave the EU, above and beyond the Group s intention to continue to serve its customers in the EU through expansion of its banking licence in Ireland. The Committee s oversight has evolved as the final date for the UK exit from the EU comes closer, and is summarised below:

- Throughout the year, management continued to update the committee on management of UK portfolio risks consistent with the cautious approach recommended in the light of political and economic uncertainty. Relevant risk themes were also monitored by the committee in considering the evolution of the risk profile, in particular those related to UK consumer and corporate risk, UK property price stress and the UK retail sector.
- In addition, to provide increased focus on issues of operational resilience associated with a disorderly Brexit, a war room was established by senior management to identify those risks which were most pertinent to continuity of business, and the committee has reviewed and discussed the key risks highlighted and management s risk mitigation approach. The risks considered by the Committee include operational, legal, people, liquidity and capital related risks.
- Finally, as the UK parliamentary process nears its conclusion, the Committee has received updates from management as to its monitoring of expected market volatility with additional oversight established to review and assess market behaviour, risk exposure, and operational impacts in the event of abnormal volatility and transaction volumes.

reviewed and updated its terms of reference, recommending them to the Board for approval.	As the potential for a disorderly exit from the EU increased, the Committee encouraged management to further intensify scrutiny over those sectors of the economy most likely to be adversely impacted and received reports highlighting management actions to proactively address these risks.	

How we comply

Leadership

Role of the Board

As highlighted earlier in this report, the Board of Directors is responsible for promoting the highest standards of corporate governance in the Barclays Group. We act in a way that we consider promotes the success of Barclays for the benefit of shareholders as a whole, and are accountable to the shareholders for creating and delivering sustainable value. We are responsible for the overall leadership of the Barclays Group, including establishing its purpose, values and strategy, and satisfying ourselves as to the alignment of Barclays culture to its purpose, values and strategy. In 2018, the Board approved a new common purpose for the Barclays Group Creating Opportunities to Rise which reflects Barclays entrepreneurial spirit, relentless quest for better, customer and client centricity, and our commitments to society at large and to our colleagues.

The Board is also responsible for ensuring that management maintains a sound system of audit, risk management, compliance and internal control.

For further information about the role of the Board and its responsibilities, together with the Board governance framework, please see page 8 and 9.

The Board of Directors is responsible for promoting the highest standards of corporate governance in the Barclays Group

Roles on the Board

Executive and non-executive Directors share the same duties and are subject to the same constraints. However, in line with the principles of The Code, a clear division of responsibilities has been established. The Chairman is responsible for leading and managing the work of the Board, while responsibility for the day-to-day management of Barclays has been delegated to the Group Chief Executive. The Group Chief Executive is supported in this role by the Barclays Group Executive Committee. Further information on membership of the Barclays Group Executive Committee can be found on page 7.

As a Board we have set out our expectations of each Director in Barclays *Charter of Expectations.* This includes role profiles and the behaviours and competencies required for each role on the Board, namely the Chairman, Deputy Chairman (to the extent one is required), Senior Independent Director, non-executive Directors, executive Directors and Committee Chairs. Pursuant to the *Charter of Expectations,* non-executive Directors provide effective oversight, strategic guidance and constructive challenge, examine proposals on strategy and empower the executive Directors to implement the strategy approved by the Board, whilst holding the executive Directors to account. The Senior Independent Director provides a sounding board for the Chairman, acts as an intermediary for the other Directors when necessary and is available to shareholders if they have concerns that have not been addressed through the normal channels.

The *Charter of Expectations* is reviewed annually to ensure it remains relevant, and was recently updated to reflect our new corporate structure, the requirements of The New Code and The Regulations, and industry best practice. A copy of the *Charter of Expectations* can be found at **home.barclays/ corporategovernance**.

Attendance

As members of the Board of Directors we are expected to attend every Board meeting. In 2018, we attended both scheduled and additional Board meetings (which were often called on short notice) and attendance was very strong, as recorded in the table below. The Chairman met privately with the non-executive Directors ahead of each scheduled Board meeting and if, owing to exceptional circumstances, a Director was not able to attend a Board meeting he or she ensured that their views were made known to the Chairman in advance of the meeting.

Governance: Directors report

How we comply

Board attendance	Independent	Scheduled meetings eligible to attend	Scheduled meetings attended	% attendance	Additional meetings eligible to attend	Additional meetings attended
Chairman						
John McFarlane	On appointment*	15	15	100	6	6
Executive Directors						
Tushar Morzaria	Executive Director	15	15	100	4	4
Jes Staley	Executive Director	15	15	100	4	4
Non-executive Directors						
Mike Ashley	Independent	15	15	100	5	5
Tim Breedon CBE	Independent	15	15	100	6	5
Sir Ian Cheshire	Independent	15	15	100	6	6
Mary Anne Citrino	Independent	8	8	100	2	2
Mary Francis CBE	Independent	15	15	100	6	6
Crawford Gillies	Senior Independent Director	15	15	100	6	6
Sir Gerry Grimstone	Independent	15	15	100	6	6
Reuben Jeffery III	Independent	15	15	100	6	6
Matthew Lester	Independent	15	15	100	6	5
Dambisa Moyo	Independent	15	15	100	6	6
Diane Schueneman	Independent	15	15	100	6	4
Mike Turner CBE	Independent	15	15	100	6	6
Secretary						
Stephen Shapiro		15	15	100	6	6

* As required by The Code, the Chairman was independent on appointment.

Effectiveness

Composition of the Board

In line with the requirements of The Code, a majority of the Board are independent non-executive Directors. The Board currently comprises a Chairman, who was independent on appointment (as required by The Code), two executive Directors and twelve non-executive Directors. We consider the independence of our non-executive Directors annually, using the independence criteria set out in The Code and by reviewing performance against behaviours that we have identified as essential in order to be considered independent. As part of this process, the Board keeps under review the length of tenure of all Directors, which is a factor that is considered as part of its deliberations when determining the independence of our non-executive Directors.

In accordance with the recommendations of The Code, the independence of Tim Breedon, Reuben Jeffery III and Dambisa Moyo all of whom have served on the Board for more than six years was subjected to a more rigorous review. The Board remains satisfied that the lengths of their tenure have no impact on their respective levels of independence or the effectiveness of their contributions.

All appointments to the Board are based on merit and objective criteria, in the context of the strategy of the Barclays Group and the diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, as well as skills, knowledge and experience required for the Board to be effective. Appointments are made following a formal, rigorous and transparent process.

Diversity across the Barclays Group, remains a key area of focus. The Barclays Group recognises and embraces the benefits of a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Nominations Committee regularly reviews the composition of the Board and the Board Committees. It frequently considers a skills matrix for the Board, which identifies the core competencies, skills, diversity and experience required for the Board to deliver its strategic aims and govern the Barclays Group effectively. Certain attributes identified in the skills matrix have a target weighting attached to them and these are regularly updated to reflect the needs of the Barclays Group. The size of the Board is not fixed and may be revised from time to time to reflect the changing needs of the business. The Committee reviews the skills matrix when considering a potential new appointment to the Board, as well as reviewing the current and expected Board and Board Committee composition. This helps to determine a timeline for proposed appointments to the Board.

To the extent that the Nominations Committee identifies any gaps in the Board s profile which may be a result of the forthcoming retirement of a Director, or in response to changing market needs that information is used to inform the search for a new Director or Directors. For example, as at the date of this report, there are four female Directors (27%) against a target of having 33% female representation on the Board by 2020, to which we remain committed.

Directors are subject to election or re-election each year by shareholders at the AGM.

Having served on the Board for nine years, Reuben Jeffery III and Dambisa Moyo will both be retiring from the Board at this year s AGM and will not, therefore, be standing fore-election.

In recent years, the Board has assessed its effectiveness, and that of the Board Committees and the individual Directors, annually in a process facilitated by an independent third party. This has been driven by the Board s belief that an effective board is key to the delivery of a company s strategy. A full external review of the effectiveness of the Board, the Board Committees and the individual Directors was assessed in Q4 of 2018 in a process facilitated by Independent Board Evaluation, an independent, external corporate governance consultancy. The review assessed whether each of the Directors continues to discharge their respective duties and responsibilities effectively, and concluded that they do. The results of the review were considered when deciding whether individual Directors would offer themselves for election or re-election at the AGM. More information on the 2018 Board effectiveness review, and the Board s progress against the findings of the 2017 effectiveness review, can be found on page 25 and 26.

Our biographies containing our relevant skills and experience, Board Committee membership and other principal appointments can be found on pages 5 and 6. Details of changes to the Board in 2018 and year to date are disclosed on page 43.

The service contracts for the executive Directors and the letters of appointment for the Chairman and non-executive Directors are available for inspection at our registered office.

Time commitment

All potential new Directors are asked to disclose their significant commitments, and to give an indication of the time spent on those commitments. The Nominations Committee will then take this into account when considering a proposed appointment on the basis that all Directors are expected to allocate sufficient time to their role on the Board in

order to discharge their responsibilities effectively. This includes attending, and being well-prepared for, all Board and Board Committee meetings, as well as making time to understand the business, meet with executives and regulators, and complete ongoing training. As stated in our *Charter of Expectations,* the time commitment associated with their respective roles is agreed with each non-executive Director on an individual basis. All significant new commitments require prior approval. Set out below is the average expected time commitment for the role of non-executive Directors and the other non-executive positions on the Board. For these additional positions there is an expectation that, in order to effectively fulfil extra responsibilities, additional time commitment is required.

Time commitment

Role	Expected time commitment
Chairman	Equivalent to up to 80% of a full time position
Senior Independent Director	As required to fulfil the role
Non- executive Director	30 days per year (membership of one Board Committee included, increasing to 40 days a year if a member of two Board Committees)
Committee Chairs	At least 60 days per year (including non-executive Director time commitment)

The Chairman must commit to expend whatever time is necessary to fulfil his duties and, while this is expected to be equivalent to up to 80% of a full time position, the role as Chairman of the Barclays Group, and leadership of the Board, have priority over other business commitments. In exceptional circumstances, we are all expected to commit significantly more time to our work on the Board.

As mentioned above, Directors are now obliged to obtain pre-clearance prior to taking on any additional commitments, including but not limited to directorships, and to indicate in the clearance request the likely time commitment involved. The Company Secretary maintains a record of each Director s commitments. For the year ended 31 December 2018, and as at the date of this report, the Board is satisfied that none of the

Directors is over-committed and that each of the Directors allocates sufficient time to his or her role in order to discharge their responsibilities effectively.

Induction

On appointment to the Board, all Directors receive a comprehensive induction which is tailored to the new Director s individual requirements. The induction schedule is designed to quickly provide the new Director with an understanding of how the Barclays Group works and the key issues that it faces. The Company Secretary consults the Chairman when designing an induction schedule, giving consideration to the particular needs of the new Director. When a Director is joining a Board Committee, the schedule includes an induction to the operation of that committee.

On completion of the induction programme, the Director should have sufficient knowledge and understanding of the nature of the business, and the opportunities and challenges facing Barclays, to enable them to effectively contribute to strategic discussions and oversight of the Barclays Group.

Following her appointment in 2018, Mary Anne Citrino received such an induction. She met with the Company Secretary, the current non-executive Directors and members of the Barclays Group Executive Committee, and certain other senior executives, as part of that process. An extensive induction programme for Nigel Higgins is underway.

Training and development

In order to continue to contribute effectively to Board and Board Committee meetings, Directors are regularly provided with the opportunity to take part in ongoing training and development and can also request specific training that we may consider necessary or useful. As part of our annual performance review with the Chairman, we discuss any particular development needs that can be met through either formal training or meeting with a particular senior executive. In 2018, Directors received ongoing training in relation to legal and regulatory developments in the form of regular briefings. Topics included whistleblowing and the Senior Managers and Certification Regime.

Conflicts of interest

In accordance with the Companies Act 2006, and the Articles of Association, the Board has the authority to authorise conflicts of interest. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the Barclays Group. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflict. The authorisations are for an indefinite period but are reviewed annually by the Nominations Committee, which also considers the effectiveness of the process for authorising Directors conflicts of interest. The Board retains the power to vary or terminate the authorisation at any time.

Governance: Directors report

How we comply

Information provided to the Board

The Role Profile for the Chairman, as set out in our *Charter of Expectations,* confirms his responsibility for ensuring that Board agendas are primarily focused on strategy, performance and key value creation issues and that members of the Board receive accurate, timely and high-quality information. In particular, we require information about Barclays performance to enable us to take sound decisions, monitor effectively and provide advice to promote the success of the Company. Working in collaboration with the Chairman, the Company Secretary is responsible for ensuring good governance and consults Directors to ensure that the Board receives the information it requires in order to be effective.

Throughout the year, both the executive Directors and senior executives keep the Board informed of key developments in the business through regular reports and updates. These are in addition to the presentations that the Board and Board Committees receive as part of their formal meetings. Directors are able to seek independent and professional advice at Barclays expense, if required, to enable them to fulfil their obligations as members of the Board.

Accountability

Internal governance processes have been developed to ensure the effective operation of the individual boards and board committees of each of Barclays PLC, Barclays Bank UK PLC and Barclays Bank PLC respectively, in recognition of the fact that this is key to the development and execution of the Barclays Group s strategy. Generally, there is one set of rules for the Barclays Group; Barclays Group-wide frameworks, policies and standards are required to be adopted throughout the Barclays Group unless local laws or regulations (or the ring-fencing obligations applicable to Barclays Bank UK PLC) require otherwise, or the Barclays Group Executive Committee decides otherwise in a particular instance.

Risk management and internal control

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

The Barclays Group is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposure to unacceptable potential losses or reputational damage. Barclays has an overarching framework that sets out the approach of the Barclays Group to internal governance, *The Barclays Guide*, which establishes the mechanisms, principles and processes by which management implements the strategy set by the Board to direct the organisation, through setting the tone and expectations from the top, delegating its authority, exercising oversight and assessing compliance.

A key component of *The Barclays Guide* is the Enterprise Risk Management Framework (ERMF). The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the strategic objectives of the Barclays Group. The key elements of the Barclays Group s system of risk management and internal control, which are aligned to the recommendations of *The Committee of Sponsoring Organizations of the Treadway Commission, Internal Control Integrated Framework* (2013 COSO), are set out in the risk frameworks relating to each of our eight Principal Risks and the Barclays Control Framework, which details requirements for the delivery of control responsibilities. Barclays Group-wide frameworks, policies and standards enable Barclays to meet regulators expectations relating to internal control and assurance.

Effectiveness of internal controls

Key controls are assessed on a regular basis for both design and operating effectiveness. Issues arising out of business risk and control assessments and other internal and external sources are examined to identify pervasive themes. Where appropriate, control issues are reported to the Audit Committee. You can read more about the work of the Audit Committee on pages 12 to 21.

Risk management and internal control framework

The ERMF is the risk management and internal control framework for the Barclays Group. There are eight Principal Risks under the ERMF: Credit risk, Market risk, Treasury and Capital risk, Operational risk, Model risk, Reputation risk, Conduct risk and Legal risk.

The Audit Committee formally reviews the risk management and internal control system, including the ERMF, annually. Throughout the year ended 31 December 2018 and to date, the Barclays Group has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the Principal Risks facing the Barclays Group in accordance with the *Guidance on Risk Management, Internal Control and Related Financial and Business Reporting* published by the FRC.

The review of the effectiveness of the risk management and internal control system is achieved through reviewing the effectiveness of the frameworks, principles and processes contained within *The Barclays Guide,* the ERMF and the Barclays Control Framework. Key considerations of the most recent review were:

- The operation of Controls Committees of the Barclays Group and the key legal entities, businesses and functions in the Barclays Group to monitor, review and challenge the effective operation of key risk management and control processes, including the results of audits and reviews undertaken by BIA (which include assessments of the control environment and management control approach) and examinations and assessments undertaken by our primary regulators, on an ongoing basis. The remediation of issues identified within the control environment is regularly monitored by management and the Audit Committee.

- Testing of the operation of executive committees to provide assurance that the committees are operating as per their Terms of Reference and are effectively overseeing the control environment and associated risk management and internal control processes, where appropriate.

- A review of the key governance processes and principles which comprise *The Barclays Guide* to confirm that the processes have operated effectively.

Regular reports are made to the Board covering significant risks to the Barclays

Group. The Risk Committee and the

Reputation Committee examine reports covering the Principal Risks as well as reports on risk measurement methodologies and risk appetite. The Audit Committee oversees the control environment (and remediation of related issues), and assesses the adequacy of credit impairment. Further details of risk management procedures and potential risk factors are given in the Risk review section on pages 83 to 90.

Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the financial statements of the Barclays Group. Specific governance committees are responsible for examining the financial reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation.

These committees report their conclusions to the Audit Committee, which debates its conclusions and provides further challenge. Finally, the Board scrutinises and approves results announcements and the Barclays PLC annual report, and ensures that appropriate disclosures have been made. This governance process ensures that both management and the Board are given sufficient opportunity to debate and challenge the financial statements of the Barclays Group and other significant disclosures before they are made public.

Management s report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed under the supervision of the principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail:

Accurately and fairly reflect transactions and dispositions of assets.

Provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors.

Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

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

Management has assessed the internal control over financial reporting as of 31 December 2018. In making its assessment, management utilised the criteria set out in the 2013 COSO framework and concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2018.

Our independent registered public accounting firm has issued a report on the Group s internal control over financial reporting, which is set out on page 203

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on pages 83 to 84.

Changes in internal control over financial reporting

There have been no changes in the Barclays Group s internal control over financial reporting which have materially affected or are reasonably likely to materially affect the Barclays Group s internal control over financial reporting during the year. The Barclays Group adopted IFRS 9 on 1 January 2019 and has updated and modified certain controls over financial reporting as a result of the new accounting standard, embedding them into the existing control environment.

Remuneration

The Board has delegated responsibility for the consideration and approval of the remuneration arrangements of the Chairman, executive Directors, other senior executives and certain Barclays Group employees to the Remuneration Committee. The Board as a whole, with the non-executive Directors abstaining, considers annually the fees paid to non-executive Directors. Information on the activities of the Remuneration Committee in 2018 can be found in the Remuneration report on pages 53 to 80, which forms part of this Governance section of the Annual Report.

Relations with shareholders

The Board recognises the importance of listening to, and understanding the views of, our shareholders such that this information can be used to inform the Board s decision-making.

Shareholders

The Board is committed to promoting effective channels of communication with our shareholders and upholding good corporate governance as a means of building stronger and more engaged relationships with them. Our comprehensive Investor Relations engagement with the market helps us to understand investor views about Barclays, which are communicated regularly to the Board. Our shareholder communication guidelines, which underpin all investor engagement, are available on our website at **home.barclays/investorrelations.**

Institutional investors

In 2018, our Investor Relations engagement with institutional investors took place throughout the year, both following our quarterly results as well as outside of the reporting cycle. We increased our level of engagement with shareholders year over year, allowing the opportunity for existing and potential new investors to engage with Barclays regularly, promoting dialogue on longer-term strategic developments as well as on the recent financial performance of the Barclays Group.

The Directors, in conjunction with the senior executive team and Investor Relations, participated in varied forms of engagement, including investor meetings, seminars and conferences across many geographic locations, reflecting the diverse nature of our equity and debt institutional ownership. In 2018, we placed greater emphasis on shareholder engagement with a broader range of divisional management presenting to investors, deepening understanding of Barclays investment case, and promoting greater awareness and understanding of our operating businesses.

During 2018, discussions with investors included, but were not limited to: the improved operating performance of the Barclays Group in the firt nine months post-structural reform; the continued digitisation of the bank and ongoing investment in technology as well as the value being created by Barclays Execution Services in improving the mix and efficiency of our cost base. We discussed how these actions have, collectively, created the capacity for investment in growth opportunities, helping drive long-term sustainable returns for shareholders. Investors also discussed topics including prudent risk management and steps taken to mitigate the potential impact from the uncertainty surrounding Brexit, as well as ESG factors, our corporate and investment bank strategy, our valuation and capital levels.

Investor meetings focused on corporate governance also took place throughout the year, with the Chairman, Senior Independent Director, other Board representatives and the Company Secretary.

We held conference calls/webcasts for our quarterly results briefings and an in-person presentation for our 2017 full year results in February 2018, all hosted by the Group Chief Executive and Group Finance Director who also maintain a dialogue with investors throughout the year. In addition, the Group Finance Director held a quarterly breakfast briefing for sell-side analysts. For fixed income investors, we held conference calls at our full year and half year results hosted by the Group Finance Director and Group Treasurer. Following each event, a transcript of the discussion was uploaded to our website.

The Investor Relations section of our website is an important communication channel that enables the effective distribution of information to the market in a clear and consistent manner. Executive management presentations, speeches and, where possible, webcast replays are uploaded to our website on a timely basis.

Private shareholders

During 2018, we continued to communicate with our private shareholders through our shareholder mailings. Shareholders can also choose to sign up to Shareview so that they receive information about Barclays PLC and their shareholding directly by email.

On a practical level, over 60,000 shareholders did not cash their Shares Not Taken Up (SNTU) cheque following the Rights Issue in September 2013. In 2018, we continued the tracing process to reunite these shareholders with their SNTU monies and any unclaimed dividends and by the end of the year, we had returned approximately £65,000 to our shareholders, in addition to approximately £200,000 returned in 2017, £1.65m returned in 2016 and £2.2m in 2015.

Governance: Directors report

How we comply

Each year we launch a Share Dealing Service aimed at shareholders with relatively small shareholdings for whom it might otherwise be uneconomical to deal. One option open to shareholders is to donate their sale proceeds to ShareGift. As a result of this initiative, £46,957 was donated in 2018, taking the total donated since 2015 to over £345,000.

Our AGM

The Board and the senior executive team continue to consider our AGM as a key date for shareholder engagement. The AGM provides us with our main opportunity to engage with shareholders, particularly our private shareholders, on the key issues facing the Barclays Group and any questions they may have. A number of Directors, including the Chairman, are available for informal discussion either before or after the meeting.

All resolutions proposed at the 2018 AGM, which were considered on a poll, were passed with votes For ranging from 88.48% to 99.94% of the total votes cast.

The 2019 AGM will be held on Thursday 2 May 2019 at 11:00am at the QEII Conference Centre in London. The Notice of AGM can be found in a separate document, which is sent out at least 20 working days before the AGM and also made available at **home.barclays/ agm.** Voting on the resolutions will again be by poll and the results will be announced via the Regulatory News Service and made available on our website on the same day. We encourage any shareholders who are unable to attend on the day to vote in advance of the meeting via **home.barclays/ investorrelations/vote** or through Shareview (shareview.co.uk).

Governance reporting for 2019

Having reviewed our existing governance arrangements against the requirements of The New Code and The Regulations, and industry best practice, a number of amendments to documentation and certain enhancements

The Barclays Group has a long standing commitment to the importance and value of colleague engagement. It is colleagues that drive our success. You can read more about our commitment to colleagues

the results of the *Your View* surveys (including the survey conducted in 2018).

to practices have already been implemented. Changes to the *Charter of Expectations,* the Board s *Schedule of Matters Reserved,* and each Board Committee s terms of reference have been effected. Enhancements to practices, including but not limited to the below, either have been or will be implemented during 2019 and we will report against The New Code in our next Annual Report.

Board composition. As mentioned above, Directors are now obliged to obtain pre-clearance prior to taking on any additional commitments, including but not limited to directorships, and to indicate in the clearance request the likely time commitment involved. This will help to ensure that Directors allocate sufficient time to their role on the Board and discharge their responsibilities effectively.

Culture. Our code of conduct, *The Barclays Way,* provides a clear path towards achieving a dynamic and positive culture within the Barclays Group, outlining our common purpose Creating Opportunities to Rise and values, which govern our way of working. *The Barclays Way,* and Barclays Purpose and Values, will be reviewed by the Board annually. The Board already receives regular reports on the alignment of Barclays culture with its purpose, values and strategy, but will also start receiving annual thematic updates as to workforce policies and their alignment with our purpose, values and strategy. To the extent that the Board takes any action with regard to culture during the course of a year, this will be explained in the relevant annual report.

in the People section on page 47. As part of this long standing commitment, senior management developed an extensive engagement matrix. Consequently, there are a number of existing channels for engagement with colleagues and for ensuring that the Board is made aware of views expressed. This engagement matrix with colleagues includes multi-channel communications, townhalls and question and answer sessions, country and site visits, ex officio committee memberships, *Your View* surveys, focus groups, mentoring programmes, talent programmes, Diversity and Inclusion programmes, the Wellbeing programme, and workforce change engagement.

We have an established partnership approach to industrial relations. In the UK, we have a formal Partnership with Unite which has been in place for over 18 years. In Europe, we have a consultation forum (European Works Council) known as the Barclays Group European Forum. Through these partnerships, and at individual country level with local recognised trade unions and works councils, we consult regularly on a wide range of topics.

In 2018, an all colleague *Your View* survey was conducted. The effectiveness of our existing colleague engagement mechanisms was reflected in a 79% sustainable engagement score. The results of the survey were presented to senior management, and used as one of a number of inputs to inform overall colleague engagement and progress with embedding our desired culture.

In addition to the *Culture Dashboard* and *Your View,* we plan to introduce further qualitative mechanisms including the establishment of regional focus groups, and obtaining formal feedback on core topics from Unite and the Barclays Group European Forum to enhance the information that is already gathered.

In relation to understanding other stakeholders views, the impact of our behaviour and business on customers and clients, colleagues and society is monitored by the Board with support from the Reputation Committee, which tracks key indicators across the areas of culture, citizenship, conduct, and customer and client satisfaction on an ongoing basis. In 2018, we built on conversations started at the AGM to engage in a continual dialogue with NGOs and other interest groups, to improve our understanding of emerging and existing environmental and societal topics.

Throughout the year, we regularly engaged with these stakeholders through participation in forums and roundtables and joined industry, sector and topic debates and this will continue in 2019.

Remuneration. Following changes to the Remuneration Committee s terms of reference, the Remuneration Committee now has responsibility for reviewing workforce remuneration and related policies, ensuring the alignment of incentives and rewards with culture, and ensuring that these matters are taken into account when considering

Stakeholder engagement. From next year, the annual report will include disclosures as to how the Directors have discharged their duty under section 172 of the Companies Act 2006 and how the interests of customers and clients, colleagues, suppliers and other stakeholders have informed the Board s decision-making.

The Barclays Group has established mechanisms in place to report to the Board. In particular, the Board receives qualitative and quantitative feedback on matters of interest to colleagues through the *Culture Dashboard,* which measures and tracks our progress in embedding the desired culture, talent and succession updates, Diversity and Inclusion updates, periodic engagement updates and

and approving the remuneration arrangements of the executive Directors. It is proposed that the Remuneration Committee report to the Board on these matters in order to further support the Board in satisfying its obligation to assess and monitor culture. Next year s annual report will include an enhanced Director s remuneration report and a summary of any discretion that has been exercised in the award of Director remuneration.

Other statutory information

The Directors present their report together with the

audited accounts for the year ended 31 December 2018.

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

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

Profit and dividends

Statutory profit after tax for 2018 was £2,372m (2017: loss £894m). The 2018 full year dividend of 4.0p per share will be paid on 5 April 2019 to shareholders whose names are on the Register of Members at the close of business on 1 March 2019. With the 2018 half year dividend totalling 2.5p per ordinary share, paid in September 2018, the total distribution for 2018 is 6.5p (2017: 3.0p) per ordinary share. The half year and full year dividends for 2018 amounted to £768m (2017: £509m).

The nominee company of certain Barclays employee benefit trusts holding shares in Barclays in connection with the operation of the Company s share plans has lodged evergreen dividend waivers on shares held by it that have not been allocated to employees. The total amount of dividends waived during the year ended 31 December 2018 was £0.85m (2017: £0.68m).

Barclays understands the importance of the ordinary dividend for our shareholders. Barclays is therefore committed to maintaining an appropriate balance between total cash returns to shareholders, investing in the business, and maintaining a strong capital position. Going forward, Barclays intends to pay an annual ordinary dividend that takes into account these objectives, and the medium-term earnings outlook of the Barclays Group. It is also the Board s intention to supplement the ordinary dividends with additional returns to shareholders as and when appropriate.

The Board notes that in determining any proposed distributions to shareholders, the Board will consider the expectation of servicing more senior securities.

Board of Directors

The names of the current Directors of Barclays PLC, along with their biographical details, are set out on pages 5 and 6 and are incorporated into this report by reference. Changes to Directors during the year are set out below.

Name	Role	Effective date of appointment / resignation

Mike Turner	Non-executive Director	Appointed 1 January 2018
Mary Anne Citrino	Non-executive Director	Appointed 25 July 2018

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company s Articles of Association (the Articles), The UK Corporate Governance Code 2016 (The Code), the Companies Act 2006 and related legislation.

The Articles may only be amended by a special resolution of the shareholders. The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any such Director holds office only until the next AGM and may offer himself/herself for re-election. The Code recommends that all directors of FTSE 350 companies should be subject to annual re-election. All Directors will stand for election or re-election at the 2019 AGM, with the exception of Reuben Jeffery III and Dambisa Moyo.

Directors indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2018 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. In addition, the Company maintains Directors & Officers Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2018 for the benefit of the then Directors, and at the date of this report are in force for the benefit of directors of Barclays Pension Funds Trustees Limited as Trustee of the Barclays Bank UK Retirement Fund. The directors of the Trustee are indemnified against liability incurred in connection with the company s activities as Trustee of the Barclays Bank UK Retirement Fund.

Similarly, qualifying pension scheme indemnities were in force during 2018 for the benefit of directors of Barclays Executive Schemes Trustees Limited as Trustee of Barclays Bank International Limited Zambia Staff Pension Fund (1965), Barclays Capital International Pension Scheme (No.1), and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The directors of the Trustee are indemnified against liability incurred in connection with the company s activities as Trustee of the schemes above.

Political donations

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

In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the US funded by the voluntary political contributions of eligible employees. The PAC is not controlled by Barclays and all decisions regarding the amounts and recipients of contributions are directed by a steering committee comprising employees eligible to contribute to the PAC. Contributions to political organisations reported by the PAC during the calendar year 2018 totalled $140,000 (2017: $67,250).

Environment

Barclays focuses on addressing environmental issues where we believe we have the greatest potential to make a difference. We focus on managing our own carbon footprint and reducing our absolute carbon emissions; developing products and services to help enable the transition to a low-carbon economy, and managing the risks of climate change to our operations, clients, customers and society at large.

We invest in improving the energy efficiency of our operations and offset the emissions remaining through the purchase of carbon credits. We also have a long-standing commitment to managing the environmental and social risks associated with our lending practices, which is embedded into our Credit Risk processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around issues of potential environmental and social risk.

We have disclosed global greenhouse gas emissions (GHG) that we are responsible for as set out by the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013.

We provide fuller disclosure on (i) financing solutions for the lower carbon economy, (ii) environmental risk management and (iii) management of our carbon and environmental footprint in the Barclays Environmental Social Governance (ESG) Report available on our website at **home.barclays.com/citizenship**. We have also provided initial disclosures aligned with the Task Force on Climate-related Financial Disclosures in the Strategic Report and ESG Report.

	Current Reporting Year[a]	Previous Reporting Year	Previous reporting Year	Previous reporting Year
	2018	2017	2016	2015
Global Green House Gas Emissions[b]				
Total CO_2 e (tonnes)	292,151	344,816	401,340	469,502
Scope 1 CO_2 e emissions (tonnes)[c]	25,553	24,779	26,814	29,146

Scope 2 CO_2 e emissions (tonnes)[d]	197,365	249,396	307,190	341,978
Scope 3 CO_2 e emissions (tonnes)[e]	69,233	70,641	67,337	98,379
Intensity Ratio				
Total Full Time Employees (FTE)	83,500	79,900	76,500	85,800
Total CO_2 e per FTE (tonnes)[f]	3.50	4.32	5.25	5.47
Scope 2 CO_2 e market based emissions (tonnes)[d]	249,294	297,128	337,483	

Notes

a The carbon reporting year for our GHG emissions is 1 October to 30 September. The carbon reporting year is not fully aligned to the financial reporting year covered by the Directors report.

b The methodology used to calculate our GHG is the Greenhouse Gas Protocol (GHG). A Corporate Accounting and Reporting Standard Revised Edition, defined by the World Resources Institute/World Business Council for Sustainable Development (ERI/WBCSD). We have adopted the operational control approach on reporting boundaries to define our reporting boundary. Where properties are covered by Barclays consolidated financial statements but are leased to tenants, these emissions are not included in the Barclays Group GHG calculations. Where Barclays is responsible for the utility costs, these emissions are included. We continuously review and update our performance data based on updated carbon emissions factors, improvements on data quality and updates to estimates previously applied. For 2019 we have applied the latest DEFRA and IEA emission factors where our performance has changed by more than 1% we have restated the balances and baseline. Emissions (tonnes CO_2e) previously reported for 2015, 2016 and 2017 are 479,934, 402,531 and 347,165 respectively.
On 1 June 2017, we completed the sale of a 33.7% stake in Barclays Africa Group Limited (BAGL) resulting in a non-controlling position. In 2017, we restated our CHG emissions through the 2015 baseline to account for this and BAGL emissions are not reported from 2015 onwards in order to ensure accurate tracking against our 30% carbon reduction commitment. In addition, we have restated our Scope 3 emissions to remove erroneous air data which was identified as part of 2018 reporting process.

c Scope 1 covers direct combustion of fuels and company owned vehicles (from UK only, which is the most material contributor). Fugitive emissions reported in Scope 1 cover emissions from UK, Americas, Asia Pacific and Europe.

d Scope 2 covers emissions from electricity and steam purchased for own use. Market based emissions have been reported for 2018, 2017 and 2016 only.

e Scope 3 covers indirect emissions from business travel (global flights and ground transport from the UK, USA and India. USA and India ground transport covers onwards car hire only which has been provided directly by the supplier). Ground transportation data (excluding Scope 1 company cars) covers only countries where robust data is available directly from the supplier.

f Intensity ratio calculations have been calculated using location based emission factors only.

Research and development

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

Share capital

Share capital structure

The Company has ordinary shares in issue. The Company s Articles also allow for the issuance of sterling, US dollar, euro and yen preference shares (together, preference shares). No preference shares have been issued as at 19 February 2019 (the latest practicable date for inclusion in this report). Ordinary shares therefore represent 100% of the total issued share capital as at 31 December 2018 and as at 19 February 2019 (the latest practicable date for inclusion in this report).

Details of the movement in ordinary share capital during the year can be found in Note 29 on page 276.

Voting

Every member who is present in person or represented at any general meeting of the Company, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote. The proxy will have one vote for and one vote against a resolution if he/she has been instructed to vote for or against the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote.

On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by order in the share register) or his/her proxy may be counted. If any sum payable remains unpaid in relation to a member s shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Company unless the Board otherwise determines.

If any member, or any other person appearing to be interested in any of the Company s ordinary shares, is served with a notice under section 793 of the Companies Act 2006 and does not supply the Company with the information required in the notice, then the Board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the Company. The Board may further direct that if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, that dividends or other monies payable on those shares shall be retained by the Company until the direction ceases to have effect and that no transfer of those shares shall be registered (other than certain specified excepted transfers). A direction ceases to have effect seven days after the Company has received the information requested, or when the Company is notified that an excepted transfer of all of the relevant shares to a third party has occurred, or as the Board otherwise determines.

Transfers

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

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

In accordance with the provisions of Section 84 of the Small Business, Enterprise and Employment Act 2015, preference shares may only be issued in registered form. Preference shares shall be transferred in writing in any usual or other form approved by the Company Secretary and executed by or on behalf of the transferor. The Company s registrar shall register such transfers of preference shares by making the appropriate entries in the register of preference shares. Each preference share shall confer, in the event of a winding up or any return of capital by reduction of capital (other than, unless otherwise provided by their terms of issue, a redemption or purchase by the Company of any of its issued shares, or a reduction of share capital), the right to receive out of the surplus assets of the Company available for distribution amongst the members and in priority to the holders of the ordinary shares and any other shares in the Company ranking junior to the relevant series of preference shares and pari passu with any other class of preference shares (other than any class of shares then in issue ranking in priority to the relevant series of preference shares), repayment of the amount paid up or treated as paid up in respect of the nominal value of the preference share together with any premium which was paid or treated as paid when the preference share was issued in addition to an amount equal to accrued and unpaid dividends.

Variation of rights

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

Limitations on foreign shareholders

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

Exercisability of rights under an employee share scheme

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

Special rights

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

Major shareholders

Major shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by substantial shareholders pursuant to the FCA s Disclosure Guidance and Transparency Rules are published via a Regulatory Information Service and is available on the Company s website. As at 31 December 2018, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the holdings of voting rights in its shares set out below.

Person interested	Number of Barclays shares	% of total voting rights attaching to issued share capital[a]	Nature of holding (direct or indirect)
The Capital Group Companies Inc[b]	1,172,090,125	6.84	indirect
Qatar Holding LLC[c]	1,017,455,690	5.40	direct
BlackRock, Inc[d]	1,018,388,143	5.94	indirect
Sherborne Investors[e]	923,787,634	5.39	indirect
Norges Bank	514,068,594	3.00	direct

Notes

a The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules.

b The Capital Group Companies Inc (CG) holds its shares via CG Management companies and funds. Part of the CG holding is held as American Depositary Receipts. On 14 February 2019, CG disclosed by way of a Schedule 13G filed with the SEC, beneficial ownership of 277,002,140 ordinary shares of the Company as of 31 December 2018, representing 1.6% of that class of shares.

c Qatar Holding LLC (QH) is wholly-owned by Qatar Investment Authority.

d Total shown includes 8,879,783 contracts for difference to which voting rights are attached. Part of the holding is held as American Depositary Receipts. On 4 February 2019, BlackRock, Inc. disclosed by way of a Schedule 13G filed with the SEC beneficial ownership of 1,119,810,169 ordinary shares of the Company as of 31 December 2018, representing 6.5% of that class of shares.

e We understand from disclosures that the Sherborne Shares are held via three funds ultimately controlled by Edward Bramson and Stephen Welker in their capacity as managing directors of Sherborne Investors Management GP, LLC (Sherborne Management GP) and Sherborne Investors GP, LLC. Sherborne Management GP is the general partner of Sherborne Investors Management LP (Sherborne Investors) which is the investment manager to two of the funds, Whistle Investors LLC and Whistle Investors II LLC. Sherborne Investors Management (Guernsey) LLC, the investment manager to the third fund, SIGC, LP, is wholly owned by Sherborne Investors. On 8 February 2019, Sherborne Investors disclosed by way of a Schedule 13D filed with the SEC beneficial ownership of 943,949,089 ordinary shares of the Company as of 29 January 2019, representing approximately 5.5% of that class of shares. Such Schedule 13D also disclosed Edward Bramson and Stephen Welker as the ultimate deemed beneficial owners of the Sherborne Shares and that 505,086,254 of such shares were purchased through funded derivative transactions.

Between 31 December 2018 and 19 February 2019 (the latest practicable date for inclusion in this report), the Company was notified that Norges Bank now holds 509,562,903 Barclays shares, representing 2.97% of the total voting rights attached to the issued share capital and that Sherborne now holds 943,949,089 Barclays shares, representing approximately 5.5% of the total voting rights attached to the issued share capital.

Other statutory information

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

The powers of the Directors are determined by the Companies Act 2006 and the Company s Articles. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2018 AGM. It will be proposed at the 2019 AGM that the Directors be granted new authorities to allot and buy back shares.

Repurchase of shares

The Company did not repurchase any of its ordinary shares during 2018 (2017: none). As at 19 February 2019 (the latest practicable date for inclusion in this report) the Company had an unexpired authority to repurchase ordinary shares up to a maximum of 1,706m ordinary shares.

Distributable Reserves

As at 31 December 2018, the distributable reserves of Barclays PLC (the parent company) were £5,282m.

Following announcement of its intention to carry out a capital reorganisation to convert the share premium account of Barclays PLC into distributable reserves and subsequent shareholder approval at the Annual General Meeting on 1 May 2018, this was undertaken by way of a court-approved capital reduction. On 11 September 2018, the capital reduction became effective following confirmation of the High Court of Justice in England and Wales that the share premium account had been cancelled, with the balance of £17,873m being credited to retained earnings.

On filing of the 2018 Annual Report, the distributable reserves of Barclays PLC would be £24,471m taking into consideration the cancellation of share premium account and other movements in reserves for the year.

Change of control

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

Going concern

The Barclays Group s business activities, financial position, capital, factors likely to affect its future development and performance and its objectives and policies in managing the financial risks to which it is exposed are discussed in the Risk review and Risk management sections.

The Directors considered it appropriate to prepare the financial statements on a going concern basis.

In preparing each of the Barclays Group and parent company financial statements, the Directors are required to:

Assess the Barclays Group and parent company s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

Use the going concern basis of accounting unless they either intend to liquidate the Barclays Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Disclosure of Information to the Auditor

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

Directors responsibilities

The following statement, which should be read in conjunction with the report of the independent registered public accounting firm set out on page 203 to 204, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 to prepare Group and Company accounts for each financial year and, with regards to Group accounts, in accordance with Article 4 of the IAS Regulation. The Directors have prepared Group and Company accounts in accordance with IFRS as adopted by the EU. Under the Companies Act 2006, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Barclays Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements the Barclays Group and Company has used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Directors are satisfied that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Barclays Group and Company s position and performance, business model and strategy.

Directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Directors responsibility statement

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

The Directors are also responsible for preparing a Strategic report, Directors report, Directors remuneration report and Corporate governance statement in accordance with applicable law and regulations.

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

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

The Directors, whose names and functions are set out on pages 5 and 6, confirm to the best of their knowledge that:

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

(b) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Stephen Shapiro

Company Secretary

20 February 2019

Registered in England.

Company No. 48839

People

As highlighted in Our People and Culture on page 11, we continue to make progress towards increasing the diversity of our workforce underpinned by an inclusive culture and engaged employees. This section provides an overview of some of the programmes, initiatives and ways in which we are supporting our colleagues, which in turn enables us to support our customers, clients and the community.

Career opportunities

We aspire to be the most accessible, inclusive and sought after employer. Attracting new talent into the organisation remains key to our success, demonstrated through the continued growth of newer strategic locations and world class campuses (Glasgow, Whippany, North West UK and Pune). Our Early Careers programmes recruited 1,100 interns, 800 graduates, and over 530 apprenticeships in 2018. These varied entry points help provide pathways for progression supported by recognised qualifications and, in doing so, help to create an internal talent pipeline.

The Encore! programme has run globally in selected locations and has been a lever to encourage talented women returners to Barclays. All Encore! fellows are provided with support sessions to assist with their re-acclimation back into the workforce and Barclays intends to broaden the programme to continue to enhance our diversity, inclusion and location strategies with more sites offering the programme.

The Barclays Global Alumni Programme helps colleagues to stay connected to Barclays and to other Alumni. Membership has grown to over 7,000 since the programme launched in 2014 and we have a thriving, networked global community with members receiving monthly e-newsletters, invitations to events, updates about career opportunities and access to Barclays Insights as part of their membership.

Our Able to Enable programme provides a platform for candidates with disabilities, allowing us to provide more tailored support for them to enter the workforce through our Apprentice channels. Multigenerational opportunities have also been opened through our Bolder Apprentice Programme. More broadly, we have policies and practices in place to ensure that all recruitment decisions are fair and candidate shortlists are diverse.

Once on board, we have created multiple tools and resources for colleagues all at levels to find internal career opportunities and for managers to find and assess suitable internal candidates. In 2018 37% of our roles were filled by internal candidates.

Learning, development and talent management

Advancements have been made in our approach to learning throughout 2018, with a focus on systems and processes as well as content. This included launching new digital channels and working in conjunction with industry leading partners to keep improving and updating our skills based learning solutions.

We remain focussed on identifying talent based on objective assessment. We develop our successors and ensure that we have a strong pipeline of internal talent with the potential to step into critical roles in the future. Ex-officio positions on the Group Executive Committee and across the business unit and functional Executive Committees provided further development and exposure for senior leaders and allowed the leadership teams to work closely with talented colleagues who have brought new ideas and diverse perspectives to the table.

Four Enterprise Leaders Summits across London and New York provided 135 senior leaders from Barclays International, Barclays UK and Barclays Execution Services with an opportunity to further broaden their understanding of our business beyond their business area and function and to develop an enterprise mind-set.

This year we also hosted a Women Managing Directors Forum for c.130 senior female leaders from across the Bank who convened in London in October 2018 to create an engaged and mutually supportive global community of senior female leaders at Barclays and to inspire further actions to accelerate gender diversity.

Industrial relations and workforce

Barclays places great importance on our constructive approach to global employee and industrial relations. During 2018 we continued to work with Unite, our recognised trade union in the UK and with 9 other unions and staff associations directly or through works councils internationally. In the UK, we consulted extensively with Unite on a wide range of restructuring proposals and in respect of changes to compensation structures. Our shared aim where there is restructuring consistent with our partnership approach to industrial relations is to minimise compulsory job losses wherever possible. This is achieved through voluntary redundancy and extensive redeployment processes and arrangements.

In Europe we held regular consultations with our European Works Council (the Barclays Group European Forum) on a wide range of topics including transnational restructuring proposals, in addition to local consultation with in-country works councils. All colleagues who are displaced as a result of restructuring are offered career transition support. In 2018 c.900 colleagues were supported globally (a take up rate of over 80% of those impacted by restructuring), with over 95% satisfied with the career transition support provided.

Performance management

Effective Performance management underpins our values-based culture. To support our success, colleagues align their objectives to business and team goals, this is what they will deliver. Behavioural expectations are set in the context of our values, this is how they will achieve their objectives. We encourage connected performance conversations throughout the year and we continue to run our global recognition programme to recognise the achievements of those who have demonstrated our values in the workplace.

Colleagues are also encouraged to be involved with the Company s performance by participating in our all-employee share plans, which have been running successfully for over 10 years.

Employee communications

Barclays regularly updates employees on the financial and economic factors affecting the company s performance and the delivery of the strategy through Barclays Group CEO and senior leader communications, line manager briefing packs, infographics, videos, interviews and talking points distributed to employees every quarter in accordance with our financial reporting calendar.

We also hold a variety of events for employees so they can hear directly from the Group Executive Committee and employees are kept regularly informed about what is happening in their area and across Barclays through regular local engagement initiatives and communications that allow for discussion and build awareness and understanding.

Campaigns and colleague stories throughout the year bring to life how we are living Barclays Purpose, Creating opportunities to rise and Values: Respect, Integrity, Service, Excellence and Stewardship on a daily basis, providing ongoing evidence of how we are supporting our colleagues, customers and clients and the communities and societies in which we work.

Governance: Directors report

People

Be Well Barclays wellbeing programme

Barclays global wellbeing programme Be Well has focused on two key areas in 2018; a refreshed commitment to make Barclays a mental health confident organisation, further development of our supportive culture and the implementation of new global digital infrastructure as the gateway to the programme.

The mental health confident agenda has worked to address both the stigma that can prevent open conversations about mental health building on Barclays This is Me programme while developing colleagues capability to understand, identify and take appropriate action where others need help. The global launch campaign involved a film of senior leaders and Board members sharing their personal reflections on mental health issues and the important role that support from colleagues can play in helping others. The call to action to colleagues was to become mental health confident themselves by completing new online development programmes on mental health awareness and mental health confident . By year end over 16,000 colleagues had completed awareness and c.3,500 had completed the confident module.

85% of colleagues already feel that their line manager takes a sincere interest in their wellbeing according to the 2018 Your View survey. To help translate this consistently into practical action, a new guide Leading our supportive culture was launched in November for managers, addressing key scenarios and the range of supportive actions that they can take.

The launch in November of a new global Be Well portal and online health check has provided access to all Barclays wellbeing content and support in one place. The portal incorporates an interactive health check tool which targets content in the portal according to colleagues identified health risks.

Diversity and inclusion

We aim to ensure that Barclays is a workplace where everyone is valued as an individual and feels welcomed, respected, supported and able to be their authentic selves. Working in an inclusive environment provides employees with the opportunity to rise. Our global Diversity & Inclusion (D&I) strategy establishes objectives, initiatives and plans across five core agendas: disability, gender, LGBT+, multicultural, and multigenerational.

We are proud of the recognition we have received this year for our diversity and inclusion efforts, including:

- The Times Top 50 Employers for Women 2018
- Stonewall Top Global Employer for LGBT+ employees, 2018
- Working Families UK Best for Embedded flexibility for Dynamic Working, 2018
- UK Top 10 employer for Working Families, 2018
- Department of Work and Pensions Disability Confident Leader, 2017 to 2020

Business in the Community Best Employer for Race 2018

This year 91% of colleagues reported through our Your View engagement survey that they feel able to bring their whole selves to work reflecting our progress in our diversity and inclusion agenda.

To help ensure all employees at Barclays have the support and environment to succeed, we have seven employee diversity networks.

These networks provide a forum for employees to raise awareness of various challenges and initiatives, engage in development opportunities and to build relationships with colleagues across Barclays and with external constituents in the communities where we operate. Every network is open to all employees who wish to support the firm in accomplishing its diversity goals and creating an inclusive culture.

Gender

Barclays remains focussed on improving gender diversity through a workplace environment and culture that supports and empowers women. We also have a keen focus on the gender diversity of our senior leadership and have established ambitions on gender diversity from our Board of Directors to our graduate population, partnering with the Hampton Alexander Review and HM Treasury Finance Charter to encourage progress across the Financial Services industry. Our commitment to improving the gender diversity of the leadership at Barclays is being supported by an integrated talent management lead approach which includes data monitoring, sponsorship and development programs and our Win gender network, all intended to enhance our ability to achieve our ambitions.

Internally we are committed to:

Leadership accountability including gender diversity targets and the introduction of a gender task force	**2020 Gender diversity commitments** Board of Directors 33% Leadership 33% (Group ExCo and their direct reports)
Focusing on a more inclusive work environment to ensure all colleagues have the flexibility to achieve personal and professional goals	**Cultural change** Dynamic Working Progressive parental policies Barclays Win Gender Network
Ensuring we are developing leaders who are equipped to meet the demands of a more diverse workforce	**Talent management** Leadership succession planning *Ex-officio* leadership roles Internal mobility

Leadership development

Unconscious bias training
Global Women in Leadership Conference
Enterprise Leaders summits

Externally we are committed to:

Engaging men globally in gender equality in partnership with the United Nations	**UN HeForShe** Global Impact Champion
Providing enhanced employment opportunities and attracting diverse candidates	**Barclays role models** External engagement of Barclays senior women across Financial Services, IT and STEM
Community impact	**Creating new career opportunities** Encore! Returnship Programme Expanded Apprenticeship Programme 50% female graduate hires
	Strategic partnerships Women s Business Council 30% Club

At the end of 2018 the female representation across our Board of Directors was 27%; female representation among the Group Executive Committee and their direct reports was 28% and the percentage of female Managing Directors and Directors stood at 24%. We first made a commitment in our 2013 Annual Report that we would aim to increase the percentage of women at Managing Director and Director levels from 21% to 26% by 2018.

That was a stretching goal, which acted as a catalyst for significantly increased focus on gender diversity at Barclays, including important changes like dynamic working. But the reality is, disappointingly, that we missed the target despite our best efforts. One of the principle reasons for us missing this target was due to the divestment of the Africa business which reduced our YoY progress by 2 percentage points.

We do still believe, however, that targets are an effective way to drive and track our progress. They give us an unambiguous measure of our success, and they make us focus on what makes the biggest difference most quickly. So we are setting ourselves a target of 28% female Managing Directors and Directors by the end of 2021.

The Performance Measurement Framework, which is tied to senior management s compensation, ensures that we are managing Barclays in the interests of all our stakeholders including employees. The 28% target will be included as part of that framework and we will hold each other accountable for it through monthly business reviews at the Group Executive Committee. Each of the Group Executive Committee members will also have their own actions, specific to the context in which their business operates.

To better align how we report on the gender diversity of our senior leadership population, and to more closely align to the definition of senior managers within the Companies Act, the scope of the senior manager population within this disclosure has been revised this year to reflect the Group Executive Committee and their direct reports. This represents a narrower scope than in previous years, however in reporting on the Group Executive Committee and their direct reports, this disclosure is now fully aligned to Barclays Hampton Alexander commitments.

Of our global workforce of 86,800 (47,900 male, 38,900 female), 81 were senior managers (58 male, 23 female). The global workforce of 86,800 represents the total number of employees on a headcount basis, which is a wider scope than the disclosures provided above which are representative of full time equivalent (FTE).

Barclays gender pay gap results 2018 (UK only)

The Gender Pay Gap reflects the difference between average male pay and average female pay in an organisation, which is largely the result of differences in seniority between male and female employees.

It compares all employees and does not take into account differences in the role performed, individual expertise and experience, or other factors which legitimately impact the way in which different employees are paid.

Paying our employees fairly and equitably relative to their role, skills, experience and performance is central to our global reward philosophy. We review our global reward structures on an ongoing basis to ensure that there is no unfair gender or other bias in how colleagues are paid.

We are confident that men and women across our organisation are paid equally for doing the same job, unless there are clear business reasons for different levels of pay such as level of experience, specific skills and performance.

We have evolved our approach to reporting for 2018 to also include the overall pay gap for our UK employees combined , as opposed to publishing only by legal employing entity. This greater transparency enables us to more easily compare ourselves with other organisations, and track progress across Barclays as a whole. We have still published entity-specific figures to enable a full, detailed comparison with previous years.

UK-wide gender pay gap results 2018

The Ordinary Pay Gap represents the difference in the average regular pay for male and female employees. The bonus pay gap represents the difference in the average bonus pay for male and female employees. Also reported is the proportion of males and the proportion of females receiving a bonus, and the proportion of males and females in each pay quartile. Pay quartiles are prepared by ordering the population by ordinary pay from lowest to highest, and then dividing it into four equal sub-populations (upper quartile, upper middle quartile, lower middle quartile and lower quartile) to show how the distribution of males and females varies according to each quartile.

We are also additionally publishing the Gender Pay Gap for Barclays PLC, our group holding company with approximately 90 employees. While this falls below the mandatory reporting threshold of 250 employees, we believe it is important to include this to give the most accurate picture of our overall position.

Legal entity gender pay gap results 2018

Whilst we observe small positive changes, overall our Gender Pay Gap results are similar to those for 2017. The average man at Barclays is still more senior than the average woman.

The proportion of men and women at each of our corporate grades in 2018 is broadly the same as for 2017. Our Gender Pay Gap results will only change significantly when we see significant changes in the shape of our employee population. This will take time.

There are many drivers for the proportion of men and women at each corporate grade. For example, in our retail bank we have historically, like others in the industry, attracted many women to more junior roles in branches that are both local and flexible, allowing our employees to balance their work with other commitments. In our corporate and investment bank, where there are a greater number of more senior roles, we have historically attracted more men and we have struggled to find and attract female applicants.

We have developed many initiatives over a number of years, and although the changes in population are very small year on year, looking back over a longer period shows a positive trend in terms of increasing female seniority in our UK population.

People

In our UK population, there has been a 6.5% increase in the proportion of senior colleagues within the female population since 2014. In contrast there has been a 9.9% decrease in the proportion of senior colleagues within the male population since 2014.

This shows that while we still have more senior male employees than senior female employees, over the last four years, the rate of change is positive in terms of moving towards more even representation. There has also been a 15.0% increase in the proportion of mid-level colleagues within the female population, compared to a 4.9% increase in the proportion of mid-level colleagues within the male population.

We are pleased to see that our initiatives on gender equality are beginning to work, but disappointed that change has been so slow. It will take some time to redress the historic imbalance we observe at Barclays and in financial services. We need to focus on how to increase the rate of change. To do all that we can to achieve this, in announcing our 2021 women in senior leadership target set out above, the Group CEO has become the accountable Group Executive Committee member for gender with support from the Group Executive Committee.

LGBT+ and Spectrum

Barclays has been helping UK society move forward for 328 years and supporting the LGBT+ community is one of the ways we do that. Barclays led the parade at the biggest ever Pride event in London as the headline sponsor for the fifth year, with our message

Love goes the distance . The theme celebrated how far society and attitudes have moved forward, yet keeps the focus on the unfinished journey that there s more to overcome to achieve full inclusion. Our message reached over half a million people across multiple communications channels and across the UK over 2,000 Barclays colleagues participated in 21 regional Pride events across the UK.

An inclusive culture that enables colleagues to bring their whole selves to work is built on having leadership participation and visible role models. Now in its fourth year, our Spectrum Allies campaign hosted a successful recognition of International Day Against Homophobia, Transphobia and Biphobia (IDAHOBIT) globally with leaders pledging to challenge homophobia, biphobia and transphobia in the workplace and provide support to LGBT+ colleagues. Independent recognition reflects the progress we are making and the impact of our strategy. For the sixth consecutive year, Stonewall has recognised Barclays as one of only 12 Top Global Employers.

To further support our LGBT+ agenda, we have instituted a new gender neutral title option of Mx, available for a number of countries. Mx can now be used by anyone who does not want their title to denote their gender, regardless of how they identify their gender. Additionally, we are making our buildings more inclusive as we have established gender neutral toilet facilities in London, India, and Whippany, and will continue this trend as part of our location strategy.

Finally, we have expanded our health care schemes to meet the needs of our colleagues who identify as transgender. In the UK we have expanded transgender specific healthcare benefits into our private healthcare scheme.

Disability and mental health

Supporting colleagues with disabilities and mental health conditions to achieve their goals is a key priority. As part of our role as a Disability Confident Leader under the UK Government s Department of Work and Pensions Disability Confident scheme, Barclays has taken an active role in encouraging more businesses to join the scheme, which now exceeds 7,000. To mark International Day of Persons with Disabilities we launched a paper Building disability and mental health confidence which documents our journey to becoming a more accessible and inclusive business.

Our policies for hiring and selection, and in the broad management of our teams, require all employees at Barclays to give full and fair consideration of disabled persons on the basis of their skills and aptitudes. As part of the Disability Confident scheme we actively encourage applications from those with a disability or health condition, and we continually develop different recruitment models to remove the barriers to work for people of all abilities. Our Able to Enable internship is just one example. We encourage everyone who is either working with Barclays, or considering doing so, to open up and share information that will help us to provide the support and adjustments, including appropriate training, that they need to be able to feel valued and fulfilled at work. Barclays policies are designed to provide training, career development and promotion opportunities for all, including employees with a disability or health condition.

Reach, the disability and mental health network

Reach, our disability and mental health colleague network, supports colleagues with disabilities, and physical and mental health conditions, to develop and grow their careers within Barclays. It has engaged colleagues through a range of campaigns during 2018 including World Autism Week, Deaf Awareness Week and World Sight Day. They have grown the number of colleague-led mental health peer support groups both within the UK and in the US. In July, they launched a new global interactive version of the Workplace Adjustment Passport to create an even simpler way for colleagues to record their adjustments and make for easier conversations as they move through their careers at Barclays. Through the Your View survey 6% of respondents disclosed a disability or mental health condition and the number colleagues registering as allies through our Reach Purple Champions initiative doubled during 2018 with over 1,600 colleagues registering.

Multigenerational

Our Multigenerational agenda aims to enable Barclays to be an employer of choice across generations and life stages by providing tools and programmes that enable our colleagues to balance their work lives with their personal commitments, while providing them with career development opportunities at each life stage.

We are proud to have joined the Equality and Human Rights Commission s Working Forward campaign which aims to make workplaces the best they can be for pregnant women and new parents.

Both the 2017 and 2018 multigenerational figures have been reported on the basis of revised definitions of the multigenerational groupings, in order to better align our reporting to both internal and external categorisations of generations within the workplace.

Dynamic Working helping shape the agile culture for a technology led workplace

We are committed to creating an inclusive environment and supporting our colleagues in managing their work and non-work priorities through our pioneering campaign Dynamic Working. This flagship campaign of the Multigenerational agenda helps colleagues to integrate their professional and personal lives, whether they are millennials, midlifers , dads, mums, colleagues with disabilities or carers.

In 2018, 63% of respondents reported as working dynamically (through Your View, our colleague engagement survey). Leading the efforts are 2,100 colleagues who have signed up as Dynamic Working champions. Champions support in organising local activities including Dynamic Working clinics where managers have an opportunity to learn more about how to ensure Dynamic Working can work for them and for their teams.

Since the launch of the campaign in 2015, more than 4,500 leaders have attended a Dynamic Working clinic. In 2018, we held 55 clinics with more than 550 enrolments across the clinics.

During International Women s Day 2018 we published a white paper on Dynamic Working where we shared what we have learnt over three years of our campaign execution. The paper is aimed at helping other organisations who are looking to embark on a similar journey of cultural transformation. The campaign was recognised externally at the UK Working Families Best Practice Awards 2018 where Barclays won the award for the Best for Embedded Flexibility.

Bridge: a new multigenerational network

In 2018, we launched Bridge a multigenerational employee diversity network. The network offers two forums the already successful Emerge for colleagues who are early in their career either with Barclays or in financial services, and the Midlife forum for our more experienced colleagues. Both forums offer development and collaboration opportunities to their members.

Working Families network our award winning network for parents and carers

Our Working Families Network offers a supportive network for Barclays colleagues who are parents, parents-to-be or carers, and to help with the challenges of balancing family, life and work. The network which has more than 4,600 members runs regular speaker events, webinars and seminars for colleagues, as well as provide useful information on working family-related topics.

The network also gets involved in helping shape inclusive family friendly policies. In Asia Pacific, the representatives from the Working Families Network collaborated with the Win network, Spectrum, the LGBT+ networks and HeForShe supporters towards an enhancement of erstwhile paternity leave. To reflect our inclusive approach, the leave has evolved to a gender-neutral non-primary caregiver leave entitlement. It has been tripled to six weeks paid leave for colleagues in all Barclays entities in China, Hong Kong, Japan and Singapore and India.

The network was recognised as best family network in the Working Families Best Practice Awards 2018 (UK) winning the Cityparents Best Family Network this year. In the US, we ve been recognised by Working Mother Media in their Diversity Best Practices Inclusion Index as a top employer and as one of the Best Companies for Women in India. Barclays was also named as a Top 10 employers for Working Families by the UK s work-life balance charity Working Families. The placings are based on the highly competitive Working Families benchmarking survey, which examines all aspects of workplace agility/ flexibility and how employers support the work-life balance of all their staff.

Multicultural

During 2018, we celebrated The Embracing Us campaign for the second year challenging global stereotypes and mind-sets in relation to nationality, faith, ethnicity, race and language. The campaign saw positive colleague participation during World Culture Day celebrations in May. Colleagues were engaged through multiple communications channels, events, leadership forums and the launch of the Barclays Culture Wizard, an online learning platform designed to enhance your global mind-set through courses, videos, articles, quizzes, self-assessments and more. A number of Barclays colleagues were also featured on the EMpower 2018 Ethnic Minorities Leaders List published in the Financial Times.

Governance: Directors report

People

We are proud to be a signatory for the new Race at Work Charter announced by the UK Prime Minister in October 2018. The Charter, developed jointly by the Government and Business in the Community (BITC), sets out a number of principles and actions that businesses are asked to publicly commit to, helping to tackle ethnic disparities in the workplace . This Charter builds on the work of the 2017 McGregor-Smith review, Race in the workplace . By being one of the first organisations to sign up to the charter, we are demonstrating our commitment to taking practical steps to ensure our workplace is tackling barriers that ethnic minorities may face.

The chart above shows the percentage of underrepresented populations that make up our global and regional populations. Underrepresented populations include Asian, Mixed, Black, Hispanic/Latino, Native Hawaiian or Other Pacific Islander and Native American colleagues. To improve the accuracy of reporting on underrepresented populations, colleagues with an undisclosed ethnicity (22% of our global population) have been excluded from all calculations, both for 2018 and retrospectively for 2017.

Barclays workforce strategy has driven the year-on-year increase in our permanent headcount, primarily within the Technology function, where there has been a continued focus on both reducing third party staff and bringing intellectual property in house through permanent employment. In addition, in some parts of the firm we have placed additional focus on hiring specific skill sets externally across our strategic hubs, in line with our location strategy.

Permanent employees by region

	2018	2017	2016
United Kingdom	**49,900**	48,700	46,400
Continental Europe and Middle East	**3,200**	3,600	4,700
Americas	**10,600**	10,400	9,700
Asia Pacific	**19,800**	17,200	15,700
Africa			42,800
Total	**83,500**	79,900	119,300

Cultural change

Over the last three years we have focused on developing and embedding a Culture measurement framework, and in 2018 with the launch of our new Purpose, have continued to evolve the framework so that it generates useful insights for senior management to take action on to drive cultural change.

This year, the Culture Dashboard has remained anchored in our Values; with consistency in metrics maintained as far as is practical whilst also addressing business feedback regarding the flexibility to include business specific metrics. Reporting continues to the Board Reputation Committee, Group Executive Committee and Business Unit and Functional Executive Committees stimulating discussion and debate.

Colleague engagement is a useful data point contained in the Culture Dashboard and one measure of how we are embedding the desired culture. This year, we have seen the engagement of colleagues improve by 4% points since 2016 to 79% in 2018, underscoring the continued efforts to make Barclays a great place to work. Other key highlights which also demonstrate the continued embedding of the Values of Respect and Stewardship include Barclays is focused on achieving good customer and client outcomes (92% favourable, up 9% points on 2016); I can be myself at work (91% favourable) and I would recommend Barclays as a good place to work (83% favourable, up 7% points on 2016).

Examples of group wide actions that are key to unlocking colleague engagement and embedding the desired culture include the continued focus on our Dynamic Working campaign. An area of continued opportunity is embedding the value of Excellence, by enabling our colleagues through enhanced technology and collaboration tools. The ongoing investment in our technology is having an impact with colleague responses to the question My business has been successful in eliminating obstacles to efficiency (59% favourable, up 23% points on 2016) which is a sign that progress is being made, albeit there is still more to do.

Note: The Your View comparisons are shown as 2018 v 2016 because in 2016 was the last all employee survey. During 2017 we ran quarterly surveys surveying 25% of our population each quarter.

Annual statement from the

Chairman of the Board Remuneration Committee

Our focus is on aligning pay with performance, while ensuring we continue to attract and retain the employees critical to delivering our strategy. Our Fair Pay Agenda is a key lens the Committee applies when considering the appropriateness of pay outcomes

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Chairman

Crawford Gillies

Members

Tim Breedon

Mary Francis

Dambisa Moyo

Dear Fellow Shareholders

As Chairman of the Board Remuneration Committee, I am pleased to introduce the Remuneration report for 2018.

I have been a member of the Committee since May 2014 and Chairman since April 2015. Through this period, I have observed an increased focus in our discussions on many of the important themes encapsulated within Barclays Fair Pay Agenda. While each of the concepts has evolved at Barclays over many years, the way that they are strategically incorporated within the overall agenda and the prominence that this takes in the collective thinking of the Committee has certainly changed. It has become an increasingly important lens through which we consider the appropriateness of pay outcomes throughout the Group. As a Committee we are proud of the ongoing work in this area, and in particular of the Fair Pay Report that we publish this year to highlight some of the achievements to date, while importantly setting out our areas of focus for the future.

As well as fair pay, the Committee continues to focus on rewarding sustainable performance as one of the key elements of our remuneration philosophy. Rewarding sustainable performance means looking at performance through multiple lenses throughout the business, to ensure that we align how our staff are paid with a holistic view of their performance.

2018 has also seen the Remuneration Committees of two of our major subsidiary entities (Barclays Bank UK PLC and Barclays Bank PLC) become fully operational. The Committee has valued the additional oversight that both Committees bring, and the positive interactions that have taken place with the Barclays PLC Committee.

I would like to thank you for your strong support of the implementation of the remuneration policy at the last Annual General Meeting (AGM), at which it received almost 96% of shareholder votes in favour. I have set out below a summary of our 2018 performance, the key decisions made on remuneration and the areas of focus for 2019.

Performance and pay

2018 has been a year of positive strategic and financial performance for the Group. Strong progress towards our external financial targets has been made, with profit before tax[1] (PBT) up £953m (20%) from 2017 to £5,701m. Group return on tangible equity[2] (RoTE) is 8.5%, up 2.9% points on prior year and on track to achieve our targets for 2019 and 2020. Our Common Equity Tier 1 (CET1) ratio is 13.2%, at the end-state target range of c13%.

It has also been another year of successful execution against our strategy. This included the stand-up of the UK ring-fenced bank, full regulatory deconsolidation of Barclays Africa

Group Limited (BAGL), and the conclusion of a number of significant legacy litigation and conduct matters.

The Committee shares the disappointment that this positive performance has not yet translated into share price performance, as macroeconomic factors continue to weigh heavily on investor sentiment. In determining the appropriate pay outcomes for 2018, we have taken a balanced view of performance, reflecting both the significant progress made during the year and the foundations laid for further and sustainable future improvements. It is important for the Committee to recognise these positive steps in performance, ensuring that Barclays continues to be able to attract and retain the talent needed to deliver our strategy and returns to our shareholders.

The Committee has approved a Group incentive pool of £1,649m, up 9% from 2017, against a PBT[1] increase of 20%. This pool change is the first increase in our incentive pool since 2013. Since 2010, our incentive pool is down 53%. This trend means that in some areas of the bank, pay is now positioned behind our peers when adjusted for performance. A small part of the increase in the incentive pool is intended to ensure that we continue to align pay with performance and retain high performing talent in key business areas.

The increase also reflects some strategic

Notes

1 Excluding litigation and conduct
2 Excluding litigation and conduct. The prior year excludes litigation and conduct, Deferred Tax Asset re-measurement and the loss on the sale of 33.7% of BAGL s issued share capital and the impairment of Barclays holding in BAGL.

Annual statement from the

Chairman of the Board Remuneration Committee

hiring into key areas as well as an increase in permanent staff headcount, as we reduce outsourcing and third party arrangements in favour of building internal capability in line with our technology strategy to deliver ongoing cost efficiencies and retain intellectual property for the Group.

The Committee reviews key compensation ratios as part of its decision making on the pool, for example the Group compensation to net income ratio[3], which continues to improve, down year on year from 38.0% to 36.6%. The ratio of Group staff costs to income[3] also reduced from 40.6% in 2017 to 40.2%, demonstrating the effectiveness of the insourcing strategy in reducing overall staff costs.

The total incentive pool incorporates appropriate adjustments for risk and conduct matters, reflecting the ongoing seriousness with which the Committee views these issues.

Fair pay

We continue to be committed to fair pay, ensuring that all our employees are appropriately and fairly rewarded for their contribution. The 2018 Fair Pay Report sets out our progress against each of the five themes of Barclays Fair Pay Agenda as referenced in last year s remuneration report.

Our gender pay gap reporting is included within Gender Pay Gap equal opportunities to progress , given the underlying drivers of the pay gaps relate to the distribution of male and female staff within the organisation.

The Committee notes that the disclosed gender pay gaps, while down slightly, are broadly consistent with the 2017 outcomes. Through 2018, Barclays approaches have been assessed against the Evidence-based actions list as published by the UK Government Equalities Office and the Behavioural Insights Team, which has been very informative. While in many areas our existing approaches are aligned with those listed as effective actions, there is scope for further improvement. The Fair Pay Report sets out areas of focus to increase the rate of change.

Additionally, as well as supporting the Government s consultation on Ethnicity Pay Gap reporting, we have decided to include our ethnicity pay gap for the first time, ahead of any mandatory reporting requirements. This is intended to foster further positive conversations in this space, as the gender pay gap reporting has done across our industry and more broadly in society.

Some of the other highlights noted by the Committee through 2018 have included the ongoing work in ensuring that we treat our lowest paid employees fairly through initiatives such as increasing pension

contributions to our most junior populations in the UK, to be followed by a review in other locations during 2019.

We also make sure that employees are appropriately represented in remuneration decision-making. We listen to our employees (as we do with other stakeholders) through a number of different channels, both formally and informally. Many of my fellow Committee members at both the Group and subsidiary levels have spent time with staff and listened to their views and perspectives around how they are paid. An example of a more structured piece of employee engagement on remuneration within Barclays UK is included in the Fair Pay Report. It included conducting a pulse survey of over 2,000 employees, as well as 25 focus groups held across multiple sites and business areas. The key themes that emerged resonated with the Group remuneration philosophy, including a desire for greater simplicity and transparency. Work is ongoing to respond to this feedback, which will be communicated to our colleagues in Barclays UK during 2019.

The Committee reviews pay proposals for appropriateness across both businesses and corporate grade structures, with pay for executive Directors thereby set in the context of business performance and pay for all employees. Additionally, we disclose our CEO pay ratios once again, following on from our first disclosure last year. Ahead of requirements from the UK government, this year we also include the UK employee upper quartile and lower quartile reference points.

A high level summary of our Fair Pay Report is included on page 61. Our full Fair Pay Report can be found on home.barclays/ annualreport.

Key remuneration decisions for executive Directors

In line with the current Directors Remuneration Policy (DRP) approved by shareholders at the 2017 AGM, the Committee considered the executive Directors performance against the financial and strategic non-financial performance measures which had been set to reflect company priorities for 2018. Separately, performance against their personal objectives was assessed on an individual basis.

Based on Jes Staley s performance against the performance measures set at the beginning of the year, the Committee approved a 2018 bonus of £1,061,000 (48.3% of maximum) of which 62% will be deferred. This incentive outcome is slightly down from 2017, despite the strong strategic progress and significant improvement in financial performance over the year. This is because of the very stretching financial targets in the annual bonus plan set by the Committee, which paid below target

despite 20% year on year PBT[4] growth. The Committee s deliberations on his 2018 personal performance have taken account of financial delivery, in particular ensuring that the Group is on track to deliver against our 2019 and 2020 financial targets. The Committee has also taken account of the successful completion of the Structural Reform programme, with the UK ring-fenced bank fully operational and Barclays UK adequately capitalised. The significant work required to ensure that the Group is prepared for Brexit has also been recognised, as Barclays Bank Ireland is on track to be operational in its expanded form from 29 March 2019. The Committee has also noted the significant progress in strategic non-financial performance across the Group, in particular against our Citizenship agenda and Colleague metrics as well as improvements in key Customer and Client measures.

As previously announced, malus has been applied to Jes Staley s 2016 variable compensation. Following the conclusion of the FCA and PRA investigations into Jes Staley, the Committee determined to reduce the awarded value of his 2016 variable compensation by £500,000.

Based on Tushar Morzaria s performance against the performance measures set at the beginning of the year, the Committee approved a 2018 bonus of £729,000 (49.3% of maximum) of which 45% will be deferred. Similar to the annual bonus outcome for Jes Staley, this is slightly down on 2017 as a result of very stretching financial targets in the annual bonus plan. The Committee has taken account of the instrumental role Tushar Morzaria has played in delivering the 2018 financial outcomes, continuing to make improvements in cost management, as well as applying greater control and management of the allocation and deployment of capital across the Group. The Committee has also noted his key role in the execution of the Structural Reform programme. Tushar Morzaria has exemplified our Values and delivered favourable engagement scores within his Finance function. Additionally, he continues to demonstrate effective management of key stakeholders, receiving excellent feedback from the Board, regulators and shareholders.

The Committee decided to make an award under the 2019 2021 Long Term Incentive Plan (LTIP) cycle to Jes Staley and Tushar Morzaria with a face value at grant of 120% of their respective Total fixed pay. This reflects their strong performance in 2018, as well as the importance that they are retained during the coming years to continue to deliver our strategy.

Note

[3]Basis aligned with disclosure in the Results Announcement
[4]Excluding litigation and conduct

The Committee reflected on the appropriateness of making a full LTIP award for the 2019-2021 cycle, given the decline in share price over the last year and considering key institutional investor guidance. It concluded that this would be appropriate, as macroeconomic uncertainties have played a key part in the share price reductions, reflected across our industry. Additionally, the LTIP award has stretching performance conditions attached and given the long vesting periods (up to 8 years), shares will be released from this and other LTIP awards across different economic cycles at different share prices. Importantly, the Committee also retains complete discretion to reduce the number of vested shares should it appear that the executive Directors will benefit in a way not aligned with performance. The Committee determined the outcomes of the 2018 annual bonus and the LTIP award alongside each other, ensuring that the outcomes are appropriately balanced. This was based on a full assessment of performance across all of the relevant factors.

The performance measures for the LTIP have been reviewed and continue to align with our external key performance targets. RoTE and cost: income ratio have been retained as the key financial metrics, with the weightings remaining unchanged at 50% and 20% respectively. The RoTE measure remains subject to a CET1 ratio underpin.

Both executive Directors Fixed Pay will be unchanged for 2019 at £2,350,000 for Jes Staley and £1,650,000 for Tushar Morzaria; aligned with the DRP approved at the 2017 AGM.

Looking ahead

As a Committee, we will be reviewing the DRP to ensure that future arrangements are aligned with our strategy and meet any new regulatory requirements. This will be developed over the coming months and we will engage constructively with shareholders and regulators ahead of the 2020 AGM, where we will be seeking shareholder approval.

The Committee has reviewed the updated UK Corporate Governance Code, and is pleased that Barclays remuneration policies align to its requirements in many areas, including vesting periods for deferred shares and the ability to apply malus, clawback to awards made and post-employment shareholding requirements. While the Committee has for many years reviewed remuneration policies and outcomes for the broader workforce, this has now been formalised within its Terms of Reference and will continue to be considered throughout 2019 when making decisions for both the executive Directors, other senior employees and the wider workforce.

In finalising our plans ahead of the departure of the UK from the EU, the Committee will continue to work on the remuneration aspects associated with the operationalisation of Barclays Bank Ireland in its expanded form.

Finally, the Committee continues to focus on our Fair Pay Agenda as thinking and best

practice in this important area evolves.

Remuneration report

We have provided an At a glance summary of 2018 performance and pay on the next page. The annual report on Directors remuneration provides further details. In line with UK regulations, we are seeking shareholder approval at the 2019 AGM for the Remuneration report. Further details can be found in the 2019 AGM Notice of Meeting.

Crawford Gillies

Chairman, Board Remuneration Committee

20 February 2019

Governance: Remuneration report

At a glance Group performance and pay for 2018

Group performance and pay

Significant strategic progress was made in 2018 including:

Strong progress towards 2019 and 2020 financial targets

Successful stand-up of the UK ring-fenced bank

Full regulatory deconsolidation of BAGL

Year of strong strategic performance, including improvements in:
- Customer & Client measures such as Net Promoter Scores®
- Colleague measures such as improved engagement scores
- Citizenship measures including exceeding carbon emissions target

Pool increase of 9% aligns with stronger financial performance (PBT[2] up 20% and RoTE[3] up 2.9%pts) and significant strategic execution

Incentive pool has been materially repositioned since 2010 (2018 incentive pool outcome is down 53% on 2010)

[1] Excluding litigation and conduct

[2] Excluding litigation and conduct. The prior year excludes litigation and conduct, Deferred Tax Asset re-measurement and the loss on the sale of 33.7% of BAGL s issued share capital and the impairment of Barclays holding in BAGL.

[3] Basis aligned with disclosure in the Results Announcement. In future the ratio will be disclosed as Group compensation to total income to fully align with the disclosure in the Results Announcement. In this transitional year, both figures are provided: the Group compensation to total income ratio for 2018 is 34.1%, up slightly from 33.8% in 2017. The slight increase is due to insourcing, as seen in the reduced ratio of Group staff costs to income shown above. CIB front-office to total income ratio is broadly flat at 25.6%.

Executive Directors: Performance outcomes

Executive Directors: Remuneration outcomes

[2] Jes Staley was not a participant in the 2015-2017 or 2016-2018 LTIP cycles; the LTIP figures for 2017 and 2018 are therefore zero for him

[3] This outcome does not reflect the malus applied to Jes Staley s 2016 variable compensation, which is required to be included in the 2018 single total figure table.

Executive Directors: Share ownership

Shareholding requirement policy:

minimum of 200% of Total fixed pay (i.e. Fixed Pay plus Pension) within five years from date of appointment

shareholding requirement for two years post termination of 100% of Total fixed pay (or pro-rata thereof) introduced from 2017

Governance: Remuneration report

Remuneration policy for all employees

This section sets out Barclays remuneration policy for all employees, explaining the philosophy underlying the structure of remuneration packages, and how this links remuneration to the achievement of sustained high performance and long-term value creation.

Remuneration philosophy

In October 2015, the Committee formally adopted a revised, simplified remuneration philosophy which articulates Barclays overarching remuneration approach and is set out below.

Barclays remuneration philosophy

Attract and retain talent needed to deliver Barclays strategy	Long-term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent
Align pay with investor interests	Ensure employees interests are aligned with those of investors (equity and debt holders), both in structure and the appropriate balance of returns
Reward sustainable performance	Sustainable performance means making a positive contribution to stakeholders, in both the short and longer term, playing a valuable role in society

Support Barclays Values and culture	Results must be achieved in a manner consistent with our Values. Our Values and culture should drive the way that business is conducted
Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the Bank s risk appetite and conduct expectations
Be clear, transparent and as simple as possible	All employees and stakeholders should understand how we reward our employees. Remuneration structures should be as simple as possible so that everyone can understand how they work and the behaviours they reward

Performance and remuneration

Barclays remuneration philosophy links remuneration to achieving sustained high performance and creating long-term value. Our remuneration philosophy applies to all employees globally across Barclays and aims to reinforce our belief that effective performance management is critical to enabling the delivery of our business strategy in line with our Values. Employees who adhere to the Barclays Values and contribute to Barclays success are rewarded accordingly.

This is achieved by basing performance assessment on clear standards of delivery and behaviour, and starts with employees aligning their objectives (what they will deliver) to business and team goals in order to support the delivery of the business strategy and good client/customer outcomes. Behavioural expectations (how people will achieve their objectives) are set in the context of our Values.

Performance is assessed against both financial and non-financial criteria. Other factors are also taken into consideration within the overall performance assessment, including core job responsibilities, behaviours towards risk and control, colleague and stakeholder feedback as well as input from the Risk and Compliance functions, where appropriate.

Through our approach to performance, the equal importance of both what an individual has delivered as well as how the individual has achieved this is emphasised, encouraging balanced consideration of each dimension. Both of these elements are assessed and rated independently of each other. There is no requirement to have an overall rating which allows for more robust and reflective conversations between managers and team members on the individual components of performance.

A key part of the performance philosophy promotes ongoing quality dialogue throughout the year. This helps manage performance messages effectively and allows for more timely recognition as well as appropriate coaching, feedback and support where needed.

By linking individual performance assessment to Barclays strategy and our Values and, in turn, to remuneration decisions, a clear alignment between what we are striving to achieve, how we go about this, and ultimately, how we recognise this in individual financial terms is achieved.

Risk, conduct and remuneration

Another key feature of our remuneration philosophy is the alignment of remuneration with our risk appetite and with the conduct expectations of Barclays, our regulators and stakeholders. The Committee takes risk and conduct events very seriously and ensures that there are appropriate adjustments to individual remuneration and, where necessary, the incentive pool.

The Remuneration Review Panel, which reports to the Committee, supports the Committee in this process. The Panel is chaired by the Group HR Director and includes the Group Heads of Risk, Compliance, Legal and Internal Audit as well as the CEOs of Barclays UK and Barclays International. It sets the policy and processes for assessing compensation adjustments for risk and conduct events.

We have robust processes for considering risk and conduct as part of individual performance management processes with outcomes reflected in individual remuneration decisions. Line managers have primary accountability for ensuring that risk and conduct issues are considered when assessing performance and making remuneration decisions. In addition, there is a secondary review by the control functions for individuals involved in significant failures of risk management, conduct issues, regulatory actions or other major incidents which impact either the Group or business to ensure these issues are also considered. When considering individual responsibility, a variety of factors are taken into account such as whether an individual was directly responsible or whether the individual, by virtue of seniority, could be deemed indirectly responsible, including staff who drive the Group s culture and set its strategy.

Actions which may be taken where risk management and conduct falls below required standards include:

Adjustment	Current year annual bonuses are adjusted downwards where individuals are found to be responsible (either directly or indirectly) in a risk or misconduct event.
Malus	Deferred unvested bonuses from prior years are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) at its discretion. Events which may lead the Committee to do this include, but are not limited to, employee misconduct or a material failure of risk management.

Clawback	Clawback applies to any variable remuneration awarded to a Material Risk Taker (MRT) on or after 1 January 2015 in respect of years for which they are a MRT. Barclays may apply clawback if, at any time during the seven-year period from the date on which variable remuneration is awarded to a MRT: (i) there is reasonable evidence of employee misbehaviour or material error, and/or (ii) the firm or the business unit suffers a material failure of risk management, taking account of the individual s proximity to and responsibility for that incident. Clawback may be extended to 10 years for PRA Senior Managers where there are outstanding internal or regulatory investigations at the end of the seven-year clawback period.

In addition to reductions to individuals bonuses, the Committee considers and makes collective adjustments to the incentive pool for specific risk and conduct events. For 2018, the impact of these collective adjustments, resulting from both the direct financial impact on performance and the additional adjustments applied by the Committee, is a reduction of c.£290m.

We have also adjusted the incentive pool to take account of an assessment of a wide range of future risks including conduct, non-financial factors that can support the delivery of a strong risk management, control and conduct culture and other factors including reputation, impact on customers, markets and other stakeholders. The Committee was supported in its consideration of this adjustment by the Board Risk Committee and the Board Reputation Committee.

Governance: Remuneration report

Remuneration policy for all employees

Remuneration structure

The remuneration structure for employees is closely aligned with that for executive Directors, set out in detail in the DRP which can be found on pages 108 to 120 of the 2016 Annual Report. The primary exception being that the executive Directors participate in the Barclays LTIP and receive part of their Fixed Pay in Barclays PLC shares.

Employees receive salary, pension and other benefits and are eligible to be considered for an annual bonus. Employees in some customer-facing businesses participate in formulaic incentive plans, including plans which have good customer outcomes as the primary performance measure. The plans also recognise how results have been achieved in line with Barclays Values. Some senior employees also receive Role Based Pay (RBP). Remuneration of MRTs is subject to the 2:1 maximum ratio of variable to fixed remuneration. A total of 1,590 (2017: 1,642 or 1,570 excluding BAGL) individuals were MRTs in 2018.

The remuneration of employees engaged in control functions is determined independently from the business they support and within the parameters of the incentive pool allocated to them by the Committee. Remuneration for control function employees is less weighted towards variable remuneration as compared to front-office employees and variable remuneration is typically limited to one times fixed remuneration. This leads to less volatility in overall control function remuneration as compared to front-office outcomes.

Fixed remuneration

Salary	Salaries reflect individuals skills and experience and are reviewed annually.
	They are increased where justified by role change, increased responsibility or a change in the appropriate market rate. Salaries may also be increased in line with local statutory requirements and in line with union and works council commitments.
Role Based Pay (RBP)	A small number of senior employees receive a class of fixed pay called RBP to recognise the seniority, breadth and depth of their role.
Pension and benefits	The provision of a competitive package of benefits is important to attracting and retaining the talented staff needed to deliver Barclays strategy. Employees have access to a range of country-specific

company-funded benefits, including pension schemes, healthcare, life assurance and Barclays share plans as well as other voluntary employee funded benefits. The cost of providing these benefits is defined and controlled.

Variable remuneration

Annual bonus Annual bonuses incentivise and reward the achievement of Group, business and individual objectives, and reward employees for demonstrating individual behaviours in line with Barclays Values.

The ability to recognise performance through variable remuneration enables the Group to control its cost base flexibly and to react to events and market circumstances. Bonuses remain a key feature of remuneration practice in the highly competitive and mobile market for talent in the financial services sector. The Committee is careful to control the proportion of variable to fixed remuneration paid to individuals and also to ensure an appropriate amount is deferred to future years.

The typical deferral structures are:

For MRTs:		For non-MRTs:	
Incentive award	**Amount deferred**	**Incentive award**	**Amount deferred**
< £500,000	40% of total award	Up to £65,000	0%
£500,000 to £1,000,000	60% of total award	> £65,000	Graduated level of deferral
³ £1,000,000	60% up to £1,000,000 100% above £1,000,000		

Deferred bonuses are generally delivered in equal portions as deferred cash and deferred shares subject to the rules of the deferred cash and share plans (as amended from time to time) and continued service. Deferred bonuses are subject to either a 3, 5 or 7-year deferral period in line with regulatory requirements.

Where dividend equivalents cannot be delivered on deferred bonus shares, the number of deferred bonus shares awarded will be calculated using a share price discounted to reflect the absence of dividend equivalents during the vesting period.

Share plans	Alignment of senior employees with shareholders is achieved through deferral of incentive pay. We also encourage wider employee shareholding through the all-employee share plans. 98% of the global employee population is eligible to participate (up from 86% in 2017).

Fair Pay Agenda

The principles and policies that govern our approach to pay have evolved over many years. Through five broad themes, our Fair Pay Agenda brings that approach together in one place; to explain clearly how we think about pay, and how it sits alongside the other support we provide to help our people succeed both in and outside of work. We are committed to ensuring that pay is not only fair, but simple and transparent to all of our stakeholders. We have published a standalone Fair Pay Report for the first time this year.

The following sets out some highlights. We encourage you to read the full Fair Pay Report, which can be found on home.barclays/annualreport.

Pay for our lowest-paid employees is sufficient, simple and transparent, appropriately rewarding all of our people for their work. It is important to us that all of our employees feel fulfilled and can bring the best version of themselves to work, which means that they must be paid in a way that supports a decent quality of living.

Barclays was the first major financial services institution to become an accredited UK living wage employer in 2013, with all UK permanent employees and those who provide services at our sites being paid at least the current National Living Wage (and London Living Wage in London) as set by the Living Wage Foundation.

For our lower-paid employees, more of their remuneration is delivered in fixed pay, which means that their total compensation is less volatile and less at risk.

In difficult years, where budgets are most constrained, pay increases are focused on more junior populations.

Bonuses are a smaller part of the overall package for lower-paid employees but are available for people that really deliver for our customers and clients.

To begin to extend our living wage commitment beyond the UK, and will use the Fight for $15 as a reference point in the US. We have plans for enhanced pension arrangements for our most junior employees in the UK, and are reviewing the pay structures for our branch and contact centre staff.

We believe that diverse organisations perform better, and that diverse perspectives across the leadership of our organisation lead to better decisions. We are an equal opportunities employer. This means that we hire diverse people from all backgrounds, and that all of our employees have the same opportunity to progress.

We have a number of initiatives in place to support employees in reaching their full potential, and in balancing their life commitments and their work commitments. These are described in more detail in the People section on pages 47 to 52 and are intended to support all of our employees.

As part of our review of our progress in our Gender Pay Gap disclosure, we have tested our initiatives against best practice for closing Gender Pay Gaps as set out by the Government Equalities Office and the Behavioural Insights Team, and are pleased that a number of initiatives in place should be effective over the long-term. This assessment can be reviewed in our Fair Pay Report.

We still have more to do, and continue to develop our Diversity and Inclusion programmes and initiatives as part of our key agendas on gender, multicultural, LGBT+, disability & mental health and multigenerational.

Governance: Remuneration report

Remuneration policy for all employees

We take specific steps to ensure that employees are paid equally for doing the same job, which means ensuring they are rewarded fairly, with regard to their specific role, responsibilities and the other factors that appropriately affect pay. We have formalised this commitment to Equal Pay for the first time in our Fair Pay Report.

Our Equal Pay Commitment sets out the steps we take, including:

- Being explicit with those who make pay decisions through clear guidance and training, that those decisions must reflect the individual s role and contribution
- Requiring that pay decisions must not, directly or indirectly, take into account an individual s gender, age, ethnicity, religion, sexual orientation, marital status, pregnancy, maternity, shared parental, paternity or parental leave, veteran status, disability or any other protected characteristic
- Subjecting our annual pay review to a rigorous check and challenge process internally
- Working closely with Unite in the UK to evaluate the fairness of performance management and pay distribution concerning the union-recognised population
- Communicating more with our staff and other stakeholders about pay, and increasing the transparency of our Fair Pay Agenda
- Continuing to look for opportunities to simplify our pay structures where appropriate

We continue to develop our processes to manage Equal Pay, and to review pay outcomes for all of our employees

We make sure that employees are appropriately represented in remuneration decision-making.

It is important to us that there is engagement between employees and the Board on a broad range of issues, including remuneration. This helps the Board to ensure that Barclays is run for the benefit of all stakeholders.

Management listens to employees through a wide range of different channels, and reports its views to the Board. This includes through senior management dialogue with the Remuneration Committee and through the year-end performance and pay review processes.

In addition, several of our jurisdictions are covered by unions or works councils, with approximately 83% of the UK workforce being represented by Unite, our recognised trade union in the UK.

We also report employee views to the Board through the annual employee opinion survey and a dedicated culture dashboard. Additionally, the Board receives the CEO s monthly Barclays PLC report which covers engagement and diversity.

We ensure that both executive pay and employee pay are linked to sustainable business performance.

We reward sustainable performance. This means making a positive contribution to stakeholders, in both the short and longer term. To do this, we review performance through financial and non-financial lenses, and assess individual performance both on what is achieved and how it is achieved.

In line with our commitment to fair pay for the lowest paid, we ensure that employees at the most junior levels are not significantly exposed to fluctuations in business performance. This helps to plan and manage income more effectively.

Our Fair Pay Report includes illustrations of our approaches to pay for individuals at different levels of the organisation. It shows that as employees progress through the organisation and become more senior, a greater proportion of their remuneration is linked to individual and business performance, and is therefore at risk. Pay at the most senior levels is most heavily weighted towards performance-related incentives. A significant proportion of remuneration for senior employees is also delivered in deferred shares, ensuring longer-term alignment with company performance. The shares are deferred over 3, 5 or 7 years depending on level of pay and seniority.

Directors remuneration policy

This section sets out a summary of the Barclays forward-looking DRP and is provided for information only. The DRP was approved at the 2017 AGM held on 10 May 2017 and applies for three years from that date. The full DRP can be found on pages 108 to 120 of the 2016 Annual Report or at **home.barclays/annualreport**.

Remuneration policy summary executive Directors

Element and purpose	Operation	Implementation in 2019
Fixed Pay To reward skills and experience appropriate for the breadth and depth of the role and to provide the basis for a competitive remuneration package	Fixed Pay is determined with reference to market practice and historical market data (on which the Committee receives independent advice), and reflects the individual s experience and role. Total compensation is benchmarked against comparable roles in banks. 50% of Fixed Pay is delivered in cash (paid monthly), and 50% is delivered in shares. The shares are delivered quarterly and are subject to a holding period with restrictions lifting over five years (20% each year). As the executive Directors beneficially own the shares, they will be entitled to any dividends paid on those shares. There are no performance measures. Malus and clawback provisions do not apply to Fixed Pay.	No change from 2018. Jes Staley: £2,350,000 Tushar Morzaria: £1,650,000 These amounts are fixed and will not change during the policy period for these individuals.
Pension To enable executive Directors to build long-term retirement savings	Executive Directors receive an annual cash allowance in lieu of participation in a pension arrangement. For new hires, the pension allowance is limited to 10% of Fixed Pay.	No change from 2018. Jes Staley: £396,000

		(Equivalent to 17% of Fixed Pay)
		Tushar Morzaria: £200,000
		(Equivalent to 12% of Fixed Pay)
		These amounts are fixed and will not change during the policy period for these individuals.
Benefits To provide a competitive and cost effective benefits package appropriate to the role and location	Executive Directors benefits provision includes, but is not restricted to, private medical cover, annual health check, life and ill health income protection, car cash allowance, and use of a Company vehicle and driver when required for business purposes. In addition to the above, if an executive Director were to relocate, additional support would be provided for a defined and limited period of time in line with Barclays general employee mobility policy. Barclays will pay the tax on relocation costs but will not tax equalise and will also not pay tax on any other employment income.	No change from 2018.
Annual bonus To reward delivery of short- term financial targets set each year, the individual performance of the executive Directors in achieving those targets, and their contribution to delivering Barclays strategic objectives	The maximum annual bonus opportunity is 80% of Total fixed pay. For these purposes Total fixed pay is Fixed Pay plus Pension. The performance measures include financial and non-financial measures, including risk related measures and other personal objectives. Financial measures will be at least 60% of the bonus opportunity. The Committee has discretion to vary the measures and their respective weighting within each category.	Details of performance measures are set out on page 74. Shares issued are subject to a holding period of one year after vesting.

Delivery in part in shares with a holding period increases alignment with shareholders. Deferred bonuses encourage longer term focus and retention	Annual bonuses are delivered as a combination of cash and shares, a proportion of which may be deferred and/or subject to a holding period. Deferral proportions and vesting profiles will be structured so that, in combination with any LTIP award, the proportion of variable pay that is deferred is no less than that required by regulations.	As dividend equivalents are not permissible under regulations, the number of shares to be awarded will be calculated using a share price discounted to reflect the absence of dividend equivalents during the vesting period.
	Dividend equivalents are payable on vested deferred bonus shares. If dividend equivalents are not permissible during the vesting period under regulations, the number of shares to be awarded will be determined using a share price discounted by reference to the expected dividend yield.	
	A notional discount may be applied to deferred bonuses for the purposes of calculating the 2:1 cap to the extent permitted by regulations.	
	Awards are subject to malus during the vesting period and clawback for a period of seven years (10 years in specific circumstances) from the date of award.	

Element and purpose	Operation	Implementation in 2019
Annual bonus continued	Non-deferred cash components of any bonus are paid following the performance year to which they relate, normally in March. Non-deferred share bonuses are also awarded normally in March and are subject to a holding period (after the payment of tax) in line with regulations. Deferred share bonuses are structured so that no deferred shares vest faster than permitted by regulations. Any shares that vest are subject to an additional holding period (after payment of tax) in line with regulations.	
Long Term Incentive Plan (LTIP) award To reward execution of Barclays strategy over a multi-year period Long-term performance measurement, deferral and holding periods encourage a long-term view and align executive Directors interests with those of shareholders. Malus and clawback provisions discourage excessive risk-taking and inappropriate behaviours	The maximum annual LTIP award is 120% of Total fixed pay. For these purposes Total fixed pay is Fixed Pay plus Pension. Forward-looking performance measures will be based on financial performance and other long-term strategic measures. Financial measures will be at least 70% of the total opportunity. Straight-line vesting applies between threshold and maximum for the financial measures with no more than 25% vesting at threshold performance. LTIP awards are structured so that when combined with the annual bonus the proportion of variable pay that is deferred is no less than that required by regulations. The Committee has discretion to vary the measures year on year and their respective weighting within each category. The Committee also has discretion to amend targets, measures	Details of performance measures and targets for awards to be made in 2019 (in respect of 2018) are set out on page 73. For awards to be made in respect of 2019, the measures and targets will be determined at the end of 2019 for the performance period commencing on 1 January 2020. On vesting, the award is subject to a holding period of one year.

	and the number of awards in exceptional circumstances and to reduce the vesting of any award, including to nil, if it deems that the outcome is not consistent with performance.	As dividend equivalents are not permissible under regulations, the number of shares to be awarded will be calculated using a share price discounted to reflect the absence of dividend equivalents during the vesting period.
	Dividend equivalents are payable on vested deferred shares. If dividend equivalents are not permissible during the vesting period under the regulations, the number of shares to be awarded will be determined using a share price discounted by reference to the expected dividend yield.	
	A notional discount may be applied to LTIP awards for the purposes of calculating the 2:1 cap to the extent permitted by regulations.	
	Awards are subject to malus during the vesting period and clawback for a period of seven years (10 years in specific circumstances) from the date of award.	
	No LTIP award vests before the third anniversary of grant and an award vests no faster than permitted by regulations (currently in five equal tranches with the first tranche vesting on or around the third anniversary of grant and the last tranche vesting on or around the seventh anniversary of the grant date). Any shares that vest are subject to an additional holding period (after payment of tax) in line with regulations.	
Shareholding requirement To further enhance the alignment of shareholders and executive Directors interests in long-term value creation	Executive Directors must build up a shareholding of 200% of Total fixed pay (i.e. Fixed Pay plus Pension) within five years from the date of appointment as executive Director. Executive Directors must also continue to hold a shareholding of 100% of Total fixed pay (or pro-rata thereof) for two years post-termination.	No change from 2018. (Equivalent to 457% of Salary for the Group Chief Executive under the previous DRP.)

Remuneration policy summary non-executive Directors

Element and purpose	Operation	Implementation in 2019[a]
Fees Reflect individual responsibilities and membership of Board Committees and are set to attract non-executive Directors who have relevant skills and experience to oversee the implementation of our strategy Fees are set at a level which reflects the role, responsibilities and time commitment which are expected from the Chairman and non-executive Directors	The Chairman is paid an all-inclusive fee for all Board responsibilities. The Chairman has a minimum time commitment equivalent to at least 80% of a full-time role. The other non-executive Directors receive a basic Board fee, with additional fees payable where individuals serve as a member or Chairman of a Committee of the Board. Fees are reviewed each year by the Board as a whole. Other than in exceptional circumstances, fees will not increase by more than 20% above the current fee levels during this policy period (basic fees last increased in 2011). £30,000 (Chairman: £100,000) after tax and national insurance contributions per annum of each non-executive Director s basic fee is used to purchase Barclays shares which are retained on the non-executive Director s behalf until they retire from the Board. Some non-executive Directors may also receive fees as directors of subsidiary companies of Barclays PLC	No change from 2018.
Benefits	The Chairman is provided with private medical cover subject to the terms of the Barclays scheme rules from time to time, and is provided with the use of a Company vehicle and driver when required for business purposes.	No change from 2018.

	Benefits which are minor in nature and do not exceed a cost of £500 may be provided to non-executive Directors in specific circumstances	
Expenses	The Chairman and non-executive Directors are reimbursed for any reasonable and appropriate expenses incurred for business reasons. Any tax that arises on these reimbursed expenses is paid by Barclays	No change from 2018.

a Nigel Higgins joins the Board as a non-executive Director on 1 March 2019 and will assume the role of Chairman with effect from the conclusion of the Barclays AGM on 2 May 2019. Nigel Higgins will be appointed for an initial term of three years, subject to re-election by shareholders. Prior to expiry of the initial term Nigel Higgins may be invited to serve a further three-year term. In accordance with the Directors remuneration policy, Nigel Higgins will be paid an annual fee of £80,000 for so long as he is a non-executive Director, and an all-inclusive annual fee of £800,000 (the same rate as the current Chairman) with effect from his assuming the Chairman role and will be provided with private medical cover and the use of a Company vehicle and driver when required for business purposes. While he is Chairman, Nigel Higgins will be required to use £100,000 per annum of his fee after tax and national insurance contributions to purchase Barclays shares. Nigel Higgins will be expected to commit up to 4 days a week to the role and it will be his principal working commitment. Nigel Higgins notice period shall be 6 months from the Company and 6 months from the Chairman.

Service contracts and letters of appointment

All executive Directors have a service contract whereas all non-executive Directors have a letter of appointment. Copies of the service contracts and letters of appointment are available for inspection at the Company s registered office. The effective dates of the current Directors appointments disclosed in their service contracts or letters of appointment are shown in the table below.

As stated in the letters of appointment, Non-executive Directors are appointed for an initial term of three years and are subject to the annual re-election by shareholders. On expiry of the initial term and subject to the needs of the Board, Non-executive Directors may be invited to serve a further three years. Non-executive Directors appointed beyond six years will be at the discretion of the Board Nominations Committee. All Directors are subject to annual re-election by shareholders.

	Effective date of appointment
Chairman	
John McFarlane	1 January 2015 (non-executive Director), 24 April 2015 (Chairman)
Executive Directors	
Jes Staley	1 December 2015
Tushar Morzaria	15 October 2013
Non-executive Directors	
Mike Ashley	18 September 2013
Tim Breedon	1 November 2012
Sir Ian Cheshire	3 April 2017
Mary Anne Citrino	25 July 2018

Mary Francis	1 October 2016
Crawford Gillies	1 May 2014
Sir Gerry Grimstone	1 January 2016
Reuben Jeffery III	16 July 2009
Matthew Lester	1 September 2017
Dambisa Moyo	1 May 2010
Diane Schueneman	25 June 2015
Mike Turner	1 January 2018

Notes

a With effect from 1 April 2018, the Company issued all Non-executive Directors with updated letters of appointment to address the change in corporate structure post Structural Reform. Where Non-executive Directors have other appointments to Barclays subsidiaries additional letters of appointment have been issued as appropriate.

Annual report on Directors remuneration

This section explains how our Directors remuneration policy was implemented during 2018.

Executive Directors

Executive Directors: Single total figure for 2018 remuneration

The following table shows a single total figure for 2018 remuneration in respect of qualifying service for each executive Director together with comparative figures for 2017.

	Fixed Pay £000		Pension £000		Taxable benefits £000		Annual bonus £000		LTIP £000		Reduction of unvested deferred awards £000		Total £000	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Jes Staley	2,350	2,350	396	396	55	62	1,061	1,065			(500)[d]		3,362	3,873
Tushar Morzaria	1,650	1,614	200	200	49	44	729	747	851[a]	982[b,c]			3,479	3,587

Notes

a No significant movement in share price between grant and vest (based on Q4 2018 average price), no discretion applied

b The LTIP amount includes a reduction of c£200k attributable to 17% share price depreciation between date of grant and vesting date; no discretion applied

c LTIP and dividend equivalent figures for 2017 have been adjusted to reflect the share price on the date of vesting (211 pence) rather than the Q4 2017 average price.

d This represents malus applied to Jes Staley s 2016 variable compensation, following consideration by the Committee of the findings of the FCA and PRA investigations into Jes Staley matter in 2016.

Additional information in respect of each element of pay for the executive Directors

Fixed Pay

Fixed Pay is delivered 50% in cash and 50% in shares (subject to a five-year holding period lifting pro-rata).

Pension

Executive Directors are paid cash in lieu of pension contributions. The cash allowance in 2018 was £396,000 for Jes Staley and £200,000 for Tushar Morzaria. No other benefits were received by the executive Directors from any Barclays pension plan.

Taxable benefits

Taxable benefits include private medical cover, life and ill health income protection, tax advice, relocation, car allowance, the use of a Company vehicle and driver when required for business purposes and other benefits that are considered minor in nature.

Annual bonus

Annual bonuses are typically awarded in Q1 following the financial year to which they relate. The Committee considered the executive Directors performance against the financial (60% weighting) and strategic non-financial (20% weighting) performance measures which had been set to reflect company priorities for 2018. Performance against their individual personal objectives (20% weighting) was assessed on an individual basis.

Financial (60% weighting)

The approach taken to assessing financial performance against each of the financial measures was based on a straight-line outcome between 20% for threshold performance and 100% applicable to each measure for achievement of maximum performance. The PBT measure is also subject to a CET1 underpin. The CET1 ratio reached a temporary low point in Q1 of 12.7%, driven primarily by the settlement of a historical litigation and conduct case. As the CET1 recovered to 13.0% in Q2, the Committee determined to pay out the PBT measure fully in line with the formulaic outcome.

The formulaic outcome against the financial measures set at the beginning of the year gave a total of 14.8% out of 60% being payable attributable to those measures. A summary of the assessment is provided in the following table.

Financial performance measure	Weighting	Threshold 20%	Maximum 100%	2018 Actual	2018 Outcome
Profit before tax excluding material items[a] with CET1 ratio underpin	40%	£5.00bn	£6.50bn	£5.32bn	14.8%
Cost: income ratio excluding material items[a]	20%	66.5%	62.0%	68.2%	0%
Total Financial	**60%**				**14.8%**

Note

a Material items consist of charges for PPI and settlement with regard to residential mortgage-backed securities (RMBS)

Strategic (20% weighting)

Progress in relation to each of the strategic measures, organised around three main categories, was assessed by the Committee. The Committee used the following scale in relation to each measure: 0% to 1% firmly below performance expectations, 1.5% to 3% slightly below performance expectations, 3.5% to 5.5% meeting or slightly exceeding performance expectations, and 6% to 7% clearly above performance expectations. Based on this approach to assessing performance against the 2018 Performance Measurement Framework milestones, the Committee agreed a 16.5% outcome out of a maximum of 20%. The assessment is provided in the following table.

Category and key outcomes	Measure	Performance	Outcome
Customer and Client:	Net Promoter Scores® (NPS)	The NPS across our brands provide a view of how willing customers are to recommend our products and services to others	5%
Building trust with customers and clients so they are happy to recommend us		Barclays UK relationship NPS has increased to +17 (2017: +14)	
Successfully innovating and developing products and services that meet their needs		Barclaycard UK relationship NPS stayed flat over the year closing at +9 at year-end (2017: +9)	
Offering suitable products and services in an accessible way, ensuring excellent customer and client experience		The Relationship NPS of the US Consumer Bank increased further to +38 (2017: +36) supported by our customer centric culture and improvements in our products and digital experience.	
	Client rankings and market shares	Our Markets franchise delivered strong performance as it increased market share[a] in each asset class and delivered 5 consecutive quarters of outperformance vs peers, and maintained its 4th place ranking in Global Fixed Income market share (Greenwich). Banking maintained its 6th rank by fee share in our UK and US home market and retained top 3 position in the UK (Dealogic)	
		95% of largest UK corporate clients considered service to be good, very good or excellent, up from 88% in 2017 (Charterhouse)	
	Complaints performance	Total Barclays UK complaint volumes (including PPI) down 1% from 2017. Underlying UK complaint volumes reduced by 9% year-on-year excluding PPI. However, PPI complaints were up 2%	

	Lending volumes provided to customers and clients	We provided new lending of £2.8bn to SMEs in the UK, 3% more than last year, despite overall volumes 6% down as we continued to exert high levels of discipline in capital allocation to strengthen long-term sustainability	
		We also completed over 110,000 mortgage applications worth c.£23bn (up 1.5% from 2017)	
	Digital engagement	Over 10.8m customers and clients in the UK were using our digital services on a regular basis, 6% more than in 2017, with Barclays Mobile Banking user base up from 5.5m to nearly 6.2m	
		69% of US Consumer Bank customers now digitally active, up from 66% in 2017	
		Barclays Mobile Banking is the most used mobile banking app in UK (eBenchmarkers). It was also the first core app from a major UK high street bank to enable account aggregation through Open Banking technology.	
	Conduct indicators	Conduct Risk has been effectively managed using Key Indicators reported to the Board Reputation Committee as part of the Conduct Dashboard. Further information is provided in the Risk Review section.	
Colleague:	Diversity and Inclusion statistics	In our Your View employee opinion survey, 91% of our employees agreed that we provide the right environment to bring their whole selves to work.	5.5%
A diverse and inclusive workforce in which employees of all backgrounds are treated equally and have the opportunity to be successful and achieve their potential		We were also proud to be recognised through a number of external awards in 2018 including, The Times Top 50 Employers for Women, Stonewall Top Global Employer for LGBT+ employees, Working Families UK Best for Embedded flexibility for Dynamic Working, UK Top 10 employer for Working Families, Department of Work and Pensions Disability Confident Leader, Business in the Community Best Employer for Race.	
Engaged and enabled colleagues			
A positive conduct and values-based culture		Our gender diversity, particularly at senior leadership levels within the organisation, remains a focus: the percentage of women Directors and Managing Directors has improved to 24% (23% in 2017), but there is still progress to be made. We increased our activities on the	

	development of our senior female leadership population and expanded our Encore! Programme to attract more women returners.
Employee sustainable engagement survey scores	Sustainable engagement scores increased to 79%, up 4 points from 2016 (last all colleague survey)
	Our scores around Energise and Engage were also up 5 and 4 points to 83% and 88% respectively, both above Financial Services Companies norms, and our Enable score was up 5% to 65%
Conduct and Culture measures	Encouragingly, our Values results have improved since Q4 2017. We saw a notable increase on the question, Is it safe to speak up at Barclays , which went from 77% to 86%
	A similar increase is noted on the question Barclays is focused on achieving good customer and client outcomes (92% favourable, 2016: 83%)

Note

a All markets ranks and shares; Coalition, FY18 Preliminary Competitor Analysis based on the Coalition Index and Barclays internal business structure.

Category and key outcomes	Measure	Performance	Outcome
Citizenship:	Delivery against our Shared Growth Ambition	Target exceeded on against our annual internal milestones for a focus area of Access to financing	6%
Making decisions and doing business in a way that provides our clients, customers, shareholders, colleagues and the communities which we serve with access to a prosperous future		Access to digital and financial empowerment also exceeded target	
		Target exceeded on against our annual internal milestones for a focus area of Access to employment .	
		Volumes for selected social and environmental segments: facilitated £27.3bn in social and environmental financing. We expanded our green product portfolio, including the launch of the first Green Mortgage for retail customers by a mainstream UK institution	
Proactively managing the environmental and societal impacts of our business		We helped support around 260,000 people with access to financial and digital empowerment in 2018 (2017: 205,000)	
		We helped improve the skills of over 2.4 million people in 2018 (2017: 2.1 million), driven by a range of employability partnerships around the world	
	Proactively managing environmental and societal impacts	We exceeded target on carbon emissions: reduced emissions by 38% against the 2015 baseline (target 30%)	
		We released statements on our approach to Ramsar Wetlands and World Heritage Sites, as well as a comprehensive statement on energy and climate (which strengthened and replaced our previous coal statement)	

	On-time payment by value to our suppliers was 82%, falling short of our target of 85%. Given that this KPI is reported as a three-month rolling average, it was disproportionately affected by a systems transformation in late October 2018.
Colleague engagement in citizenship activities	We celebrate our colleague engagement and participation through our annual Citizenship Awards. 2018 was the 21st anniversary of the Awards, which saw almost 1,500 employees nominated.
	87% of colleagues who responded to the annual Your View employee survey are proud of Barclays contribution to the community and society, above the global Financial Services Companies norm.
External benchmarks and surveys	Our performance was broadly stable across a set of ratings. Institutional Shareholder Services (ISS) released new environmental and social quality scores to assess corporate disclosures. On a 1-10 scale (1 highest), Barclays was rated 1 for social reporting and 2 for environmental reporting
	The FTSE4Good ESG rating remained flat at 4.3/5. Barclays was rated as A- in the 2018 Carbon Disclosure Project climate disclosure survey, up from B in 2017.
	16.5% out of 20%

Individual outcomes including assessment of personal objectives

Individual performance against each of the executive Directors personal objectives (20% weighting overall) was assessed by the Committee (objectives as set out on page 109 of the 2017 Annual Report).

The below summarises their performance against the shared personal objectives.

Shared objectives for Jes Staley and Tushar Morzaria	**Outcomes**
Deliver on 2018 financial goals such that we remain on track to achieve our returns targets	Financial goals delivered and on track to achieve external returns targets in 2019 and 2020
	Strong financial improvements in PBT and RoTE and maintenance of CET1 in end-state range. 2018 RoTE close to 2019 target of greater than 9%
Seek opportunities for further cost savings and optimise the capital allocation within the Group	2018 cost target of £13.9bn achieved
	Capital allocation optimised and deployed to key strategic areas
Complete the Structural Reform programme successfully, ensuring the UK ring-fenced bank is fully operational	Structural Reform programme largely completed, including the stand-up of the ring-fenced bank in the UK.

	This was completed in April and is recognised as one of the biggest technological shifts carried out in financial services, requiring a huge coordinated effort from teams across the bank
Finalise the implementation plan for an effective Brexit outcome	The Group is operationally prepared for the UK to leave the EU, with an extended licence for Barclays Bank Ireland in place and the entity prepared to be fully operational by the end of March 2019
Continue to drive strategic initiatives to enhance growth in shareholder value in the medium term	The Committee noted the strategic initiatives to improve returns to shareholders, both within the businesses and also through our state of the art operating platform, Barclays Execution Services In 2018, based on strong capital position, the restoration of the dividend to 6.5 pence, and the redemption of the expensive preference shares dating from the financial crisis, saw us deploy around £1.8 billion of capital. While this represents progress, we acknowledge that it is not yet sufficient
Manage risk and control effectively and make continued progress in resolving outstanding conduct matters	Significant improvements in the control environment resulting from the wide-ranging BICEP (Barclays Improved Controls Enhancement Programme) work Major outstanding legacy conduct matters resolved, including reaching a reasonable settlement with the US Department of Justice in relation to RMBS, and having the UK SFO charges relating to the 2008 fundraising against the bank dismissed

In addition to the shared personal objectives described above, the below summarises Jes Staley s performance against the objectives specific to him.

Jes Staley s objectives	Outcomes
Continue to strengthen the Bank s cyber readiness, operational and financial controls	Significant progress to strengthen controls in relation to cyber readiness, operations and financial reporting, including through the BICEP (Barclays Internal Controls Enhancement Programme) work Cyber security enhanced with a second joint operation centre opened in Whippany, New Jersey to enhance our ability to monitor and address incidents on a global basis Both operational issues and risk events have reduced significantly during 2018
Further improve customer and client satisfaction, with a particular focus on reducing the number of overall complaints	Jes Staley has been instrumental in upgrading key talent that has led to strong performance in the Markets business which has increased market share[a] in each asset class and delivered 5 consecutive quarters of outperformance vs peers. Banking maintained its 6th rank in UK and US and remained top 3 in UK Similarly, within customer satisfaction, Barclays UK Net Promoter Score (NPS) increased to +17 from +14 in 2017 Jes Staley has driven a focus on customer outcomes across the bank with his senior executive teams, reducing the number of overall complaints in Barclays UK (including PPI) 1% from 2017, while underlying UK complaint volumes reduced by 9% year-on-year excluding PPI (PPI complaints were up 2%).
As part of the ongoing succession planning for Group and Business Unit/ Functional Executive Committees, continue the focus on improving the percentage of women in senior leader positions	While the percentage of females in senior leadership positions is increasing slowly, Jes Staley has personally taken accountability for trying to redress the historic gender imbalance at our most senior levels In 2018, key initiatives included the work of the Global Gender Taskforce, responsible for the Women s Managing Director Forum, as well as the extension of the ex officio role (a rotating position on senior management committees providing opportunities for talented individuals to contribute) from the Group Executive Committee down through the organisation Jes Staley also personally launched a set of 2019 specific initiatives which are aiming to make the biggest difference most quickly to the proportion of women in senior leadership positions

Recognising his very strong performance against both his individual and shared personal objectives during 2018, the Committee judged that 17% of a maximum of 20% attributable to individual objectives was appropriate.

The below summarises Tushar Morzaria s performance against the objectives specific to him.

Tushar Morzaria s objectives	Outcomes
Demonstrate effective management of external relationships and reputation	Feedback from the Board, regulators and investors continues to show that Tushar Morzaria is extremely well respected internally and externally, and that the management of external relationships and reputation of the Group remains strong
Continue to strengthen team performance (especially following the creation of the Group Service Company), talent base and employee engagement in Group Finance, Tax and Treasury	The performance of the Finance function has continued to strengthen, with a diverse and experienced management team in place and good sustainable engagement scores

The Committee also recognised Tushar Morzaria s very strong performance (against both his individual and shared personal objectives) during 2018, and judged that 18% out of a maximum of 20% attributable to individual objectives was appropriate.

(i) Jes Staley

A summary of the assessment for Jes Staley is provided in the following table.

Performance measure		Weighting	2018 Outcome
Financial	See table on page 66	60%	14.8%
Strategic	See table on page 67	20%	16.5%
Personal objectives	Judgemental assessment	20%	17.0%
Total		**100%**	**48.3%**
Final outcome approved by the Remuneration Committee			**48.3%**

In aggregate, the performance assessment for Jes Staley resulted in an overall formulaic outcome of 48.3% of maximum bonus opportunity being achieved. The Committee considered the outcome and noted that a 2018 annual bonus of £1,061,000 (of which 62% is deferred under the Share Value Plan) is slightly down against his 2017 annual bonus outcome, and therefore is not reflective of the improved performance observed. The Committee reflected on the disconnect between the positive financial and strategic performance across the Group and the relatively low outcomes against the financial measures given the extremely stretching financial targets in the annual bonus plan. Based on a balanced assessment across all of the relevant factors, including recognising share price performance (while not solely attributable to the executive Directors), the Committee decided that the outcome would remain at £1,061,000.

(ii) Tushar Morzaria

A summary of the assessment for Tushar Morzaria is provided in the following table.

Performance measure	Weighting	2018 Outcome

Financial	See table on page 66	60%	14.8%
Strategic	See table on page 67	20%	16.5%
Personal objectives	Judgemental assessment	20%	18.0%
Total		**100%**	**49.3%**
Final outcome approved by the Remuneration Committee			**49.3%**

Notes

a All markets ranks and shares; Coalition, FY18 Preliminary Competitor Analysis based on the Coalition Index and Barclays internal business structure.

In aggregate, the performance assessment for Tushar Morzaria resulted in an overall formulaic outcome of 49.3% of maximum bonus opportunity being achieved. The Committee considered the outcome and again noted that a 2018 annual bonus of £729,000 (of which 45% is deferred under the Share Value Plan) was slightly down against his 2017 annual bonus outcome despite stronger Group performance (financial and non-financial). Similar to the assessment for Jes Staley, it decided that the outcome would remain at £729,000.

In line with the DRP, and due to the regulations prohibiting dividend equivalents being paid on unvested deferred share awards, the number of shares awarded to each executive Director under the Share Value Plan will be calculated using a share price at the date of award, discounted to reflect the absence of dividend equivalents during the vesting period. The valuation will be aligned to IFRS 2, with the market expectations of dividends during the deferral period being assessed by an independent adviser. These shares will vest in two equal tranches on the first and second anniversary (subject to the rules of the Share Value Plan as amended from time to time). All shares (whether deferred or not) are subject to a further one-year holding period from the point of release. 2018 bonuses are subject to clawback provisions and, additionally, unvested deferred 2018 bonuses are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil).

LTIP

The LTIP amount included in Tushar Morzaria s 2018 single total figure is the value of the amount scheduled to be released in relation to the LTIP award granted in 2016 in respect of the performance period 2016 2018 (by reference to Q4 2018 average share price). As Jes Staley was not a participant in this cycle, the LTIP figure in the single figure table is zero for him. Release is dependent on, among other things, performance over the period from 1 January 2016 to 31 December 2018 with straight-line vesting applied between the threshold and maximum points. The performance achieved against the performance targets is as follows:

Performance measure	Weighting	Threshold	Maximum vesting	Actual	% of award vesting
Average return on tangible equity (RoTE) excluding material items[a]	25%	6.25% of award vests for RoTE of 7.5% CET1 ratio must remain at or above an acceptable level for any of this element to vest. The threshold will be reviewed and set annually based on market conditions and regulatory requirements (11.3% in 2018)	RoTE of 10.0%	5.6%	0%
CET1 ratio as at 31 December 2018	25%	6.25% of award vests for CET1 ratio of 11.6%	CET1 ratio of 12.7%	13.2%	25%

Cost: income ratio excluding material items[a]	20%	5% of award vests for average cost: income ratio of 66%	Average cost: income ratio of 58%	70%	0%
Risk Scorecard	15%	Performance against the Risk Scorecard is assessed by the Committee, with input from the Group Risk function, Board Risk Committee and Board Reputation Committee as appropriate, to determine the percentage of the award that may vest between 0% and 15%. Since its introduction in 2016, the Risk Scorecard has been aligned by the Committee to the annual incentive risk alignment framework reviewed with the regulators. Following this alignment, the current framework measures performance against three broad categories Capital and Liquidity, Control Environment and Conduct using a combination of quantitative and qualitative metrics.			10%
Balanced Scorecard	15%	Performance against the Balanced Scorecard is assessed by the Committee to determine the percentage of the award that may vest between 0% and 15%. Each of the 5Cs in the Balanced Scorecard has equal weighting. Assessment was made against the Balanced Scorecard targets established at the beginning of the performance period.			4%
Total					**39%**
Final outcome approved by the Remuneration Committee					**39%**

Note

a Material items include PPI, gain on disposal or Barclays share of Visa Europe Limited and own credit in 2016; PPI, losses relating to the sell down of BAGL and a one-off net charge due to the re-measurement of US deferred tax assets in 2017; PPI and settlement with regard to RMBS in 2018.

A summary of the Committee s assessment against the Risk Scorecard performance measure over the three year performance period is provided below.

Category	Weighting	Performance	Outcome
Capital & Liquidity	5%	Stress test results showed improvement over the period. Although Barclays did not meet its CET1 systemic reference points in 2016, no revised capital plans were required in light of the steps already taken. In 2017, the Bank of England recognised that the increases in CET1 capital and in Tier 1 leverage ratios over the year were sufficient for it to meet the systemic reference points in the test. Barclays passed the 2018 test. Group CET1% grew from 11.4% to 13.2% over the period, and remained comfortably above the regulatory minimum throughout. Our liquidity risk appetite measure and the Liquidity Coverage Ratio remained above targets.	4%

Controls	5%	The Control Environment is monitored by senior management and the Board via various reports, dashboards, and deep dives. Summary ratings are also used to track improvement and remediation plans. These summary ratings improved over the period, notably following the completion of the Barclays Internal Controls Enhancement Programme (BICEP). This programme facilitated the resolution of the most material control issues, and implemented a system of tracking and reporting risk events and controls issues against a new Controls Maturity Model.	3%

Conduct	5%	The Conduct category focuses on two internal forward-looking tools: The Conduct dashboard showed a downward trend in conduct issues and complaints alongside an upward trend in confidence with respect to speaking up about potential conduct risks and issues, although a need for continued focus remains. The occurrence of conduct breaches among senior leaders is referenced, in particular as a leading cultural indicator reflecting tone from the top . The number of occurrences remained negligible throughout the year.	3%
Total	**15%**		**10%**

A summary of the Committee s assessment against the Balanced Scorecard performance measures over the three year performance period is provided below.

Category	Weighting	Performance	Outcome
Customer and Client	3%	While positive progress has been made, with Barclays UK relationship NPS up to +17 (2017: +14; 2016: +10), the very ambitious target of ranking 1st against peers has not been achieved Similarly, Client Franchise Rank performance was at 5th and 6th over the period, below the plan target of top 3	0%
Colleague	3%	Good progress has been made in colleague engagement, increasing from 75% in 2016 to 78% in 2017 and to 79% in 2018. However this fell below the very stretching plan target of 87%-91% Continued improvement of +1% per year in the percentage of women in senior leadership roles to 24% at the end of 2018. This falls below the plan target of 26% (calibrated including the BAGL business). Had BAGL continued to have been included, the outcome would have been c2% higher and the target would have been achieved	1%
Citizenship	3%	The plan targets were exceeded on 4 measures (access to financing, financial and digital empowerment, access to employment and carbon emissions reduction)	2%

		Barclays Way training was on track On-time payment to our suppliers is behind track, but in H2 2018 only, for the first time since it was introduced in 2015	
Conduct	3%	Conduct Reputation, as measured by the YouGov survey, remained at 5.2 - 5.4 over the period and below our plan target of 6.5	0%
Company	3%	RoE and RoTE targets established to deliver greater than cost of equity in 2018. While there has been positive trajectory towards the 2019 and 2020 external commitments, the timeframe was ambitious and returns are not yet at that level Cost:income ratio plan target of below 60%. This has improved but there is still further progress required to achieve a ratio below 60% Significant strengthening in the CET1 ratio over the period, with the ratio now within our end-state target range of c13% and exceeding 100-150 basis points above the regulatory minimum	1%
Total	**15%**		**4%**

The LTIP award is also subject to a discretionary underpin whereby the Committee must be satisfied with the underlying financial health of the Group. The Committee was satisfied that this underpin was met, and accordingly determined that the award should be considered for release at 39% of the maximum number of shares under the total award. The shares are scheduled to be released in March 2019. After release, the shares are subject to an additional two year holding period.

(i) LTIP awards granted during 2017

The performance measures for the awards made under the 2017 2019 LTIP cycle are as follows:

Performance measure	Weighting	Threshold	Maximum vesting
Average return on tangible equity (RoTE) excluding material items	25%	6.25% of award vests for RoTE excluding material items of 7.5%	RoTE excluding material items of 9.5%
		CET1 ratio must remain at or above an acceptable level for any of this element to vest. The threshold will be reviewed and set annually based on market conditions and regulatory requirements (11.7% on 31 December 2019)	
CET1 ratio as at 31 December 2019	25%	6.25% of award vests for CET1 ratio 100 basis points above the mandatory distribution restrictions (MDR) hurdle (currently 11.7%)	CET1 ratio 200 basis points above the MDR hurdle
Cost: income ratio	20%	5% of award vests for average cost: income ratio of 63%	Average cost: income ratio of 58%

excluding material items		
Risk Scorecard	15%	The Risk Scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework reviewed with the regulators. The current framework measures performance against three broad categories Capital and Liquidity, Control Environment and Conduct using a combination of quantitative and qualitative metrics. The framework may be updated from time to time in line with the Group s risk strategy. Specific targets within each of the categories are deemed to be commercially sensitive. Retrospective disclosure will be made in the 2019 Remuneration report.

Performance measure	Weighting	Threshold	Maximum vesting
Strategic non-financial	15%	The evaluation will focus on key performance measures from the Performance Measurement Framework, with a detailed retrospective narrative on progress throughout the period against each category. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 15%. The measures are organised around three main categories: Customer and Client, Colleague and Citizenship. Each of the three main categories has equal weighting. Measures will likely include, but will not be limited to, the following: Customer and Client: NPS for consumer businesses, Client rankings and market shares for the Corporate and Investment Bank, complaints performance and volume of lending provided to customers and clients. Colleague: Diversity and Inclusion statistics (including women in senior leadership), Employee sustainable engagement survey scores and conduct and culture measures. Citizenship: Delivery against our Shared Growth Ambition, Colleague engagement in Citizenship activities and external benchmarks and surveys.	

Straight-line vesting applies between the threshold and maximum points in respect of the financial measures.

The award is subject to a discretionary underpin by which the Committee must be satisfied with the underlying financial health of the Group.

(ii) LTIP awards granted during 2018

An award was made to Jes Staley and Tushar Morzaria on 8 March 2018 under the 2018 2020 LTIP at a share price of £1.7775, which has been discounted to reflect the absence of dividend equivalents during the vesting period, in accordance with our DRP. This is the price used to calculate the face value below.

	% of Total fixed pay	Number of shares	Face value at grant	Performance period
Jes Staley	120%	1,853,891	3,295,200	2018 2020
Tushar Morzaria	120%	1,248,980	2,220,000	2018 2020

The performance measures for the 2018 2020 LTIP awards are as follows:

Performance measure	Weighting	Threshold	Maximum vesting
Average return on tangible equity (RoTE) excluding material items	50%	10% of award vests for RoTE of 7.75% (based on an assumed CET1 ratio of c.13%) Vesting of this element will depend on CET1 levels during the performance period: if CET1 goes below the MDR hurdle (currently 11.7%) in any year of the period, no part of the RoTE element will vest if CET1 goes below the MDR hurdle +150bps but remains above the hurdle during the period, the Committee will exercise its discretion to determine what portion of the RoTE element should vest, based on the causes of the CET1 reduction	RoTE of 10.25%
Average cost: income ratio excluding material items	20%	4% of award vests for average cost: income ratio of 62.5%	Average cost: income ratio of 58%
Risk Scorecard	15%	The Risk Scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework reviewed with the regulators. The current framework measures performance against three broad categories Capital and Liquidity, Control Environment and Conduct using a combination of quantitative and qualitative metrics. The framework may be updated from time to time in line with the Group s risk strategy. Specific targets within each of the categories are deemed to be commercially sensitive. Retrospective disclosure will be made in the 2020 Remuneration report, subject to commercial sensitivity no longer remaining.	
Strategic non-financial	15%	The evaluation will focus on key performance measures from the Performance Measurement Framework, with a detailed retrospective narrative on progress throughout the period against each category. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 15%. The measures are organised around three main categories: Customer and Client, Colleague and Citizenship. Each of the three main categories has equal weighting. Measures will likely include, but will not be limited to, the following:	

Customer and Client: NPS for consumer businesses, client rankings and market shares for the CIB, complaints performance and volume of lending provided to customers and clients.

Colleague: Diversity and Inclusion statistics (including women in senior leadership), Employee sustainable engagement survey scores and conduct and culture measures.

Citizenship: Delivery against our Shared Growth Ambition, Colleague engagement in Citizenship activities and external benchmarks and surveys.

Straight-line vesting applies between the threshold and maximum points in respect of the financial measures.

The award is subject to a discretionary underpin by which the Committee must be satisfied with the underlying financial health of the Group.

LTIP awards to be granted during 2019

The Committee decided to make an award under the 2019 2021 LTIP cycle to Jes Staley and Tushar Morzaria (based on their performance in 2018) with a face value at grant of 120% of their respective Total fixed pay at 31 December 2018.

The 2019 2021 LTIP award will be subject to the following forward-looking performance measures.

Performance measure	Weighting	Threshold	Maximum vesting
Average return on tangible equity ex litigation and conduct and other material items	50%	10% of award vests for RoTE of 8.5% (based on an assumed CET1 ratio of c.13%) Vesting of this element will depend on CET1 levels during the performance period: If CET1 goes below the MDR hurdle (currently 11.7%) in any year of the performance period, no part of the RoTE element will vest If CET1 goes below the end-state target (c.13%) but remains above the hurdle during the year, the Committee will exercise its discretion to determine what portion of the RoTE element should vest, based on the causes of the CET1 reduction	RoTE of 10.5%
2021 Cost: income ratio ex litigation and conduct and other material items	20%	4% of award vests for cost: income ratio of 60%	Cost: income ratio of 58.5%
Risk Scorecard	15%	The Risk Scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework shared with the regulators. The current framework measures performance against three broad categories - Capital and Liquidity, Control Environment and Conduct - using a combination of quantitative	

		and qualitative metrics. The framework may be updated from time to time in line with the Group s risk strategy. Specific targets within each of the categories are deemed to be commercially sensitive. Retrospective disclosure will be made in the 2021 Remuneration report, subject to commercial sensitivity no longer remaining.
Strategic non-financial	15%	The evaluation will focus on key performance measures from the Performance Measurement framework, with a detailed retrospective narrative on progress throughout the period against each category. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 15%. The measures are organised around three main categories: Customer and Client, Colleague and Citizenship. Each of the three main categories has equal weighting. Measures will likely include, but not be limited to, the following: Customer and Client: NPS for consumer businesses, Client rankings and market shares for the Corporate and Investment Bank, complaints performance and volume of lending provided to customers and clients. Colleague: Diversity and Inclusion statistics (including women in senior leadership), Employee sustainable engagement survey scores and conduct and culture measures. Citizenship: Delivery against our Shared Growth Ambition, Colleague engagement in Citizenship activities and external benchmarks and surveys.

Matters for which the Committee has exercised discretion

As previously announced, malus has been applied to Jes Staley s 2016 variable compensation. Following the conclusion of the FCA and PRA investigations into Jes Staley the Committee determined to reduce the awarded value of his 2016 variable compensation by £500,000.

Executive Directors: Statement of implementation of remuneration policy in 2019

The following chart provides an illustrative indication of how 2019 remuneration will be delivered to the executive Directors.

* This assumes an LTIP award made in 2020 in line with the current Policy.

2019 Annual bonus performance measures

Performance measures with appropriately stretching targets have been selected to cover a range of financial and non-financial goals that support the key strategic objectives of the Company. The performance measures and weightings are shown below.

Financial (60% weighting) A performance target range has been set for each financial measure.	Profit before tax excluding litigation and conduct and other material items (50% weighting) Payout of this element will depend on the CET1 ratio during the performance year: if CET1 goes below the MDR hurdle (currently 11.7%) during the performance year, no part of the PBT element will pay out. if CET1 goes below the end-state target (c.13%) but remains above the hurdle during the year, the Committee will exercise its discretion to determine what portion of the PBT element should pay out, based on the causes of the CET1 reduction. Cost: income ratio excluding litigation and conduct and other material items (10% weighting).
Strategic non-financial (20% weighting)	The evaluation will focus on key performance measures from the Performance Measurement Framework, with a detailed retrospective narrative on progress during the year against each category. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 20%. The measures are organised around three main categories: Customer and Client, Colleague and

Citizenship. Each of the three main categories has equal weighting. Measures will likely include, but will not be limited to, the following:

Customer and Client: NPS for consumer businesses, Client rankings and market shares for the Corporate and Investment Bank, complaints performance and volume of lending provided to customers and clients

Colleague: Diversity and Inclusion statistics (including women in senior leadership), Employee sustainable engagement survey scores and conduct and culture measures

Citizenship: Delivery against our Shared Growth Ambition, Colleague engagement in Citizenship activities and external benchmarks and surveys.

Personal (20% weighting)	The executive Directors have the following joint personal objectives for 2019:

Deliver on 2019 external market targets, whilst also remaining on track for delivery of 2020 commitments. In doing so, continue to focus on the profitability and returns of the CIB

Identify opportunities for further cost efficiencies, enabling re-investment into strategic priorities.

Leverage the new Barclays Execution Services platform to drive our technology agenda across both trading entities to improve customer and client experience and enhance value.

Respond to emerging Brexit decisions, managing risks appropriately for the Group, while continuing to support our customers and clients in the UK.

In addition, individual personal objectives for 2019 are as follows:

Jes Staley

Oversee the effective management of the risk and controls agenda, including cyber risks.

Further improve customer and client satisfaction, with continued focus on complaint reduction.

Develop further a high performing culture in line with our Values, continuing to focus on employee engagement; the talent pipeline for Group, Business and Functional Executive Committees with a particular emphasis on improving the percentage of women in senior leadership roles.

Effectively manage relationships with key external stakeholders and society more broadly.

Tushar Morzaria

Demonstrate effective management of external relationships, particularly regulators and investors.

Oversee the effective management of the risk and controls agenda in Group Finance, Tax and Treasury Progress Finance Transformation Programme and drive benefits across Group Finance, Tax and Treasury.

Continue to develop talent base, employee engagement and gender diversity in Group Finance, Tax and Treasury.

Illustrative scenarios for executive Directors remuneration

The charts below show the potential value of the current executive Directors 2019 total remuneration in three main scenarios: Minimum (i.e. Fixed Pay, Pension and benefits), Mid-point (i.e. Fixed Pay, Pension, benefits and 50% of the maximum variable pay that may be awarded) and Maximum (i.e. Fixed Pay, Pension, benefits and the maximum variable pay that may be awarded). For the purposes of these charts, the value of benefits is based on an estimated annual value for 2019 regular contractual benefits. Additional ad hoc benefits may arise, for example, overseas relocation of executive Directors, but will always be provided in line with the DRP.

A significant proportion of the potential remuneration of the executive Directors is variable and is therefore performance-related. It is also subject to deferral, additional holding periods, malus and clawback. Ahead of the new reporting requirements, we have also provided an indication of the maximum remuneration receivable, assuming share price appreciation of 50% on the LTIP.

Performance graph and table

The performance graph below illustrates the performance of Barclays over the financial years from 2009 to 2018 in terms of total shareholder return compared with that of the companies comprising the FTSE 100 index. The index has been selected because it represents a cross-section of leading UK companies.

Governance: Remuneration report

Annual report on Directors remuneration

The table below provides pay ratios of the Group Chief Executive s total remuneration (as disclosed in the single total remuneration figure table) to the remuneration of UK employees. The ratio varies from year to year primarily due to variations in the CEO total remuneration figures, e.g. where there are changes in CEO, or variations in LTIP payouts (in some years, the Group Chief Executive may not be a participant in a vesting LTIP).

The ratio of CEO remuneration for each reference point (LQ, median and UQ) has decreased from 2016 (the first full year of service for the correct CEO) to 2018, primarily due to lower bonus outcomes for the CEO. The CEO was not a participant in any LTIP that vested during this period. Over the same period, the figures for the LQ UK employee has risen 10%. It should be noted that these ratios may increase in 2019, as this will be the first year an LTIP, in which the CEO is a participant reaches the end of its performance period and may therefore result in a vesting outcome for the CEO.

	2009	2010	2011	2012[a]		2013	2014	2015[a]			2016	**2017**
f	John Varley	John Varley	Bob Diamond	Bob Diamond[b]	Antony Jenkins[c]	Antony Jenkins	Antony Jenkins	Antony Jenkins[c]	John McFarlane[d]	Jes Staley[e]	Jes Staley	**Jes Staley**
on	2,050	4,567	11,070[f]	1,892	529	1,602	5,467[g]	3,399	305	277	4,233	3,873
us %	0%	100%	80%	0%	0%	0%	57%	48%	N/A	N/A	60%	48.5%
an	50%	16%	N/A[h]	0%	N/A[h]	N/A[h]	30%	39%	N/A[h]	N/A[h]	N/A[h]	N/A[h]
ee	106 x	232 x	552 x	118 x		77 x	254 x		183 x		195 x	173 x
ee	75 x	165 x	391 x	84 x		54 x	175 x		126 x		137 x	119 x
ee	40 x	87 x	206 x	44 x		28 x	92 x		66 x		70 x	61 x

Notes

a Where there was more than one Group Chief Executive in a year, the pay ratio references the sum of the Group Chief Executive single total figures for that year

b Bob Diamond left the Board on 3 July 2012.

c Antony Jenkins became Group Chief Executive on 30 August 2012 and left the Board on 16 July 2015.
d John McFarlane was Executive Chairman from 17 July 2015 to 30 November 2015. His fees, which remained unchanged, have been pro-rated for his time in the position. He was not eligible to receive a bonus or LTIP.
e Jes Staley became Group Chief Executive on 1 December 2015.
f This figure includes £5,745k tax equalisation as set out in the 2011 Remuneration report. Bob Diamond was tax equalised on tax above the UK rate where that could not be offset by a double tax treaty.
g Antony Jenkins 2014 pay is higher than in earlier years since he declined a bonus in 2012 and 2013 and did not have LTIP vesting in those years.
h Not a participant in a long-term incentive award which vested in the period.
i As required, the single total remuneration figure includes an adjustment made to Jes Staley s 2016 variable compensation in 2018. 2018 outcome excluding the malus adjustment is £3,862k and the ratios would be LQ: 162x, Median: 110x, UQ: 58x

Percentage change in Group Chief Executive s remuneration

The table below shows how the percentage change in the Group Chief Executive s salary, benefits and bonus between 2017 and 2018 compared with the percentage change in the average of each of those components of pay for UK based employees.

We have chosen UK based employees as the comparator group as it is the most representative for pay structure comparisons.

	Fixed Pay	Benefits	Annual bonus
Group Chief Executive	0%	-11%	0%
Average based on UK employees[a]	2%	0%	10%

Note

a Certain populations were excluded to enable a meaningful like for like comparison.

Total remuneration of the employees in the Barclays Group

The table below shows the number of employees in the Barclays Group as at 31 December 2017 and 2018 in bands by reference to total remuneration. Total remuneration comprises salary, RBP, other allowances, bonus and the value at award of LTIP awards.

Total remuneration of the employees in the Barclays Group

	Number of employees	
Remuneration band	2018	2017
£0 to £25,000	31,846	31,406
£25,001 to £50,000	25,770	24,280
£50,001 to £100,000	18,478	17,604

£100,001 to £250,000	10,804	9,818
£250,001 to £500,000	2,197	2,113
£500,001 to £1,000,000	916	811
£1,000,001 to £2,000,000	306	262
£2,000,001 to £3,000,000	82	70
£3,000,001 to £4,000,000	19	21
£4,000,001 to £5,000,000	6	5
£5,000,001 to £6,000,000	11	7
Above £6,000,000	6	4

Barclays is a global business. Of those employees earning above £1m in total remuneration for 2018 in the table above, 56% are based in the US, 36% in the UK, and 8% in the rest of the world.

Relative importance of spend on pay

A year on year comparison of Group compensation costs and distributions to shareholders are shown below.

Total incentive awards granted - current year

	Barclays Group		
	Year ended 31.12.18 £m	Year ended 31.12.17 £m	% Change
Incentive awards granted			
Bonus pool	1,582	1,432	(10)
Commissions and other incentives	67	74	
Total incentive awards granted	1,649	1,506	(9)
Reconciliation of incentive awards granted to income statement charge:			
Less: deferred bonuses granted but not charged in current year	(359)	(302)	(19)
Add: current year charges for deferred bonuses from previous years	299	457	35
Other	(33)	29	
Income statement charge for performance costs	1,556	1,690	8
Proportion of bonus pool that is deferred	33%	31%	

Chairman and non-executive Directors

Remuneration for non-executive Directors reflects their responsibilities and time commitment and the level of fees paid to non-executive Directors of comparable major UK companies.

Non-executive Directors are reimbursed expenses that are incurred for business reasons. Any tax that arises on these reimbursed expenses is paid by Barclays. The Chairman is provided with private medical cover and the use of a Company vehicle and driver when required for business purposes.

Chairman and non-executive Directors: Single total figure for 2018 fees

	Fees		Benefits		Total	
	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000
Chairman						
John McFarlane	800	800	1	2	801	802
Non-executive Directors						
Mike Ashley	215	215	-	-	215	215
Tim Breedon	225	225	-	-	225	225
Sir Ian Cheshire[a]	480	360	-	-	480	360
Mary Anne Citrino[b]	39	-	-	-	39	-
Mary Francis[c]	154	135	-	-	154	135
Crawford Gillies[d]	222	195	-	-	222	195
Sir Gerry Grimstone[e]	498	375	-	-	498	375
Reuben Jeffery III	120	120	-	-	120	120
Matthew Lester[f]	135	45	-	-	135	45
Dambisa Moyo	135	135	-	-	135	135
Diane Schueneman[g]	337	308	-	-	337	308
Mike Turner[h]	105	-	-	-	105	-
Diane de Saint Victor[i]	-	38	-	-	-	38
Steve Thieke[j]	-	87	-	-	-	87
Total	3,465	3,038	1	2	3,466	3,040

Notes

a. Sir Ian Cheshire s 2018 figure includes fees of £400,000 for his role as Chairman of Barclays Bank UK PLC.

b. Mary Anne Citrino joined the Board as a non-executive Director with effect from 25 July 2018. Her fees are therefore pro-rated for the period of her appointment.

c. Mary Francis succeeded Sir Gerry Grimstone as Chair of the Board Reputation Committee with effect from 1 April 2018.

d. Crawford Gillies was appointed Senior Independent Director with effect from 1 April 2018 and the 2018 figures includes the pro-rated amount for the period of his appointment.

e. Sir Gerry Grimstone was appointed Chairman of Barclays Bank PLC with effect from 1 April 2018 and subsequently stepped down as Deputy Chairman, Senior Independent Director and Chair of the Board Reputation Committee. The 2018 figure reflects this and also includes fees of £400,000 for his role as Chairman of Barclays Bank PLC Board and his previous appointment as Chairman of the BI Divisional Board for the period 1 January 31 March 2018.

f. Matthew Lester joined the Board a non-executive Director with effect from 1 September 2017.

g. Diane Schueneman was appointed Chair of Barclays Services Limited (the Group Service Company) with effect from 1 September 2017 and is a member of the Barclays US LLC (the US Intermediate Holding Company) Board. The 2018 figure includes fees of £70,000 for her role on the Barclays Services Limited Board and $177k (£132k) for her role on the Barclays US LLC Board.

h. Mike Turner joined the Board as a non-executive Director with effect from 1 January 2018.

i. Diane de Saint Victor retired from the Board with effect from 10 May 2017.

j. Steve Thieke retired from the Board with effect from 10 May 2017.

Chairman and non-executive Directors: Statement of implementation of remuneration policy in 2019

2019 fees, subject to annual review in line with policy, for the Chairman and non-executive Directors are shown below.

	1 January 2019 £000	1 January 2018 £000
Chairman[a]	**800**	800
Deputy Chairman[b]	**250**	250
Board member	**80**	80
Additional responsibilities		
Senior Independent Director[c]	**36**	30
Chairman of Board Audit, Remuneration or Risk Committee	**70**	70
Chairman of Board Reputation Committee	**50**	50
Membership of Board Audit or Board Remuneration Committee	**30**	30
Membership of Board Reputation or Board Risk Committee	**25**	25
Membership of Board Nominations Committee	**15**	15

Notes

a. The Chairman does not receive any other additional responsibilities fees in addition to the Chairman fees.
b. Following the appointment of Sir Gerry Grimstone as Chairman of Barclays Bank PLC with effect from 1 April 2018, it was deemed not necessary to fill the position of Deputy Chairman. However, the position remains available should Barclays consider it necessary and beneficial to the Company to appoint a Deputy Chairman in the future.
c. The Board approved an increase to the Senior Independent Director fees effective 1 April 2018. The increase in fees was approved in line with the Directors Remuneration Policy and took account of comparable market data and the Senior Independent Director role being performed independently of the Deputy Chairman role.

Payments to former Directors

Former Group Finance Director: Chris Lucas

In 2018, Chris Lucas continued to be eligible to receive life assurance cover, private medical cover and payments under the Executive Income Protection Plan (EIPP). Full details of his eligibility under the EIPP were disclosed in the 2013 Directors remuneration report (page 115 of the 2013 Annual Report). Chris Lucas did not receive any other payment or benefit in 2018.

Directors shareholdings and share interests

Executive Directors shareholdings and share interests

The chart below shows the value of Barclays shares held beneficially by Jes Staley and Tushar Morzaria as at 19 February 2019 that count towards the shareholding requirement of, as a minimum, Barclays shares worth 200% of Total fixed pay (i.e. Fixed Pay plus Pension). The current executive Directors have five years from their respective date of appointment to meet this requirement. At close of business on 19 February 2019, the market value of Barclays ordinary shares was £1.59.

Interests in Barclays PLC shares

The table below shows shares owned beneficially by all the Directors and shares over which executive Directors hold awards which are subject to either deferral terms and/or performance measures. The shares shown below that are subject to performance measures are the maximum number of shares that may be released.

		Unvested			
	Owned outright	Subject to performance measures	Not subject to performance measures	Total as at 31 December 2018 (or date of retirement from the Board, if earlier)	Total as at 18 February 2019
Executive Directors					
Jes Staley[a]	4,860,720	3,539,846	555,540	8,956,106	
Tushar Morzaria	2,845,752	3,593,456	502,392	6,941,600	
Chairman					
John McFarlane	99,139			99,139	
Non-executive Directors					
Mike Ashley	115,706			115,706	
Tim Breedon	45,342			45,342	
Sir Ian Cheshire	91,202			91,202	
Mary Anne Citrino[b]	2,000			2,000	
Mary Francis	22,030			22,030	
Crawford Gillies	85,975			85,975	
Sir Gerry Grimstone	119,311			119,311	
Reuben Jeffery III	301,963			301,963	
Matthew Lester	17,703			17,703	
Dambisa Moyo	67,606			67,606	
Diane Schueneman	39,462			39,462	
Mike Turner[c]	65,334			65,334	

Notes

a Jes Staley s shareholding was reduced by 216,997 shares as a result of application of malus.
b. Mary Anne Citrino joined the Board as a non-executive Director with effect from 25 July 2018.
c Mike Turner joined the Board as a non-executive Director with effect from 1 January 2018.

Barclays Board Remuneration Committee

The Board Remuneration Committee is responsible for overseeing Barclays remuneration as described in more detail below.

Terms of Reference

The role of the Committee is to:

- set the overarching principles and parameters of remuneration policy across the Group
- consider and approve the remuneration arrangements of (i) the Chairman, (ii) the executive Directors, (iii) members of the Barclays Group Executive Committee and any other senior executives specified by the Committee from time to time, and (iv) all other Group employees whose total annual compensation exceeds an amount determined by the Committee from time to time (currently £2m)
- exercise oversight for remuneration issues.

The Committee considers the over-arching objectives, principles and parameters of remuneration policy across the Group to ensure it is adopting a coherent approach in respect of all employees. In discharging this responsibility the Committee seeks to ensure that the policy is transparent, avoids complexity and assesses, among other things, the impact of pay arrangements in supporting the Group s culture, values and strategy and on all elements of risk management. The Committee also approves incentive pools for each of the Group, Barclays Bank PLC, Barclays Bank UK PLC and operations and functions, periodically reviews at least annually all material matters of retirement benefit design and governance, and ensures that the remuneration policy promotes the alignment of the long-term interests of shareholders and employees. The Committee and its members work as necessary with other Board Committees, and is authorised to select and appoint its own advisers as required.

The Terms of Reference can be found at home.barclays/corporategovernance

Chairman and members

The Chairman and members of the Committee are as follows:

- Crawford Gillies, Committee member since 1 May 2014 and Chairman since 24 April 2015

Tim Breedon, Committee member since 1 December 2012

Mary Francis, Committee member since 1 November 2016

Dambisa Moyo, Committee member since 1 September 2015.
All current members are considered independent by the Board.

Remuneration committee attendance in 2018	Meetings attended/eligible to attend
Crawford Gillies	5/5
Tim Breedon	5/5
Mary Francis	5/5
Dambisa Moyo	4/5[a]

[a] Dambisa Moyo was unable to attend one meeting due to a conflicting commitment, but her views and comments were made available to, and considered by the committee

The performance of the Committee is reviewed each year as part of the Board Effectiveness Review. The results of the review were positive and concluded that the Committee is composed of the right level of experience and skills.

Advisers to the Remuneration Committee

PricewaterhouseCoopers (PwC) was appointed as the independent adviser to the Committee in October 2017. The Committee is satisfied that the advice provided by PwC to the Committee is independent and objective. PwC is a signatory to the voluntary UK Code of Conduct for executive remuneration consultants.

PwC was paid £85,000 (excluding VAT) for their advice to the Committee in 2018 relating to the executive Directors (either exclusively or along with other employees within the Committee s Terms of Reference). In addition to advising the Committee, PwC provided unrelated consulting advice to the Group in respect of strategic advice on business, operational models and cost, corporate taxation, climate-related financial disclosures, data strategy, technology consulting and internal audit.

Throughout 2018, Willis Towers Watson (WTW) continued to provide the Committee with market data on compensation when considering incentive levels, remuneration packages. WTW were paid £65,500 (excluding VAT) in fees for their services. In addition the services provided to the Committee, WTW also provides pensions advice, advice on health and benefits provision, assistance and technology support for employee surveys for the Group and pensions advice and administration services to the Barclays Bank UK Retirement Fund.

In the course of its deliberations, the Committee also considers the views of the Group Chief Executive, the Group Human Resources Director and the Group Reward and Performance Director. The Group Finance Director and the Chief Risk Officer provide regular updates on Group and business financial performance and risk profile respectively.

No Barclays employee or Director participates in discussions with, or decisions of, the Committee relating to his or her own remuneration. No other advisers provided services to the Committee in the year.

Governance: Remuneration report

Annual report on Directors remuneration

Remuneration Committee activity in 2018

The following provides a summary of the Committee s activity during 2018 and at the January and February 2019 meetings at which 2018 remuneration decisions were finalised.

Meeting	Fixed and variable pay issues	Governance, risk and other matters[a]
January 2018	2017 incentive funding proposals, including risk adjustments 2017 bonus proposals for senior executives	Non-executive Directors fees for subsidiary boards
February 2018	Approved final 2017 incentive funding, including risk adjustments	Approved 2017 Reward communications approach
	Approved proposals for executive Directors and senior executives 2017 bonuses and 2018 2020 LTIP awards for executive Directors	Review of Committee effectiveness
	Group fixed pay budgets for 2018	
	Approved executive Directors and senior executives 2018 Fixed Pay	
	Approved executive Directors annual bonus performance measures for 2018	
July 2018	2018 ex ante risk adjustment methodology	Barclays Fair Pay Agenda
	2018 incentive funding framework	Update on the establishment of subsidiary Remuneration Committees Barclays Fair Pay Agenda

October 2018	2018 incentive funding projections, including risk adjustments	Amendments to the rules of the Barclays Group Deferred Share Value Plan and Cash Value Plan
	Annual review of Group Chairman s remuneration	
	Update on Barclays UK remuneration approach	
December 2018	Initial consideration on executive Directors and senior executives 2018 bonuses and 2019 Fixed Pay	Annual review of Committee activity, Terms of Reference and Control Framework
	2019 bonus approach for executive Directors	Non-executive Directors fees for subsidiary boards
	2019-2021 LTIP performance measures	
	2018 incentive funding proposals, including risk adjustments	
	Update on Barclays UK remuneration approach	
January 2019	2018 incentive funding proposals, including risk adjustments	
	2018 bonus proposals for senior executives	
February 2019	Approved final 2018 incentive funding, including risk adjustments	Review of Board Remuneration Committee Effectiveness
	Approved proposals for executive Directors and senior executives 2018 bonuses and 2019-2021 LTIP awards for executive Directors	Approved 2018 Reward communications approach
	Group fixed pay budgets for 2019	
	Approved 2019 executive Directors annual bonus performance measures	

Notes

a The Committee is also provided with updates at each scheduled meeting on: regulatory and stakeholder matters, Finance and Risk, Remuneration Review Panel meetings, operation of the Committee s Control Framework on hiring, retention and termination, headcount and employee attrition, and extant LTIP performance.

There were also two additional Remuneration Committee meetings during the course of 2018. The Committee met on 10 May 2018 to consider remuneration consequences of the investigation into Jes Staley s involvement in the whistleblowing incident. On 26 October 2018 the Committee met in respect of remuneration arrangements for the Group Chairman-designate.

Statement of shareholder voting at Annual General Meeting

The table below shows the voting result in respect of our remuneration report at the AGM held on 1 May 2018 and the last policy vote at the AGM on 10 May 2017:

	For % of votes cast Number	Against % of votes cast Number	Withheld Number
Advisory vote on the 2017 remuneration report	95.96% 12,059,206,433	4.04 507,845,058	104,289,376
Binding vote on the Directors remuneration policy	97.91% 12,062,616,141	2.09% 257,416,828	51,369,054

At the AGM held on 24 April 2014, shareholders of Barclays PLC voted 96.02% (10,364,453,159 votes) for the resolution in respect of a fixed to variable remuneration ratio of 1:2 for Remuneration Code Staff (now known as MRTs). On 14 December 2017, the Board of Barclays PLC as shareholder of Barclays Bank PLC approved the resolution that Barclays Bank PLC and any of its current and future subsidiaries be authorised to apply a ratio of the fixed to variable components of total remuneration of their MRTs that exceeds 1:1, provided the ratio does not exceed 1:2. On 15 November 2018, the Board of Barclays PLC as shareholder of Barclays Bank UK PLC approved an equivalent resolution in relation to MRTs within Barclays Bank UK PLC and any of its subsidiaries.

Risk review

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The management of risk is a critical underpinning to the execution of Barclays strategy. The material risks and uncertainties the Barclays Group faces across its business and portfolios are key areas of management focus.

Risk management

Overview of Barclays approach to risk management. A detailed overview together with more specific information on policies that Barclays Group determines to be of particular significance in the current operating environment can be found in Barclays PLC Pillar 3 Report 2018 or at Barclays.com.

Material existing and emerging risks

Insight into the level of risk across our business and portfolios, the material existing and emerging risks and uncertainties we face and the key areas of management focus.

Principal risk management

Barclays approach to risk management for each principal risk with focus on organisation and structure and roles and responsibilities.

Risk performance

Credit risk: The risk of loss to the firm from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables.

Market risk: The risk of a loss arising from potential adverse changes in the value of the firm s assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

Risk review

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Risk performance continued

The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.