

BARCLAYS PLC
Form 20-F
March 13, 2013

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, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

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

BARCLAYS BANK PLC

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

ENGLAND

(Jurisdiction of Incorporation or Organization)

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

(Address of Principal Executive Offices)

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

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

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

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

Barclays PLC

Title of Each Class	Name of Each Exchange On Which Registered
25p ordinary shares	New York Stock Exchange*
American Depository Shares, each representing four 25p ordinary shares	New York Stock Exchange

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

Barclays Bank PLC

Title of Each Class	Name of Each Exchange On Which Registered
Callable Floating Rate Notes 2035	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 2	New York Stock Exchange*
American Depository Shares, Series 2, each representing one Non-Cumulative Callable Dollar Preference Share, Series 2	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 3	New York Stock Exchange*
American Depository Shares, Series 3, each representing one Non-Cumulative Callable Dollar Preference Share, Series 3	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 4	New York Stock Exchange*
American Depository Shares, Series 4, each representing one Non-Cumulative Callable Dollar Preference Share, Series 4	New York Stock Exchange
Non-Cumulative Callable Dollar Preference Shares, Series 5	New York Stock Exchange*
American Depository Shares, Series 5, each representing one Non-Cumulative Callable Dollar Preference Share, Series 5	New York Stock Exchange
5.140% Lower Tier 2 Notes due October 2020	New York Stock Exchange
iPath® Dow Jones UBS Commodity Index Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Agriculture Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Aluminum Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Cocoa Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Coffee Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Copper Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Cotton Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Energy Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Grains Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Industrial Metals Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Lead Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Livestock Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Natural Gas Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Nickel Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Platinum Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Precious Metals Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Softs Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Sugar Subindex Total Return SM ETN	NYSE Arca
iPath® Dow Jones UBS Tin Subindex Total Return SM ETN	NYSE Arca
iPath® S&P GSCI® Total Return Index ETN	NYSE Arca
iPath® S&P GSCI® Crude Oil Total Return Index ETN	NYSE Arca

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

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iPath® CBOE S&P 500 BuyWrite Index SM ETN	NYSE Arca
iPath® MSCI India Index SM ETN	NYSE Arca
iPath® EUR/USD Exchange Rate ETN	NYSE Arca
iPath® GBP/USD Exchange Rate ETN	NYSE Arca
iPath® JPY/USD Exchange Rate ETN	NYSE Arca
iPath® S&P 500 VIX Short-Term Futures TM ETN	NYSE Arca
iPath® S&P 500 VIX Mid-Term Futures TM ETN	NYSE Arca
iPath® Inverse S&P 500 VIX Short-Term Futures TM ETN	NYSE Arca
iPath® Long Extended Russell 1000® TR Index ETN	NYSE Arca
iPath® Long Extended Russell 2000® TR Index ETN	NYSE Arca
iPath® Long Enhanced MSCI EAFE® TR Index ETN	NYSE Arca
iPath® Short Enhanced MSCI EAFE® TR Index ETN	NYSE Arca
iPath® Long Enhanced MSCI Emerging Markets Index ETN	NYSE Arca
iPath® Short Enhanced MSCI Emerging Markets Index ETN	NYSE Arca
iPath® Long Extended S&P 500® TR Index ETN	NYSE Arca
iPath® Global Carbon ETN	NYSE Arca
iPath® Optimized Currency Carry ETN	NYSE Arca
iPath® US Treasury Steepener ETN	NYSE Arca
iPath® US Treasury Flatteners ETN	NYSE Arca
iPath® US Treasury 2-year Bull ETN	NYSE Arca
iPath® US Treasury 2-year Bear ETN	NYSE Arca
iPath® US Treasury 10-year Bull ETN	NYSE Arca
iPath® US Treasury 10-year Bear ETN	NYSE Arca

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iPath® US Treasury Long Bond Bull ETN	NYSE Arca
iPath® US Treasury Long Bond Bear ETN	NYSE Arca
iPath® Pure Beta Broad Commodity ETN	NYSE Arca
iPath® Pure Beta S&P GSCI®-Weighted ETN	NYSE Arca
iPath® Pure Beta Cocoa ETN	NYSE Arca
iPath® Pure Beta Coffee ETN	NYSE Arca
iPath® Pure Beta Cotton ETN	NYSE Arca
iPath® Pure Beta Sugar ETN	NYSE Arca
iPath® Pure Beta Aluminum ETN	NYSE Arca
iPath® Pure Beta Copper ETN	NYSE Arca
iPath® Pure Beta Lead ETN	NYSE Arca
iPath® Pure Beta Nickel ETN	NYSE Arca
iPath® Pure Beta Crude Oil ETN	NYSE Arca
iPath® Seasonal Natural Gas ETN	NYSE Arca
iPath® Pure Beta Agriculture ETN	NYSE Arca
iPath® Pure Beta Grains ETN	NYSE Arca
iPath® Pure Beta Softs ETN	NYSE Arca
iPath® Pure Beta Industrial Metals ETN	NYSE Arca
iPath® Pure Beta Energy ETN	NYSE Arca
iPath® Pure Beta Livestock ETN	NYSE Arca
iPath® Pure Beta Precious Metals ETN	NYSE Arca
iPath® US Treasury 5-year Bull ETN	NYSE Arca
iPath® US Treasury 5-year Bear ETN	NYSE Arca
iPath® S&P 500 Dynamic VIX ETN	NYSE Arca
iPath® Inverse S&P 500 VIX Short-Term Futures™ ETN (II)	NYSE Arca
iPath® GEMS Index™ ETN	NYSE Arca
iPath® GEMS Asia 8 ETN	NYSE Arca
iPath® Asian and Gulf Currency Revaluation ETN	NYSE Arca
iPath® S&P MLP ETN	NYSE Arca
Barclays ETN+ S&P 500® Dynamic VEQTOR ETN	NYSE Arca
Barclays ETN + Long B Leveraged Exchange Traded Notes Linked to the S&P 500® Total Return Index SM	NYSE Arca
Barclays ETN + Short B Leveraged Exchange Traded Notes Linked to the Inverse Performance of the S&P 500® Total Return Index SM	NYSE Arca
Barclays ETN + Long C Leveraged Exchange Traded Notes Linked to the S&P 500® Total Return Index SM	NYSE Arca
Barclays ETN+ Shiller CAPE™ ETNs	NYSE Arca

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

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

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

Barclays PLC	25p ordinary shares	12,242,633,551
Barclays Bank PLC	£1 ordinary shares	2,342,558,515
	£1 preference shares	1,000
	£100 preference shares	75,000
	100 preference shares	240,000
	\$0.25 preference shares	237,000,000
	\$100 preference shares	100,000

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

Yes No

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

Yes No

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

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

Yes No

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

Yes No

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

Barclays PLC

Large Accelerated Filer
Barclays Bank PLC

Accelerated Filer

Non-Accelerated Filer

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

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

U.S. GAAP

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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

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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	166, 168, 305-306
B. Capitalization and indebtedness	Not applicable
C. Reason for the offer and use of proceeds	Not applicable
D. Risk factors	72-79
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A. History and development of the company	31, 262 (Note 38)-263 (Note 39), 307, 348, 364
B. Business overview	i (Market Data), 1-4, 154-160, 172*, 199-202 (Note 1), 214-217 (Note 15), 245-246 (Note 30)
C. Organizational structure	262 (Note 38)
D. Property, plants and equipment	232-233 (Note 20), 234-235 (Note 23)
4A Unresolved staff comments	Not applicable
5 Operating and Financial Review and Prospects	
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D. Trend information	
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C. Markets	305-306
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C.	Other Securities	Not applicable

D.	American Depositary Shares	315-316
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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16C	Principal Accountant Fees and Services	23, 317 (External auditor objectivity and independence: Non-Audit Services), 271 (Note 44)
16D	Exemptions from the Listing Standards for Audit Committees	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.

Barclays PLC and Barclays

Bank PLC 2012 Annual

Report on Form 20-F

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The term Barclays PLC Group or the Group means Barclays PLC together with its subsidiaries and the term Barclays Bank PLC Group means Barclays Bank PLC together with its subsidiaries. Barclays and Group are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term Company, Parent Company or Parent refers to Barclays PLC and the term Bank refers to Barclays Bank PLC. In this report, 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; m and bn represent millions and thousands of millions of euros respectively and C\$m and C\$bn represent millions and thousands of millions of Canadian dollars respectively.

Unless otherwise stated, the income statement analyses compare the 12 months to 31 December 2012 to the corresponding 12 months of 2011 and balance sheet comparisons, relate to the corresponding position at 31 December 2011. Unless otherwise stated, all disclosed figures relate to continuing operations. 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 glossary on pages 367-378. A hard copy can be provided on request by contacting Barclays Investor Relations, Barclays PLC, 1 Churchill Place, London E14 5HP.

Certain non-IFRS measures

Barclays management believes that the non-IFRS measures included in this document provide valuable information to readers of its financial statements because they enable the reader to identify a more consistent basis for comparing the business performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management.

However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Key non-IFRS measures included in this document are:

Adjusted profit/(loss) before tax is the non-IFRS equivalent of profit/(loss) before tax as it excludes the impact of own credit; gains on debt buy-backs; impairment and disposal of the investment in BlackRock, Inc.; the provision for Payment Protection Insurance redress payments and claims management costs (PPI redress); the provision for interest rate hedging products redress and claims management costs (interest rate hedging products redress); goodwill impairments; and gains and losses on acquisitions and disposals. The regulatory penalties relating to the industry-wide investigation into the setting of interbank offered rates have not been excluded from adjusted measures. A reconciliation of IFRS and Adjusted profit/(loss) before tax is presented on page 326 for the Group and on pages 327-329 for each business;

Adjusted profit/(loss) after tax represents profit/(loss) after tax excluding the post-tax impact of own credit; gains on debt buy-backs; impairment and disposal of the investment in BlackRock, Inc.; the provision for PPI redress; the provision for interest rate hedging products redress; goodwill impairments; and gains and losses on acquisitions and disposals. A reconciliation is provided on page 326 for the Group and on pages 327-329 for each business;

Adjusted profit/(loss) after tax and non-controlling interests represents adjusted profit/(loss) after tax less profit attributable to non-controlling interests. The comparable IFRS measure is profit/(loss) after tax and non-controlling interests. A reconciliation is provided on page 326;

Adjusted income and total income/(expense) net of insurance claims on an adjusted basis represents total income/(expense) net of insurance claims excluding the impact of own credit and gains on debt buy-backs. A reconciliation is provided on page 326 for the Group and on pages 327-329 for each business;

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Adjusted net operating income represents net operating income excluding the impact of own credit, gains on debt buy-backs and gain/(loss) on disposal of the strategic investment in BlackRock, Inc. A reconciliation is provided on page 326 for the Group and on pages 327-329 for each business;

Adjusted operating expenses represents operating expenses excluding the provision for PPI redress, provision for the sale of interest rate hedging product redress and goodwill impairment. A reconciliation is provided on page 326 for the Group and on pages 327-329 for each business;

Adjusted other net income/(expense) represents other net income/(expense) excluding gains and losses on acquisitions and disposals. A reconciliation is provided on page 326 for the Group and on pages 327-329 for each business;

Adjusted cost: income ratio represents cost: income ratio excluding the impact of own credit, gains on debt buy-backs, gain on disposal of strategic investment in BlackRock, Inc., the provision for PPI redress, provision for the sale of interest rate hedging product redress, and goodwill impairment. The comparable IFRS measure is cost: income ratio, which represents operating expenses to income net of insurance claims. A reconciliation of the components used to calculate adjusted cost: income ratio to their corresponding IFRS measures is provided on page 326 for the Group and on pages 327-329 for each business;

Adjusted compensation: net operating income ratio represents compensation: net operating income ratio excluding the impact of own credit, gains on debt buy-backs and gain on disposal of strategic investment in BlackRock, Inc. A reconciliation is provided on page 326 for the Group;

Adjusted basic earnings per share represents adjusted profit after tax and non-controlling interests (set out on page 326) divided by the basic weighted average number of shares in issue. The comparable IFRS measure is basic earnings per share, which represents profit after tax and non-controlling interests, divided by the basic weighted average number of shares in issue;

Adjusted return on average shareholders equity represents adjusted profit after tax and non-controlling interests (set out on page 326) divided by average equity. The comparable IFRS measure is return on average shareholders equity, which represents profit after tax and non-controlling interests, divided by average equity;

Adjusted return on average tangible shareholders equity represents adjusted profit after tax and non-controlling interests (set out on page 326) divided by average tangible equity. The comparable IFRS measure is return on average tangible shareholders equity, which represents profit after tax and non-controlling interests, divided by average tangible equity;

Adjusted return on average risk weighted assets represents adjusted profit after tax (set out on page 326), divided by average risk weighted assets. The comparable IFRS measure is return on average risk weighted assets, which represents profit after tax divided by average risk weighted assets;

Adjusted gross leverage is a non-IFRS measure representing the multiple of adjusted total tangible assets over total qualifying Tier 1 capital. Adjusted total tangible assets are total assets adjusted to allow for derivative counterparty netting where the Group has a legally enforceable master netting agreement, assets under management on the balance sheet, settlement balances and cash collateral on derivative liabilities, goodwill and intangible assets. This measure has been presented as it provides for a metric used by management in assessing balance sheet leverage. Barclays management believes that disclosing a measure of balance sheet leverage provides useful information to readers of Barclays financial statements as a key measure of stability, which is consistent with the views of regulators and investors. The comparable IFRS measure is the ratio of total assets to total shareholders equity. The calculation of adjusted gross leverage, as well as total assets to total shareholders equity, is presented on page 132;

Adjusted effective tax rate is a non-IFRS measure representing the tax charge on adjusted profit/(loss) before tax. The comparable IFRS measure is effective tax rate, which represents the tax charge on profit/(loss) before tax;

Total incentive awards granted are non-IFRS measures as they represent incentive awards granted as opposed to the income statement charge, which reflects the charge for employees actual services provided to the Group during the relevant calendar year. These non-IFRS measures have been presented as they provide a consistent basis for comparing the bonus pool between financial periods. A reconciliation of total incentive awards to the income statement charge for performance costs is provided on page 46;

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Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are calculated according to definitions and methodologies detailed in the standards provided by the Basel Committee on Banking Supervision. The original guidelines released in December 2010 (Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring , December 2010) were revised for the calculation of the LCR ratio in January 2013 (Basel 3: The Liquidity Coverage Ratio and liquidity risk monitoring tools , January 2013). The results of both the December 2010 and January 2013 guidelines have been included in the report. The LCR and NSFR metrics are regulatory ratios that are not yet finalised in local regulations and, as such, represent non-IFRS measures. These definitions and methodologies used to calculate the metrics are subject to further revisions ahead of their respective implementation dates and our interpretation of these calculations may not be consistent with other financial institutions.

Pro forma risk weighted assets (RWAs), pro forma Common Equity Tier 1 (CET1) ratio on both a transitional and fully loaded basis and the CRD IV leverage ratio are regulatory measurements that are not yet required to be disclosed and, as such, represent non-IFRS measures. They have been calculated on the basis of our current interpretation of the new capital requirements regulation and capital requirements directive that implement Basel 3 proposals within the EU (known as CRD IV), including transitional provisions in line with the FSA's statement on CRD IV transitional provisions in October 2012, assuming they were applied as at 1 January 2013. The methodologies for calculating these measurements are not yet finalised: they are subject to further revisions ahead of their implementation date and our interpretation of these calculations may not be consistent with other financial institutions. For more information on the calculation of these measurements and the impacts of Basel 3, see pages 130-134. See pages 131-132 for information on our Core Tier 1 and RWAs, calculated on the basis that currently applies to the Group under applicable regulatory requirements.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as may, will, seek, continue, aim, anticipate, target, projected, estimate, intend, plan, goal, believe, achieve or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, commitments in connection with the Transform Programme, estimates of capital expenditures and plans and objectives for future operations 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, including, but not limited to, UK domestic, Eurozone and global macroeconomic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and foreign exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities (including requirements regarding capital and Group structures and the potential for one or more countries exiting the Eurozone), changes in legislation, the further development of

standards and interpretations under IFRS and prudential capital rules applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of current and future legal proceedings, the success of future acquisitions and other strategic transactions and the impact of competition, a number of such factors being beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

Any forward-looking statements made herein speak only as of the date they are made. Except as required by the UK Financial Services Authority (FSA), the London Stock Exchange plc (the LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the US Securities and Exchange Commission.

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.

Use of Internet addresses

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

About Barclays

About Barclays

Barclays is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking, and wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 140,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

Our focus

Under the leadership of Antony Jenkins, as CEO, Barclays commenced a Strategic Review in the fourth quarter of 2012, and the outcome of the review was announced in February 2013. The review is part of a long-term programme to transform the culture and performance of Barclays over the next three to five years, which we refer to as the Transform Programme.

Barclays Strategic Review concluded that we will:

- ┆ Focus solely on activities that support customers and clients in geographic markets and businesses where Barclays has scale and competitive advantage
- ┆ Focus investment in the UK, US and Africa, while maintaining an appropriate presence across Europe and Asia to support our global investment banking franchise
- ┆ Restructure Barclays European retail operations to focus on the mass-affluent customer segment
- ┆ Reposition Barclays European and Asian Equities and Investment Banking Division businesses to reflect the market opportunities and maintain a relevant proposition for our clients
- ┆ Close the Structured Capital Markets business unit
- ┆ Manage Risk Weighted Assets (RWAs) more efficiently through a run-off of legacy assets in Europe and the Investment Bank and invest in high-return businesses such as UK mortgages, Barclaycard and Wealth and Investment Management
- ┆ Reduce total costs significantly across the Group by operating more efficiently

Our goal

Becoming the Go-To bank

Our goal is to build not only a sustainable, trusted business, but a business which customers and clients consider as the first choice for answers and solutions their Go-To bank.

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Customers and clients will benefit from our focus on doing business in the right way, putting them firmly in the centre of all that we do.

In coming years, we will re-establish Barclays as a benchmark brand which our colleagues will value throughout their careers.

For Barclays and our shareholders, Go-To means a more efficient way of doing business and developing deeper relationships that sustainably improve return on shareholder investment.

How Barclays does business

Our objective is to create and deliver long term sustainable value for all our stakeholders in the right way.

We fulfil our purpose by delivering the fundamental functions of a bank to our customers and clients for which we receive interest income and/or fees.

Our competitive advantage

Barclays competitive advantage is created by the scale and diversity of our businesses and the quality, character and relationships of our people.

Scale and diversity allow us to build sustainable businesses by delivering operational excellence, investing in innovation, managing our risks and allocating scarce resources, including capital, efficiently across our portfolio of businesses. Our people allow us to cultivate deeper relationships with our customers and clients by bringing the best of Barclays to each.

As we refresh our goal, purpose and values and rebalance our objectives across multiple stakeholders, we believe we can become the bank of choice for people regardless of the transaction they are looking to make.

About Barclays continued

How our Group creates value

Barclays operates a universal banking model through which we seek to build strong and stable relationships with our customers and clients by meeting a wide range of their needs across different locations. These multi-dimensional strategies allow Barclays to offer a greater range of products and services and achieve both a smoother income stream and sustainable returns.

Our Retail and Business Banking businesses operate in a regional model, focusing on delivering targeted solutions to individuals and small businesses. Barclaycard, the Investment Bank, Corporate Banking and Wealth and Investment Management leverage their offerings to provide comprehensive solutions across borders.

Where possible, we have encouraged Group functions to take advantage of synergies through the sharing of ideas and collaboration from cross-functional working groups.

How our businesses create value

Business type	Primary income source	Description
Retail and Business Banking	Interest and fee income	We accept customer deposits in exchange for interest payment. We lend these funds, for an interest charge, to individuals and businesses looking to grow and make meaningful contributions to the economy.
Barclaycard	Interest income and transaction fees	We facilitate and simplify the flow of funds between customers and businesses for a small percentage of the transaction and, in the case of credit cards, we earn interest income on credit balances.
Investment Bank	Trading income and fee income	We provide clients with financial and transaction advice, assistance with capital raising, trade execution and risk management for which we earn trading and fee income.
Corporate Banking	Interest and fee income	We provide clients with banking, cash management and financing services, in exchange for interest and fees, to facilitate growing businesses' ability to conduct business domestically and internationally.
Wealth and Investment Management	Interest and fee income	We help affluent customers grow and protect their wealth through advisory and investment services, for which we earn a fee, and private and international banking, on which we earn interest.

The Group is structured around the following businesses:

UK Retail and Business Banking (UKRBB)

UKRBB is our UK-based high street retail bank network and brand presence for the Group. UKRBB provides customer referrals for Barclaycard, Wealth and Investment Management and Corporate Banking; and retail banking platforms and infrastructure.

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UKRBB has over 15 million personal customers, one million of whom are classified as mass-affluent and serves over 750,000 businesses. Our strategy is to develop and deliver simple and transparent products, run on scalable infrastructure and we invest heavily to try to enhance our customers' experiences.

In October, Barclays agreed to acquire the deposits, mortgages and business assets of ING Direct UK and the transaction completed in March 2013. It is a good fit with our existing business and will be integrated into UKRBB.

We have put the customer in control by developing services and propositions that they can personalise to suit their needs. Our new current account proposition, Features Store, allows customers to tailor their banking relationship across a range of free and paid for features, whilst over 400,000 customers have taken advantage of the ability to personalise their debit card.

Barclays Mobile Banking app, Pingit and Text Alerts were launched with the aim of making customers' lives much easier. These services help people to do their everyday banking, track payments and to send and receive money at any time, wherever they are. We also changed to a customer service based incentive scheme for our frontline staff, to ensure that our customers remain at the heart of our business.

Europe Retail and Business Banking (Europe RBB)

Europe RBB offers a full range of banking, investment and insurance products tailored to meet our customers' financial needs. We provide services to over 1.5 million retail customers and businesses in Europe.

Within our customer base, we focus on the mass-affluent segment and offer a differentiated proposition. Our business leverages the expertise of Barclays other Retail and Business Banking franchises to benefit our client base as well as to exploit synergies across our non-retail European businesses.

In 2012, we took advantage of the expertise of our other Retail and Business Banking franchises to better serve customers and made good progress against our long term vision of making our customers' lives much easier. For instance, we simplified some of our most manual customer processes and launched mobile banking to allow customers in Spain, Italy and France to access their accounts on the move.

We also introduced a system into our French network that allows staff to quickly determine a customer's investment profile and monitor their portfolios in real time. This system saves time, improves customer service and enhances our oversight over advisory services.

Africa

Barclays in Africa comprises a local Retail and Business Bank, along with a local presence for Barclays global businesses – Barclaycard, Corporate Banking, Investment Bank and Wealth and Investment Management. Africa provides the Group with emerging market exposure and a promise of growth. Together, we serve over 14.3 million customers and clients across 12 countries.

In 2012, we consolidated our Barclays Africa and Absa banking operations into a single management structure. In 2013, subject to the receipt of regulatory approvals, the majority of Barclays Africa businesses and Absa will be brought under one legal entity to create a leading pan-African financial services business.

Our One Africa strategy focuses on broadening services in leading markets and investing in new geographies.

As part of our goal to make customers and clients lives much easier, we continued to drive innovation, for example, by rolling out several new online banking services to customers across Africa.

We deployed our global, regional and local capabilities to the benefit of our corporate clients in landmark deals, such as the partnership of Kenya Airways and Barclays Bank of Kenya with Visa to relaunch an airline co-branded credit card. Other major deals included the inaugural \$0.5bn Zambia Sovereign benchmark issuance, that was 20 times oversubscribed; and project financing of \$1.5bn for ExxonMobil/NNPC to develop 27 oil wells in Nigeria.

Life insurance products have been launched in Botswana, Mozambique, Zambia and Ghana via our bancassurance model, through the Barclays branch network. Two new Islamic banking products have been launched in Kenya by leveraging Group capabilities and synergies.

Barclaycard

Barclaycard provides the Group with exposure to the fast growing global payments industry and is an important source of new relationships to Barclays for both individual and business customers.

We serve 29 million retail and business customers across the world, including the United Kingdom, United States, Germany, South Africa through Absa Card and Norway, Sweden and Denmark through the EnterCard joint venture.

Barclaycard is investing in core consumer cards issuing to gain share in all markets, rebalancing towards high-return business payments and continuing to lead in payment innovation to meet evolving customer needs.

Barclaycard received numerous awards in 2012, including the Moneyfacts: Best Card Provider 2012 award in the UK and Forrester Voice of the Customer award in the US.

We have a heritage of innovation, starting from the launch of the first credit card in the UK in 1966. Since 2011, Barclaycard has launched several new products to meet evolving customer needs, including Freedom and Cashback consumer cards in the UK, Google Adwords for UK SMEs, Barclaycard Plus for online consumer spending in Germany and the world's first social media credit card, Barclaycard Ring in the US.

Digital payments are a major part of our innovation and in 2012 we enabled over 750,000 mobile phones to make payments (using PayTag) across three countries and helped increase contactless transactions by over 250% year on year in the UK.

About Barclays continued

Investment Bank

Barclays integrated universal banking model, with a presence in 50 countries, allows us to meet the needs of our clients by connecting capabilities from across the Group. The Investment Bank aims to be the Go-To bank for corporate and institutional clients, providing them with the products and services they need to invest, grow and manage risk.

Through our client-focused flow business we provide diversity of income and risk to the Group and are able to deliver market execution services for retail, wealth and corporate customers.

Our Investment Banking Division provides a full suite of banking services to corporations, governments and institutions worldwide. Services include arranging and underwriting debt and equity issuance, providing advice on mergers and acquisitions, corporate finance and restructurings, making active markets for securities across global debt and equity exchanges and delivering strategic risk management solutions.

Our Markets team provides execution and risk management across the full range of asset classes including equity and fixed income, currency and commodity (FICC) products.

We facilitate client transactions on stock, options and futures exchanges globally and provide prime brokerage services, including clearing, financing and securities lending, to institutional clients. We are active market-makers for securities across every asset class, helping to provide liquidity to the world's financial markets.

We also provide access to derivative products allowing organisations to hedge exposure to movements in interest rates, currencies and commodity prices.

A combined Markets team was established October 2012, integrating our FICC, Equities and Distribution divisions. This new structure will enable us to deliver more joined up solutions for our clients, and deliver greater synergies across product groups and trading and distribution teams.

Our global, multi asset Research team delivers actionable ideas and innovative products to our clients, partnering with them to help ensure they make informed investment decisions. Our expertise in debt, equity and economic research provides our clients with impartial, insightful advice on global and regional companies, markets and topics.

Our clients include multi-national corporates, sovereign governments and supranational bodies and financial institutions, including banks, pension funds and insurance firms.

We help corporate clients to achieve growth and job creation in the real economy, governments to deliver their stability and growth plans, and institutions to meet the long term investment needs of their clients.

In 2012, we were once again recognised for the strength of our client focus and were awarded Best US Investment Bank and Best UK Investment Bank by Euromoney.

Note

a Source: Charterhouse Research based on 2,076 interviews with companies turning over between £5m and £1bn carried out in Q4 2012.

Corporate Banking

Corporate Banking is an integral part of Barclays universal banking offering. We help over 40,000 corporations achieve their ambitions. This includes multinational corporates and financial institutions globally, and domestic corporations in the UK and South Africa. Corporate Banking has stable revenues and is self-funded.

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We work closely with clients to fully understand their business and build long term, broad-based relationships. As a result, in the UK no other bank achieved a higher rating for overall client satisfaction^a.

We continue to strive for ever better client servicing, and in 2012 a Global Corporates team was established jointly between Corporate Banking and the Investment Bank. The objective is to strengthen existing client relationships and provide more corporate banking solutions to the treasuries of our largest multinational clients.

In 2012 we launched the new Cash Management offering, Pingit for Corporates, providing clients with more efficient and convenient ways to manage payments. We also continued to invest in our client servicing model.

We continue to focus on products that are important to our clients, and therefore invest in our Cash Management and Trade Finance capabilities. Key initiatives are underway, and in 2012, we launched our cash management platform Barclays.net, and invested in Trade Finance hubs in key locations. We are also in the process of enhancing an integrated Corporate Banking offering with Absa across Africa.

Wealth and Investment Management

Wealth and Investment Management (W&IM) provides a full range of wealth management services to affluent and high-net-worth clients globally, including banking, credit, investments and advisory services.

We will be the Go-To wealth manager for clients by helping them to better understand, organise and invest their wealth.

We believe the best way to support clients is to have deep knowledge of their full financial position. Amongst other techniques, we use the principles of behavioural finance to tailor investment and structuring solutions for each client through use of our proprietary Financial Personality Assessment tool.

In addition to providing comprehensive wealth management services to affluent and high-net-worth clients, we bring the best of all areas of Barclays to these clients, be it retail, business, corporate or investment banking.

2012 marked the third year of W&IM's five year strategic investment programme, known as Project Gamma, to transform our business through improvements to client experience and productivity. It continues to progress well, with 2012 seeing continued improvement in both these areas.

In 2012 we launched a new digital client portal, which allows clients to self-serve more effectively, when and how they prefer. In addition, we initiated more detailed client reporting, voice biometrics for identification purposes, an upgraded portfolio management and construction tool, a more streamlined onboarding of new clients and quicker and simpler credit applications.

Governance

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

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Corporate governance report

Dear Shareholder

This is my first report to you, as Chairman, on corporate governance at Barclays. I joined the Board with effect from 1 September 2012, succeeding Marcus Agius as Chairman on 1 November 2012. The context for my appointment was, as is well-known, the changes to the Board in the wake of the announcement in June 2012 of penalties relating to the industry-wide investigation into the setting of interbank offered rates. That announcement, and the events that followed, inevitably dominated the second half of the year and the after effects continue to influence the Board's agenda.

What is meant by corporate governance?

Taking a step back, what is meant by corporate governance? The UK Corporate Governance Code (the Code) is based on the widely-accepted definition of corporate governance as the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The Code makes clear that corporate governance is about what the board of a company does and how it sets the company's values. That is something that has been brought into sharp focus for Barclays during 2012. Barclays has a well-defined and well-structured corporate governance framework in place to support the Board's aim of achieving long term and sustainable shareholder value. But however robust the framework, it is imperative that it is supported by the right culture, values and behaviours, both at the top and throughout the entire organisation. In 2012, Barclays faced much criticism of the values and behaviours it has demonstrated. We are unanimous as a Board that we must accept this criticism and seek ways in which we can do better in future, with the aim of achieving a leadership position amongst our industry peers. I regard the independent review of Barclays business practices, led by Anthony Salz, which we announced in July 2012, and the work instigated by Antony Jenkins on culture and values as part of the Transform Programme, as providing a solid foundation on which we can build and move forward to become best in class. You will read more about each of these important initiatives elsewhere in the Annual Report and, later in this corporate governance report, Sir Michael Rake, Deputy Chairman and Senior Independent Director, reports on how Board governance responded to the LIBOR announcement.

How is good governance achieved?

Good and effective corporate governance is also very much dependent on the skills and experience of individuals on the Board and how well they work together as a whole to achieve long term value for shareholders. A great deal is demanded and expected of our Directors, particularly given the systemic importance of financial institutions such as Barclays to the global economy and the impact we have on the societies in which we operate. As Chairman, I am responsible for the effective performance of the Board and, in that regard, one of my areas of focus since joining the Board has been to ensure that we have a strong and well-functioning Board, comprised of individuals not only with the right abilities in terms of technical or business experience, but with the personal qualities required to be effective stewards of the business and the dedication and commitment to the company, particularly in times of stress. I was closely involved in the process to appoint a new Chief Executive and I am confident that, in appointing Antony Jenkins, we have the right person to lead the company, to deliver our strategy of becoming the 'Go-To' bank and to implement the significant cultural and behavioural changes that we, as a Board, want to achieve. I have also sought to reinforce the non-executive presence on the Board and to ensure that the Board is both balanced and diverse. We have revisited the range of skills and competencies that we require around the Board table and these are set out on page 18 below. The Board needs to have non-executive Directors with financial services experience but also access to other skills and experiences, particularly in the management of culture and cultural change. Tim Breedon and Diane de Saint Victor have joined the Board as non-executive Directors since I joined the Board and I anticipate that we will make further appointments during the course of 2013.

How is risk management being enhanced?

In looking at the corporate governance structures in place, it is clear to me that Barclays has been well served by having, for many years, a Board Risk Committee focused on credit, counterparty, market, capital and liquidity risk. However, a major source of losses for Barclays and all banks in recent years has been from operational risk and, in particular, mis-selling of financial products. We need to strengthen Board-level governance over these areas in 2013 and accordingly, we have created a Board Conduct, Reputation and Operational Risk Committee. Its responsibilities will include governance over operational risk, conduct risk, reputation matters and Barclays corporate responsibility strategy. It will subsume the current Board Citizenship Committee.

How do Board Committees support good governance?

The report that follows describes how Barclays applied the principles of the Code during 2012. Board Committees play a crucial role in the effectiveness of our corporate governance framework and Sir Michael Rake and David Booth report below on the activities of the Board Audit Committee and Board Risk Committee respectively. And Sir John Sunderland reports separately in the Remuneration Report on how the Board Remuneration Committee has overseen remuneration policy, how we link remuneration to our strategy and to long term outcomes and how we ensure that we are not incentivising inappropriate risk-taking.

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What are the priorities for 2013?

We are determined as a Board and as a company to make progress during 2013 and to do everything in our power to regain the trust of our stakeholders: our commitment to implementing the recommendations of the Salz Review is affirmation of our determination.

Sir David Walker

Chairman

5 March 2013

6 I

Corporate governance report

Leadership

The role of the Board

The principal responsibility of the Board is to promote the long term success of Barclays by creating and delivering sustainable shareholder value. The Board leads and provides direction for management by setting strategy and overseeing its implementation by management. The Board seeks to ensure that, while the ultimate focus is long term growth, management also delivers on short term objectives, striking the right balance between the two. In setting and monitoring the execution of Barclays strategy, consideration is given to the impact that those decisions will have on Barclays obligations to various stakeholders, such as shareholders, employees, suppliers and the community in which Barclays operates as a whole.

The Board is also responsible for ensuring that an effective system of internal control is maintained and that management maintains an effective risk management and oversight process across the Group, so that growth is delivered in a controlled and sustainable way. In addition, the Board is responsible for determining and promoting Barclays collective vision of its purpose, values, culture and behaviours.

Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, approval of risk appetite, capital and liquidity matters, major acquisitions, mergers or disposals, Board membership, financial results and governance issues, including the approval of the corporate governance framework. A full formal schedule of matters specifically reserved to the Board can be found on Barclays website at Barclays.com.

Corporate Governance Framework

Board Enterprise Wide Risk Committee

A Board Enterprise Wide Risk Committee was established at the end of January 2013.

Notes

- a Known as the Board Financial Risk Committee with effect from 31 January 2013.
- b Known as the Board Conduct, Reputation and Operational Risk Committee with effect from 31 January 2013.

The names of the Directors and their full biographical details, including the skills and experience they each bring to the Board, can be found on pages 35-37.

To assist the Board in carrying out its functions and to ensure there is independent oversight of internal control and risk management, the Board has delegated certain responsibilities to Board Committees, which are comprised of independent non-executive Directors and, in some cases, the Chairman. The Chairman of each Board Committee reports to the Board on the matters discussed at Board Committee meetings. Each Board Committee has agreed Terms of Reference approved by the Board, which can be found on Barclays website.

More information on the role of the Board and its Committees can be found in [Corporate Governance in Barclays](#), which is available online at Barclays.com

Corporate governance report

Leadership continued

Roles		
Role of the Chairman	<p>The Chairman is responsible for the overall operation and governance of the Board. Sir David Walker, the Chairman, provides leadership and manages the Board to ensure that Barclays satisfies its legal, regulatory and stewardship responsibilities. The Chairman sets the Board's agenda, in consultation with the Group Chief Executive and Company Secretary, taking full account of the issues and concerns of Board members. Board agendas are structured to allow adequate and sufficient time for the discussion of the items on the agenda, in particular, strategic matters. The Chairman is also responsible for facilitating and encouraging active engagement and appropriate challenge by Directors, particularly on matters of risk and strategy or other major proposals, by drawing on Directors' skills, experience and knowledge.</p>	<p>It is the responsibility of the Chairman to ensure effective communication with shareholders and other stakeholders and to ensure that members of the Board develop and maintain an understanding of the views of major investors and other key stakeholders. Details of how Barclays engages with its shareholders and other stakeholders can be found on pages 28-29.</p> <p>The full role profile for the Chairman can be found in Barclays Charter of Expectations, which is available on Barclays website.</p>
Role of the Group Chief Executive	<p>The Group Chief Executive, Antony Jenkins, has responsibility for recommending the Group's strategy to the Board and for implementing the strategy agreed by the Board, making and implementing operational decisions and managing the business day-to-day.</p>	<p>The Board has delegated this responsibility to him and he is accountable to the Board. He is supported by the Executive Committee, which he chairs.</p>
Role of the non-executive Directors	<p>Non-executive Directors are independent of management. Their role is to effectively and constructively challenge management and monitor the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board.</p>	<p>They are also responsible for exercising appropriate oversight through scrutinising the performance of management in meeting agreed goals and objectives and monitoring performance.</p>
Role of the Senior Independent Director	<p>Sir Michael Rake is Deputy Chairman and Senior Independent Director. He was appointed as Deputy Chairman in July 2012, at the height of events following the LIBOR announcement, having been Senior Independent Director since October 2011. As Senior Independent Director, Sir Michael's role is to provide a sounding board for the Chairman and provide support for the Chairman in the delivery of his objectives. He also serves as a trusted intermediary for the Directors, when necessary. He is available to shareholders should the occasion arise where there is a need to convey concerns to the Board other than through the Chairman or</p>	<p>During 2012, Sir Michael Rake played a significant role in the wake of the announcement of penalties relating to the industry-wide investigation into the setting of interbank offered rates. Subsequent to the announcement of the resignation of Marcus Agius as Chairman, Sir Michael was in contact with shareholders and other relevant stakeholders, including Barclays regulators, to understand their views and concerns relating to the LIBOR announcement and the resignation of the Chairman. Further meetings and discussions were held with shareholders and other stakeholders after the ensuing</p>

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the Group Chief Executive. The Senior Independent Director is also expected to work with the Chairman and other Directors or shareholders, as required, where the stability of the Board or Barclays is threatened.

announcement of the resignation of Bob Diamond as Chief Executive. As Deputy Chairman, Sir Michael Rake has taken a lead role in the Board's governance response to the LIBOR announcement and he reports on that on page 11.

Company Secretary

The Company Secretary, Lawrence Dickinson, works closely with the Chairman, the Group Chief Executive and the Board Committee Chairmen in setting the annual forward calendar of agenda items for the meetings of the Board and its Committees. He also ensures that accurate, timely and appropriate information flows within and to the Board, the Board Committees and between the Directors and senior management in general.

Board and Board Committee meeting papers are delivered a week before the meeting via a secure electronic system, which can be accessed by Directors using tablet computers. After each meeting, the Chairman meets with the Company Secretary to agree actions to be followed up and to discuss the effectiveness of the meeting. Details of the role of the Company Secretary and the support provided to the Board can be found in Barclays Charter of Expectations.

Full role profiles for the non-executive Directors and Senior Independent Director can be found in Barclays Charter of Expectations.

How the Board operates

The Board meets regularly and there are eight scheduled meetings each year, including an annual strategy meeting. When necessary, and if circumstances dictate, additional Board meetings are held. In 2012, there were 15 additional meetings held at short notice to discuss matters such as changes to Board composition, issues arising from the LIBOR announcement, taxation matters and corporate transactions. In total, the Board met 23 times during the year. The Chairman met privately with the non-executive Directors before each scheduled Board meeting to discuss any matters they wished to raise at the meeting.

Where Directors are unable to attend meetings, usually because of illness or long-standing prior engagements, they are encouraged to give the Chairman their views or comments on the matters to be discussed. Following the meeting, the Chairman or the Company Secretary briefs any Director not present on the discussions and any decisions taken. Details of Board meeting attendance in 2012 can be found in the table below. During the year, the non-executive Directors met the time commitment specified in their letters of appointment and committed significantly more time during the period of stress Barclays experienced in July and August 2012.

Attendance			
	Independent	Scheduled meetings eligible to attend	Additional meetings eligible to attend
Group Chairman			
Marcus Agius			
(to 31 October 2012)	On appointment		
Sir David Walker			
(from 1 September 2012) ^c	On appointment		
Executive Directors			
Robert E Diamond (to 3 July 2012) ^b	Executive Director		
Antony Jenkins (from 30 August 2012)	Executive Director		
Chris Lucas ^b	Executive Director		
Non-executive Directors			
David Booth ^b			
Tim Breedon (from 1 November 2012)	Independent non-executive Director		
Alison Carnwath (to 24 July 2012) ^{ab}	Independent non-executive Director		
Fulvio Conti ^{ab}	Independent non-executive Director		
Simon Fraser	Independent non-executive Director		
Reuben Jeffery ^b	Independent non-executive Director		
Sir Andrew Likierman ^b	Independent non-executive Director		
Dambisa Moyo ^b	Independent non-executive Director		
Sir Michael Rake ^b	Independent non-executive Director		
Sir John Sunderland ^b			
	Independent non-executive Director		
Lawrence Dickinson Secretary			
Attended	Did not attend		

Notes

a Unable to attend a scheduled meeting owing to a prior commitment.

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b Unable to attend certain additional meetings held at short notice owing to prior commitments.

c Appointed to the Board with effect from 1 September 2012 and as Chairman with effect from 1 November 2012.

Corporate Governance in Barclays

All of our corporate governance practices have been brought together in one document, Corporate Governance in Barclays. This framework provides the basis for promoting the highest standards of corporate governance in Barclays. Corporate Governance in Barclays is available on our website, Barclays.com.

Charter of Expectations

The role profiles, responsibilities, time commitments, key competencies and behaviours we expect of our Directors, together with the key indicators of high performance, are set out in our Charter of Expectations, which is available on our website, Barclays.com.

Corporate governance report

Leadership continued

Board balance and diversity

Balance of non-executive and executive Directors

Board gender balance

Length of tenure of non-executive Directors

Industry/background experience^a

1	Financial services	6
2	Accountancy/financial expert	2
3	Political/regulatory contacts	5
4	Current or recent Chairman/CEO	4
5	International (US)	2
6	International (Europe)	2
7	International (RoW)	1
8	Retail/marketing	1

Note

a Individual Directors may fall into one or more categories.

Geographical mix of non-executive Directors

Board activity in 2012

The Board's agenda in 2012 was dominated by the changing regulatory environment and, in the latter half of 2012, by consideration of the future direction and shape of the business and its culture and values in light of both the external environment and in the aftermath of the LIBOR announcement. Key activities for the Board during the year included:

- reviewing strategic options open to the Group in its different business areas in light of the regulatory and economic environment.
- receiving updates from each of Barclays principal businesses and discussing their progress against agreed strategy.
- discussing the implications of a statement by HMRC concerning the repurchase of debt by Barclays.
- considering and approving the sale of Barclays interest in BlackRock, Inc.
- discussing and agreeing Barclays' One Africa strategy, involving the combination of the majority of Barclays operations in Africa with Absa.
- considering the announcement of penalties relating to the industry-wide investigation into the setting of interbank offered rates and the subsequent events.
- discussing changes in the composition of the Board, including approving the appointment of a new Chairman and a new Chief Executive.
- reviewing a report on compliance and internal audit lessons learned from the LIBOR incident.
- discussing and reviewing progress of the work implemented by Antony Jenkins as part of the Transform Programme, including a review of business performance, costs, funding and liquidity matters and a discussion of Barclays purpose, values and behaviours.
- considering and approving Barclays risk appetite, liquidity risk appetite and the Group's capital plan.

receiving regular updates on global economic conditions and regulatory developments and the outlook for the industry.

During 2012, the Board held two informal meetings with representatives from the FSA to ensure that all Directors had the opportunity to hear first-hand from Barclays principal regulator and exchange views. The chart on page 18 illustrates how the Board allocated its time during 2012.

Priorities for 2013

In 2013, the Board's priority will be providing oversight of and challenge to the progress of delivery of the actions and financial and non-financial commitments Barclays has made as part of its Strategic Review, which were announced in February 2013.

Board governance

responding to the LIBOR announcement

In response to the announcement in June 2012 and subsequent events, the Board set up three specific sub-committees of the Board, chaired by me in my capacity as Deputy Chairman and Senior Independent Director.

LIBOR Employee Investigation Review Committee

The purpose of this Committee, which comprised me, Sir John Sunderland and Marcus Agius, who was succeeded following his retirement by Sir David Walker, was to provide a level of Board oversight in respect of the review of the conduct of certain current and former employees in relation to LIBOR. The Committee's role was to satisfy itself that proper processes had been followed and that outcomes were appropriate. To assist the Committee in fulfilling this responsibility, the Committee appointed an independent adviser, John Turnbull from Linklaters LLP, who reviewed the scope and methodology of the review and the resulting outcomes.

We met four times during the second half of 2012 to consider the progress of the review and the outcomes. At the conclusion of the review, 13 current employees were subject to disciplinary action, including 5 who were dismissed. In total, deferred compensation amounting to £24.6m was clawed back from 15 current and former employees as a result of the review. This excludes any sums voluntarily surrendered by individuals. The Board Remuneration Committee considered the wider application of claw back and further details are in the Remuneration Report. The Committee was satisfied that a thorough and fair process was conducted and that the outcomes of the review were appropriate in each individual case. This view was supported by our independent adviser.

Business Practices Review Committee

The Business Practices Review Committee comprises me, David Booth and Sir John Sunderland and was established following Barclays announcement in July 2012 that Anthony Salz would conduct an independent review of Barclays business practices (the Salz Review). The purpose of the Committee is to oversee the progress of the Salz Review and report to the Board on progress, to consider any recommendations arising from the Salz Review and to oversee any action to be taken as a result. The Committee met twice in the second half of 2012 to check on the progress of the review and has held further meetings in early 2013. The Committee will meet again to discuss the recommendations of the Salz Review and Barclays response, which are due to be published prior to the 2013 AGM. In addition to the formal meetings of the Committee, I have also met with Anthony Salz directly on a number of occasions.

Regulatory Investigations Committee

In the fourth quarter of 2012, the Board established a Regulatory Investigations Committee comprising me, Antony Jenkins, Sir John Sunderland and Sir David Walker. The primary purpose of this Committee is to oversee certain regulatory investigations, to consider the findings of those investigations and to direct the scope and conduct of those investigations as appropriate, including directing and overseeing any remediation activities and considering whether any disciplinary action is required in respect of any Barclays employee. The Committee met four times in 2012 and will continue to meet in 2013. The Committee has appointed an independent external adviser, John Turnbull from Linklaters LLP, to assist it in its deliberations. Sir David Walker assumed chairmanship of the Committee in early 2013.

Sir Michael Rake

Deputy Chairman and Senior Independent Director

Corporate governance report

Effectiveness

Board composition, qualification and independence

The composition, experience and balance of skills on the Board are regularly reviewed to ensure that there is the right mix on the Board and its committees and that they are working effectively. There are currently 13 Directors on the Board, which comprises an independent Chairman, two executive Directors and ten independent non-executive Directors. The current members of the Board have a wide range of skills and experience. Diversity, including gender diversity, is important for a Board to be effective. A chart showing the gender representation on the Board can be found on page 10. More information on Barclays Board diversity policy can be found on page 19.

[The balance of the Board is illustrated on page 10](#)

Director independence

The Board Corporate Governance and Nominations Committee and the Board consider and review the independence of each non-executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as length of tenure and the ability of the Director to provide objective challenge to management. The behaviours that the Board considers to be essential indicators of independence are set out in Barclays Charter of Expectations. Following the annual review for 2012, the Board concluded that each of the non-executive Directors reviewed continues to demonstrate those behaviours and is considered by the Board to be independent.

Directors' external activities and conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of Barclays, unless that conflict is first authorised by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another company. Barclays Articles of Association allow the Board to authorise such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all the circumstances. Prior to taking on additional responsibilities or external appointments, Directors are obliged to obtain authorisation and it is their responsibility to ensure that they will be able to meet the time commitment expected of them in their role at Barclays. All potential conflicts approved by the Board are recorded in an Interests Register, which is reviewed on an annual basis by the Board Corporate Governance and Nominations Committee to ensure that the procedure is working effectively. Following a review of the Interests Register in early 2013, the Committee concluded that all the potential conflicts as registered have been considered thoroughly and appropriately.

Executive Directors may take up only one FTSE 100 non-executive directorship and are allowed to retain any fees they receive for such appointments. Antony Jenkins and Chris Lucas do not hold any such directorships.

Director re-election

With the exception of Sir Andrew Likierman, who will be standing down at the Company's Annual General Meeting (AGM) to be held on 25 April 2013, all Directors including Sir David Walker, Antony Jenkins, Tim Breedon and Diane de Saint Victor, who were all appointed since the last AGM, will each submit themselves for re-election at the AGM. Biographical details of each of the Directors, together with details of their skills and experience, may be found on pages 35-37. Following a rigorous performance evaluation of each Director and the Board as a whole, excluding recent appointees Diane de Saint Victor and Tim Breedon, all Directors are considered by the Board to be fully effective.

[For more detailed information on Board evaluation please see pages 16-17](#)

Succession planning and Board appointments

The Board recognises the need to ensure that the Board and executive management are always well resourced, with the right people in terms of skills and experience to deliver the Company's strategy. Board composition is regularly reviewed to ensure the Board is refreshed progressively. Factors considered include length of tenure, background, experience, including industry and geographical experience, and diversity.

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[The length of tenure of the current non-executive Directors and their geographical experience and background is illustrated on page 10](#)

The Board Corporate Governance and Nominations Committee is responsible for both executive and non-executive Director succession planning and recommends new appointments to the Board.

[More details on the role of the Board Corporate Governance and Nominations Committee are given on pages 18-19](#)

In July 2012, the Company announced that Marcus Agius would resign as Chairman and that a successor was being sought. Following a search, led by Sir John Sunderland with the assistance of MWM Consulting, an external search agency, Sir David Walker was appointed as a non-executive Director with effect from 1 September 2012 and succeeded Marcus Agius as Chairman with effect from 1 November 2012. Following the resignation of Bob Diamond in July 2012, a search for a new Group Chief Executive commenced, led by the then Chairman, Marcus Agius and with the close involvement of the then Chairman-designate, Sir David Walker and the Deputy Chairman, Sir Michael Rake. The search was conducted with the assistance of Spencer Stuart, an external search agency. Antony Jenkins was subsequently appointed as a Director and as Group Chief Executive with effect from 30 August 2012. Sir John Sunderland and Sir David Walker report on the search for a new Chairman and a new Group Chief Executive, respectively, on the following pages.

Tim Breedon was appointed as a non-executive Director with effect from 1 November 2012, having been identified in early 2012 as a potential candidate by the Board Corporate Governance and Nominations Committee itself, which had concluded there was a need to appoint a current or recent Chief Executive to the Board. Diane de Saint Victor was appointed as a non-executive Director with effect from 1 March 2013, having been identified as a potential candidate by MWM Consulting. Both were assessed against the required skills and competencies that the Board Corporate Governance and Nominations Committee had identified as being desirable. Tim was previously Chief Executive of Legal & General Group plc and has over 25 years experience of working in the insurance industry. He brings to the Board a significant knowledge of regulatory issues and a wealth of financial services experience in addition to his experience as a chief executive. Diane is General Counsel of ABB and has a background in legal and regulatory matters and in leading cultural change. Her experience will bring a valuable perspective to the Board as the Transform Programme is implemented and Barclays new Purpose and Values are embedded.

The external agencies named above have no other connection with Barclays other than to provide executive recruitment services.

Appointing a new Chairman

Following the resignation of Marcus Agius as Chairman in July 2012, the Board asked me to take the lead in finding a successor. An external search agency was briefed on the essential and desirable experience and personal attributes required for the role, which were agreed beforehand by the Board. It was clear to us that we needed to appoint an experienced chairman, with financial services experience and strong governance credentials, who could provide the Board with effective leadership and who would command the respect of both fellow Directors and external stakeholders. Given the resignation of Bob Diamond as Chief Executive, the Board was committed to appointing a new Chairman as quickly as possible. It was clear that any incoming Chief Executive would need to know the identity of the new Chairman given the pivotal importance of their relationship to the effectiveness of the Board. It was also clear that, given the events of 2012, the minimum time commitment required of the Chairman would increase from roughly 60% of a full-time role to 80% of a full-time role.

A long list of candidates, both internal and external, was reviewed and discussed by the non-executive Directors during July, with the list being narrowed to a shortlist of two candidates. Both candidates then had individual meetings with each non-executive Director and with Chris Lucas, Group Finance Director, and feedback on each candidate was obtained. I also took soundings on the candidates from a number of stakeholders, including Barclays principal regulators and certain major institutional shareholders. The non-executive Directors met a number of times to provide feedback on their meetings with each candidate and to discuss the personal references.

Our unanimous view was that Sir David Walker was the right candidate to be appointed as Chairman of Barclays. Sir David has significant experience in financial services, coupled with a wealth of experience as both a director and as a chairman. He has an impeccable reputation for governance, with an excellent understanding and experience of UK boardroom and corporate governance issues and the role of a chairman. The Board approved Sir David's appointment as a non-executive Director and as Chairman-designate in early August and he subsequently joined the Board with effect from 1 September 2012, succeeding Marcus Agius as Chairman with effect from 1 November 2012.

I am delighted that we were able to quickly secure the services of Sir David as Chairman: he commands great respect within the financial services industry and has brought immense experience, integrity and knowledge to the role.

Sir John Sunderland

Independent non-executive Director

Appointing a new Group Chief Executive

The process to appoint a new Group Chief Executive was initially led by my predecessor, Marcus Agius, in conjunction with Sir Michael Rake, the Deputy Chairman, and other members of the Board Corporate Governance and Nominations Committee, although I was closely involved from the announcement of my appointment as Chairman-designate in early August 2012.

An external search firm was engaged to identify candidates against the role specification and the skills, experience and personal qualities the Board had agreed were essential and desirable for the role of Group Chief Executive. An extensive list of global, potential candidates was reviewed, with a shortlist of candidates, both internal and external, put forward to the Board for discussion during July 2012. After meetings between several candidates and the then Chairman, the Deputy Chairman and the Group HR Director, the candidate list was narrowed further to three potential candidates, who each then met individually with me and with Barclays non-executive Directors.

The non-executive Directors on the Board met in mid-August 2012 to allow Directors to provide feedback on their meetings with each candidate. It became clear from our discussions that Antony Jenkins was the candidate that best fit the role requirements and had the vision required to take Barclays forward, with the support of the Board and the Executive Committee. I approached a number of our key stakeholders, including some of our major shareholders and representatives of our principal regulators, to discuss the proposed appointment and to gauge their views. A sub-committee of the Board, comprising Marcus Agius, Sir Michael Rake and Sir John Sunderland, was appointed with delegated authority to finalise the terms of the appointment, which was announced on 30 August 2012.

I am pleased that we were able to implement such a thorough and rigorous process and settle the leadership of Barclays quickly from a strong field of candidates.

Sir David Walker

Chairman

Corporate governance report

Effectiveness continued

Executive Directors service contracts and non-executive Directors terms of appointment

On appointment, executive Directors are given a one year rolling service contract. The Chairman and the non-executive Directors have a letter of appointment that sets out the terms and conditions of their Directorship, including the fees payable and the expected time commitment. Each non-executive Director is expected to commit a minimum of 20 days per annum

to the role. Additional time commitment is required to fulfil roles as Board Committee members and/or Board Committee chairmen, as applicable. On average, the time commitment of non-executive Directors is in the range of 30–36 days per annum, although they typically devote considerably more time to Barclays duties and did so during 2012, particularly in connection with the search for a new Chairman and a new Chief Executive.

Board induction and professional development

Induction

Newly appointed Directors are provided with a bespoke induction programme to further their understanding and their knowledge of Barclays, its operations and staff. The Chairman, with the support of the Company Secretary, is responsible for the induction of new Directors and for the ongoing professional development of all Directors. Induction programmes are tailored to each new Director, depending on the experience and background of the Director. For example, on his appointment to the Board, Sir David Walker's induction programme took into account his later role as Chairman and included the following items:

- an induction pack providing background information on Barclays operations and policies;

- sessions with each of the executive Directors and members of the Executive Committee;

- meetings with the senior executives responsible for each of the Group's principal businesses, including the Investment Bank, Retail and Business Banking, Wealth and Investment Management and Africa, focusing on the challenges and opportunities faced by each business;

Professional development

Barclays offers a programme of ongoing professional development for existing Directors. Personal development logs are maintained for each non-executive Director, which record external and internal briefings and other events that each attends, such as internal management conferences. During 2012, non-executive Directors attended briefing sessions on Long Term Incentive Plans and on the Investment Bank's fixed income and prime services businesses. They also attended sessions demonstrating the use of new technology in Barclays branch network. Members of the Board Audit Committee attended briefing sessions on algorithmic trading and members of the Board Risk Committee attended briefing sessions on operational risk and on the Investment Bank's balance sheet. Directors are asked for input on potential topics for ongoing professional development, which informs the planned programme.

In addition to the above, independent professional advice is available to the Directors at Barclays expense. During 2012, an independent adviser was engaged to advise the LIBOR Investigation Employee Review Committee and the Regulatory Investigations Committee.

An annual review of Barclays Director induction and development programmes is carried out by the Board Corporate Governance and Nominations Committee to ensure that they are appropriate and fit for purpose. More information on Barclays Board induction and ongoing Director development can be found in Corporate Governance in Barclays .

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i meetings with key personnel in central support functions, including compliance, corporate development, finance, risk management, citizenship and sustainability, internal audit and corporate affairs; and

j meetings with key external stakeholders, such as major institutional shareholders and regulators.

This initial induction programme will be supplemented with a programme of business visits over a period of 12 – 18 months, including visits to selected UK and overseas operational centres.

Corporate governance report

Effectiveness continued

Evaluation Statement

A summary of the Board's progress against the actions arising from its 2011 Board Effectiveness Review can be found below:

Theme	Action Taken
Ensuring that the Board continues to have an appropriate range and balance of skills, experience and diversity	Board composition is reviewed regularly. In 2012, a revised skills matrix was developed against which the Board Corporate Governance and Nominations Committee assessed the current composition of the Board and identified the skills and experience to be sought in new appointments. Appointments were made to the Board and to Board Committees during 2012 to maintain the balance of skills required. A renewed emphasis was given to gender diversity on the Board following the departure of Alison Carnwath and Diane de Saint Victor joined the Board in early 2013.
Continuing to develop an appropriate process for succession planning for key Board and senior executive management positions	Executive succession planning, including succession planning for Board and Executive Committee roles, was a regular agenda item for the Board Corporate Governance and Nominations Committee during 2012. During 2012, a revised approach to talent management and the outcomes of a review of succession planning for senior strategic roles were presented to the Board Corporate Governance and Nominations Committee.
Enabling the Board to have greater interaction with Executive Committee members to gain an enhanced understanding of the challenges and opportunities they face in their businesses	There has been greater interaction between the Board and members of the Executive Committee, by way of presentations to the Board on the evening before Board meetings, followed by dinners over which key issues are discussed in greater depth. The Board also visited Barclays operations in New York twice during 2012, to gain first-hand experience of Barclays US businesses.
Ensuring that the Board has visibility of talent amongst senior executive management	Three senior talent events took place in 2012, which enabled the Board to meet and interact with senior executives at the level below Executive Committee in order to increase the Board's visibility of potential future leaders.
Continuing to ensure that timely and high-quality information flows to the Board and to Board Committees	A weekly update note from the Group Chief Executive is circulated to Board members, covering key issues and developments, including regulatory matters, trading and senior appointments. This provides up-to-date information to Directors outside the formal Board meeting reports.

Increasing use has been made of a secure electronic system to deliver meeting papers and other information to Directors securely and quickly via tablet computers.

Evaluation of Board performance

To improve the effectiveness of the Board and its Committees, as well as that of each individual Director, a formal and rigorous Board review is undertaken on an annual basis. This review has been externally facilitated since 2004. This formal process enables the Board to monitor trends in responses to questions and track progress made against action plans. On an annual basis, Barclays approach to Board evaluation is benchmarked against the practices of other companies in the FTSE 20 to ensure that Barclays remains at the forefront of best practice. The Board Corporate Governance and Nominations Committee is responsible for overseeing the process and for monitoring any action plans on behalf of the Board.

For 2012, the Board evaluation process was conducted by Egon Zehnder International (Egon Zehnder), who used a short questionnaire covering similar themes to previous years' evaluations, although the main part of the evaluation process took the form of structured interviews with Directors and members of the Executive Committee. While Egon Zehnder is an executive search agent, it did not undertake any Barclays Board searches during the year and the Board believes that it provides an impartial and objective board evaluation service.

The 2012 Board evaluation reviewed the events of 2012, in particular, those culminating in the resignations of Marcus Agius and Bob Diamond. The voting at Barclays 2012 AGM was also considered as part of the evaluation process and Egon Zehnder held interviews with a selection of Barclays major shareholders. The substantial changes in the Board in 2012 inevitably complicated the performance evaluation process, but key themes were identified and form the basis of the action plan for 2013 as follows:

- j Enhancing the relationship between the Board and the Executive Committee following changes in both Board and Executive Committee composition in 2012;

- j Ensuring that the working relationship between the Chairman and CEO is strong in recognition of the critical importance of this relationship to the effectiveness of the Board as a whole;

- j Ensuring that the Board has greater line of sight into the views of key stakeholders. Informal meetings with Barclays regulators have started and will continue, in both the UK and US;

- j Rebuilding trust with stakeholders with regard to Barclays remuneration policy, particularly in light of voting at the 2012 AGM. Extensive consultation took place with stakeholders during 2012 and will continue into 2013;

- j Ensuring that an appropriate balance of skills, experience and diversity on the Board is maintained. Two new non-executive Directors have been recently appointed and further appointments are envisaged in 2013;

- j Further improving the quality of information flows to the Board to achieve an appropriate balance between data and analysis; and

- j Enhancing succession planning for key Board positions, in particular, continuing to ensure that the Board builds its knowledge and understanding of the depth of talent in the business.

Corporate governance report

Effectiveness continued

Board Corporate Governance and Nominations Committee Report

It is essential that the Board and its Committees are properly constituted and balanced in terms of skills, experience and diversity.

Sir David Walker

Chairman, Board Corporate Governance and Nominations Committee

Member	Independent	Meetings eligible to attend
Sir David Walker Chairman ^a	On appointment	
(from 1 September 2012) Marcus Agius	On appointment	
(to 31 October 2012) David Booth	Yes	
Alison Carnwath	Yes	
(to 24 July 2012) Sir Michael Rake	Yes	
Sir John Sunderland	Yes	
Lawrence Dickinson Secretary		
Attended		Did not attend

Note

a Member of the Committee since 1 September 2012, becoming Chairman from 1 November 2012.

Committee composition, skills and experience

In addition to the Chairman, there are three non-executive Directors on the Committee, being the Chairmen of the main Board Committees. The names of the members of the Committee are set out opposite, together with attendance at meetings in 2012. The Group Chief Executive also attends each meeting, although is not involved in decisions relating to Chief Executive succession.

Committee responsibilities and how they were discharged in 2012

The Committee is responsible for reviewing the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skills, experience and diversity. In addition to this, it:

- j recommends to the Board the appointment of new Directors;
- j considers succession plans for the Chairman, Executive and other key positions, such as roles on the Executive Committee and other senior roles;
- j monitors corporate governance issues and developments to ensure that Barclays is in line with best practice guidelines; and
- j agrees and monitors the annual Board Effectiveness Review and tracks any actions arising.

The Committee's full terms of reference are available on the corporate governance section of Barclays website.

The Committee met four times in 2012, including an additional meeting solely to review and discuss Board composition. The chart below shows how the Committee allocated its time. In 2012, the Committee focused primarily on Board composition and succession planning for roles below the Board level. Key activities undertaken by the Committee in 2012 were:

Board composition

- j reviewing the structure, size and composition of the Board and the principal Board Committees, looking at the need to refresh the Board and at the balance and diversity of skills and experience on the Board. In reviewing the composition of the Board, a skills analysis was carried out using a revised skills matrix agreed by the Committee in 2012, which set out the core competencies and skills that it would be desirable to have on the Board, such as financial services, experienced chief executives from other companies and industries, accountancy, retail and marketing and experience of the main geographic markets in which Barclays operates, along with the target weightings for each. Following a review of the composition of the Board, the Committee approved the appointment of Tim Breedon as a non-executive Director with effect from 1 November 2012 and the appointment of Diane de Saint Victor as a non-executive Director with effect from 1 March 2013.
- j carried out a review of progress against Board diversity targets and discussed and agreed a Board Diversity Policy, recommending it to the Board for its approval.
- j considered and recommended changes to Board Committee composition during the year. The Committee recommended the appointment of David Booth to the Board Remuneration Committee with effect from 1 July 2012 to provide cross-membership between the Board Remuneration and Board Risk Committees. Drawing on reviews by the Committee, the Board as a whole considered and approved the appointment of Sir John Sunderland as Chairman of the Board Remuneration Committee, recommended the appointment of Tim Breedon as a member of the Board Risk Committee and Board Remuneration Committee and the appointment of Sir David Walker as a member of the Board Remuneration Committee and as a member and Chairman of the Board Corporate Governance and Nominations Committee and Board Citizenship Committee.

Succession planning

- ┆ discussed succession planning for the position of Chief Executive and for the Executive Committee and reviewed potential candidates for these roles;
- ┆ reviewed the Group's succession and talent management programme below Board level;
- ┆ reviewed and discussed the processes, overall methodology and contingency plans in place for senior strategic roles; and
- ┆ received updates on Barclays graduate recruitment and training programme, including an update on gender diversity.

Corporate governance

- ┆ reviewed Barclays corporate governance disclosures in the 2011 annual report and considered the proposed disclosures for the 2012 annual report;
- ┆ reviewed and discussed Barclays approach to Board and Committee induction and development;
- ┆ received updates on significant corporate governance developments in the UK and EU and how these might impact Barclays;
- ┆ carried out an annual review of the Directors' Interests Register to ensure that an effective process for authorising conflicts is in place and authorised conflicts have been dealt with appropriately;
- ┆ reviewed and discussed issues raised at corporate governance meetings held with institutional investors and investor bodies; and
- ┆ reviewed the effectiveness of the Committee and proposed changes to its terms of reference following a review against best practice.

Board effectiveness

- ┆ discussed and approved the proposed actions to be taken in response to the findings of the 2011 Board Effectiveness Review. The Committee also reviewed reports on the status of the action plan to monitor the progress being made;
- ┆ reviewed the status of actions being taken in response to the findings of the FSA's review of Barclays Board governance as part of its Core Prudential Programme, on which it reported in early 2012; and
- ┆ reviewed the market for board effectiveness facilitators and agreed to re-appoint Egon Zehnder.

Statement on diversity policy

Board diversity, in particular, gender diversity, continues to be a topic of much discussion. The Board believes that diversity is important for board effectiveness. However, diversity is much more than the issue of gender, and includes diversity of skills, experience and background. In response to Lord Davies's report on Women on Boards, Barclays published a Board Diversity Policy in April 2012, which sets out Barclays approach to diversity on the Board. The Board Diversity Policy can be found in the Corporate Governance section of Barclays website. All Barclays Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective. Nevertheless the Board is aiming to ensure that at least 20 per cent of the Board is made up of women by the end of 2013 and for that position to have exceeded 25 per cent by the end of 2015. Women currently represent 15% of the Board. Diversity in relation to

employees of the Barclays Group is covered by Barclays Equality and Diversity Charter and more information on diversity across Barclays can be found in the People section on page 38.

Committee Effectiveness

The performance of the Committee is reviewed each year as part of the Board Effectiveness Review.

Following the 2011 annual effectiveness review of the Committee, the Committee improved the induction process for its new members by committing to implement a bespoke induction for any new member, to be agreed by the Company Secretary with the Chairman and the new member. The Committee also provided more opportunities for members to bring items onto the Committee agenda, such as including the Committee's annual forward agenda with the papers for each meeting.

The 2012 review concluded that the Committee continues to operate effectively, although there was a slight diminution in the overall score.

Priorities for 2013

In 2013, the Committee will continue to carry out regular reviews of the balance of skills and experience on the Board against the skills matrix that has been developed and will seek to make further progress towards achieving the Board diversity targets that have been set. Executive succession will continue to be high on the Committee's agenda.

Corporate governance report

Accountability

Board Audit Committee Chairman's Report

June 2012 saw the announcement of the penalties imposed on Barclays relating to the industry-wide investigation into the setting of interbank offered rates and this impacted the Committee's agenda.

Sir Michael Rake

Chairman, Board Audit Committee

Attended Did not attend

Note

a Unable to attend one meeting owing to prior commitments.

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Board Risk Committee allocation of time		2012	2011
1	Control issues	13	4
2	Financial results	31	42
3	Internal audit matters	14	6
4	External audit matters	6	6
5	Business control environment	14	23
6	Other (including Governance and Compliance)	22	19

Sir Michael Rake, Chairman of the Board Audit Committee, reports on how the Board Audit Committee discharged its responsibilities during 2012.

Chairman's overview of 2012

The work of the Committee in 2012 has seen us address three main themes. First, accounting judgements, particularly in respect of provisions to be made for product mis-selling. Secondly, the impact on the systems and controls in place at each of Barclays businesses arising from increasing regulatory demands and rising consumer expectations. And thirdly, the remediation programmes in place to enhance our internal control and regulatory compliance systems and procedures. June 2012 saw the announcement of the penalties imposed on Barclays relating to the industry-wide investigation into the setting of interbank offered rates and this impacted the Committee's agenda in the second half of the year. I report on all of these matters in more detail below.

The approach of our regulators to regulation has continued to be intensive and intrusive, particularly in anticipation of the implementation of the new twin-peaks model of regulation in the UK and the additional focus on conduct risk and outcomes for consumers. During 2012, I held a number of meetings with Barclays regulators in UK and US to discuss our approach to financial reporting, internal controls and regulatory compliance and to hear from them what they expect of the Board Audit Committee and Barclays in this regard. I also interacted regularly with the lead audit partner of Barclays external auditors.

I reported after each Committee meeting to the Board on the main matters discussed in Committee meetings to ensure that all Directors were kept informed of the Committee's agenda. I also made myself available if any Director wished to discuss any particular matters with me in more detail.

Committee composition, skills and experience

Membership of the Committee and attendance at meetings held in 2012 is set out opposite. Tim Breedon joined the Committee with effect from 1 March 2013. Sir Andrew Likierman and I are the designated financial experts on the Committee for the purposes of the US Sarbanes-Oxley Act, although each member of the Committee has a depth of financial expertise and collectively, the Committee has considerable financial and financial services experience on which to draw. More information on the skills and experience of the Committee members may be found in the Directors' biographies on pages 35-37. The Committee is conscious of the need to keep its knowledge up to date and, in early 2012, Committee members attended two briefing sessions on algorithmic trading, covering both the principles of algorithmic trading and the control mechanisms in place.

Ahead of each Committee meeting, I held a private meeting with the members of the Committee at which we discussed any particular items that they wished to raise during the meeting. I also made myself available if any Committee member wished to discuss any particular matters with me and I was in regular contact with management, including the Group Finance Director and Chief Internal Auditor during 2012.

Committee responsibilities and how they were discharged in 2012

The Committee is responsible for:

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

- monitoring the Group's internal controls, including internal financial controls; and

- monitoring and reviewing the activities and performance of the internal and external auditor, including monitoring their independence and objectivity. You can obtain the Committee's full terms of reference on the corporate governance section of Barclays website.

The Committee met 10 times in 2012 and the chart opposite shows the way in which we allocated our time. Committee meetings were attended by management, including the Group Chief Executive, Group Finance Director, Chief Internal Auditor, Chief Risk Officer and General Counsel, as well as representatives from the businesses and other functions from time to time. The external auditor attended each meeting and the Committee held regular private sessions with the Chief Internal Auditor and the external auditor, which were not attended by management. These private sessions allowed us to discuss matters directly with the audit teams.

The main matters and areas of judgement we reviewed and considered during 2012 were as follows:

Financial Reporting and Significant Financial Judgements

With the support of the external auditor, the Committee assessed whether suitable accounting policies had been adopted, whether management had made appropriate estimates and judgements and whether disclosures were balanced and fair. The main areas of focus in 2012 and matters where we specifically considered the judgements that had been made are set out below:

- We considered the presentation of the financial statements and in particular, the presentation of adjusted performance and the adjusting items, including own credit, provisions for product mis-selling redress and the gain on the disposal of Barclays interest in BlackRock, Inc. We discussed the treatment of the LIBOR penalties and agreed with management's judgement that these should not be treated as an adjusting item;

- We received reports on the assumptions underlying the provisions made for product mis-selling redress, specifically PPI and Interest Rate Hedging Products. The trend in PPI claims has proved to be volatile during 2012, resulting in provisions being taken in both the first quarter and the third quarter. A provision for Interest Rate Hedging Products was taken at the half-year. We were content after due challenge and debate with the assumptions made and the judgements applied. As part of reviewing the results for 2012, we considered a recommendation from management that further provisions should be taken in respect of PPI and Interest Rate Hedging Products in the financial results for 2012 and, having reviewed the trend data and provisioning assumptions, agreed with management's recommendation;

- In reviewing the results for 2012, we reviewed the assessments made for goodwill impairment and confirmed, based on management's expectations of future performance of certain businesses, that no goodwill impairment charges were required in 2012;

- We also reviewed the judgements made in respect of tax, in particular, deferred tax assets in Spain and the US, including their recoverability. We supported management's assumptions, based on current forecasts. We reviewed the level of tax provisioning in light of ongoing discussions with HMRC. We believe that the current level of provisions is reasonable;

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- j At the request of the Board we considered whether the 2012 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess Barclays performance, business model and strategy. We were satisfied that, taken as a whole, the Annual Report is fair, balanced and understandable;
- j We reviewed the Group's credit impairment charges, which have reduced overall in 2012, to satisfy ourselves with the appropriateness of the provision;
- j We received reports from the Investment Bank Valuations Committee on the processes followed and the judgements made in valuing certain asset classes, in particular, those assets where there is little or no market data. We were content with the rigour of the processes and the resulting valuations;
- j Given ongoing uncertainties in the Eurozone, we reviewed and agreed enhanced disclosure of Barclays exposures in selected Eurozone countries, including sovereign debt exposures, and Barclays disclosures in respect of re-denomination risk for certain countries;
- j We reviewed disclosures on litigation and competition and regulatory matters contained in Barclays full and half-year results and trading statements, in particular, the statements made with respect to investigations by the Financial Services Authority, Serious Fraud Office, US Department of Justice, and the US Securities and Exchange Commission's investigation into Barclays relationships with third parties who assist it to win or retain business. We also reviewed the disclosure made in respect of civil claims made in connection with Barclays role in the setting of interbank offered rates; and
- j We received an update on future accounting standards changes and the potential impact that these may have on Barclays financial statements, particularly the impact of IFRS 10 *Consolidated Financial Statements* and IAS 19 *Employee Benefits*. Some of these new accounting standards will apply for the financial year 2013 and we will continue to assess the impact on our financial statements.

Internal control

To discharge our responsibility to review the effectiveness of the Group's internal controls, we received specific control environment reviews from each of the businesses, we reviewed control issues of Group level significance and specific control issues and also received regular reports on regulatory and compliance matters. Some of the specific matters we reviewed in 2012 are set out below:

- j We reviewed the control environment of each of our principal businesses: Europe RBB; UKRBB; Africa; Investment Bank; Barclaycard; Corporate Banking; and Wealth and Investment Management. Given the planned integration of Absa and Barclays Africa, which is a major change programme, we were particularly concerned to understand the potential impact on resources in those businesses as they integrate and automate and standardise processes and controls;
- j Technology remained an area of specific focus in 2012, particularly in view of a number of well-publicised IT failures at certain banks and the impact of such failures on business continuity. We regularly reviewed specific IT-related control issues and also the progress of the remediation work that is under

Corporate governance report

Accountability continued

Board Audit Committee Chairman's Report continued

way to address them. We also received an update on cyber-security threats and the defences Barclays has in place against cyber attacks;

- The control environment in the Investment Bank was regularly reviewed, including reviewing the specific action plans that are in place to enhance the control environment and in particular, to enhance the Compliance function. We will continue to review this important workstream in 2013;
 - We received regular updates on compliance matters. These included updates on the actions being taken to comply with the Deferred Prosecution Agreement (DPA) entered into as part of the settlement with US authorities following an investigation into Barclays compliance with US sanctions and US Dollar payment practices: all of the actions required by the DPA were completed in 2012. Further details of Barclays compliance with the DPA may be found in the Risk management – Supervision & Regulation section;
 - We also received a number of updates on Anti-Bribery and Corruption, Anti-Money Laundering and Client Assets compliance. More details of Barclays Clients Assets compliance may be found in the Risk management – Supervision & Regulation section of this report;
 - We were updated on the arrangements Barclays has in place for employees to raise concerns and received reports on any incidents reported and investigated. There was a small increase in the number of reports and concerns raised by employees following the LIBOR announcement, although no new material issues were raised. We continue to regard employee reports as a valuable source of information that helps identify fraud, inappropriate behaviour and control weaknesses; and
 - We received an update on the likely direction to be taken by the Conduct Business Unit of the FSA in respect of the governance of conduct risk and will be considering this further in 2013.
- Further details of the Group's system of internal control and risk management, including the main features of our internal control and risk management systems in relation to the financial reporting process, are included in the Directors' Report on pages 30-32 and in the Risk management section on pages 273-303.

Oversight of Internal Audit and External Audit

Internal Audit

To fulfil our responsibility to monitor the effectiveness of the internal audit function, we received regular reports from the Chief Internal Auditor, setting out the Internal Audit function's view of the control environment and performance against any key indicators. We also regularly reviewed the Internal Audit Plan, any changes proposed and the level of resourcing available to the Internal Audit function.

A new Chief Internal Auditor was appointed in early 2012 and during the year provided the Committee with his views on the resourcing and effectiveness of the Internal Audit function. 2012 has seen a change in methodology in order to improve the effectiveness of internal audit by focusing audit resources on high-risk auditable entities. In particular, the audit coverage of the Investment Bank has been increased. Given the change in audit methodology, we reviewed and approved the annual Internal Audit plan for 2013 in early 2013.

The Chief Internal Auditor updated the Committee on the work that Internal Audit will carry out as a result of the LIBOR settlement, in order to meet the requirements of the Commodity Futures Trading Commission (CFTC) Order. Regular audits of the LIBOR-setting process will be carried out on a six-monthly basis and a third party audit will also be conducted. We received the first of these reports in late 2012.

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Internal Audit's self-assessment of conformance, which we reviewed in the fourth quarter of 2012, evidenced that the function generally conforms to the standards set by the Institute of Internal Auditors. During 2013, an external assessment of the performance of the Internal Audit function will be conducted and the results will be reported to the Committee.

External Audit

It is our responsibility to monitor the performance, objectivity and independence of the external auditor. Each year, we agree the audit plan with the auditor to ensure that the coverage is focused and that there is appropriate overlap with the work of Internal Audit. We also agree the terms of the engagement letter and approve, on behalf of the Board, the fees payable for the audit.

To discharge our responsibility to assess the performance and effectiveness of the auditor, we carried out a survey in the fourth quarter of 2012, seeking views from key stakeholders across the Group. The survey gathered views on the performance and effectiveness of PricewaterhouseCoopers (PwC). The results were reported to the Committee in early 2013 to help inform the Committee's deliberations on the auditor's performance and whether the auditor should be recommended for re-appointment. A more detailed follow-up survey will be conducted at the end of the first quarter of 2013 following completion of the year-end audit.

PwC and its predecessor firms has been Barclays auditor for many years, since 1896, although the lead audit partner now rotates every five years. Based on the 2012 survey results and the Committee's own interactions with PwC, the Committee concluded that it continues to be fully satisfied with the performance of PwC and that PwC continues to be objective and independent. The auditor's objectivity and independence is supported by Barclays policy on non-audit services provided by the auditor, which is described on page 23. PwC also provides specific assurance to the Committee on the arrangements it has in place to maintain its independence and objectivity. The Committee has therefore recommended to the Board and to shareholders that PwC should be re-appointed as the Group's auditors at the AGM on 25 April 2013. The Committee recognises however that the length of tenure of auditors is under increasing scrutiny and is therefore considering, in light of the new requirement in the Code that the external audit contract is put out to tender at least every ten years, how and when a tender process might be implemented, particularly given the transitional provisions suggested by the Financial Reporting Council (FRC). A recommended course of action will be proposed to the Board during 2013.

Objectivity and independence

of the external auditor

The Committee's responsibility to monitor and review the objectivity and independence of the external auditor is supported by a policy to govern the non-audit services that may be provided by the external auditor. The policy sets out the circumstances in which the external auditor may be permitted to undertake non-audit services. Allowable services are pre-approved up to but not including £100,000, or £25,000 in the case of certain taxation services. Any non-audit service that exceeds these thresholds requires approval from me as Chairman of the Committee and must be robustly justified and, if appropriate, tendered, before it is approved. I closely review all requests for approval, particularly any which concern taxation-related services, and specifically tax advisory services, where our approach is not to use the auditor unless there is a very strong case for not seeking an alternative supplier. The Committee receives a quarterly report on non-audit services undertaken by the auditor so that it can monitor the types of services being provided and the fees incurred.

A breakdown of the fees paid to the auditor for non-audit work may be found in note 44 on page 271. Significant categories of engagement undertaken in 2012 include tax compliance services for assignments initiated pre January 2011 in connection with our expatriate and international assignees and attest and assurance services in connection with the production of a report attesting to the effectiveness of controls in place at some of Barclays US based entities. In each case, approval was only given after a full and thorough assessment of the value case for using the auditor and of the skills and experience that the auditor would bring to each assignment. I also satisfied myself that there were safeguards in place to protect the objectivity and independence of the auditor.

Further details of the non-audit services that are prohibited and allowed under our policy can be found on page 317.

Committee Effectiveness

The performance of the Committee is reviewed each year as part of the Board Effectiveness Review. This year's review concluded that the Committee continues to operate effectively, although there was a slight diminution in the overall score.

Priorities for 2013

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For 2013, I anticipate the Committee's areas of focus to be driven primarily by the changing regulatory environment, particularly as the new regulatory regime in the UK is implemented. We will also be seeking to ensure that the control remediation programmes we already have in place are delivered, in addition to having oversight of any action plans that arise from the controls workstream of the Transform Programme.

Sir Michael Rake

Chairman, Board Audit Committee

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Corporate governance report

Accountability continued

Board Risk Committee Chairman's Report

We have been looking to take a more holistic view of risk management, so that we have an enterprise wide view of risk management that goes beyond the management of financial risks.

David Booth

Chairman, Board Risk Committee

Member	Independent	Meetings eligible to attend
David Booth (Chairman)	Yes	
Tim Breedon		
(from 1 December 2012)	Yes	
Reuben Jeffery ^a	Yes	
Sir Andrew Likierman	Yes	
Dambisa Moyo ^a	Yes	
Sir Michael Rake ^a	Yes	

Lawrence Dickinson Secretary

Attended Did not attend

Note

a Unable to attend meetings because of prior commitments.

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Board Risk Committee allocation of time		2012	2011
		%	%
1	Risk profile/Risk appetite		
	(including capital and liquidity management)	61	45
2	Key risk issues	18	38
3	Internal control/Risk policies	6	6
4	Regulatory frameworks	5	4
5	Other (including Remuneration and Governance issues)	10	7

David Booth, Chairman of the Board Risk Committee, reports on how the Committee discharged its responsibilities in 2012. From 31 January 2013, the Committee was renamed the Board Financial Risk Committee and oversight of operational risk was assumed by the Board Conduct, Reputation and Operational Risk Committee.

Chairman's overview of 2012

2012 has been another challenging year for the Committee. Global economic conditions, particularly in the Eurozone, have driven much of our agenda. We have been looking to take a more holistic view of risk management, partly in response to regulatory pressure so that we have an enterprise wide view of risk management that goes beyond the management of financial risks, such as credit risk, market risk and funding risk. I held a number of meetings with Barclays regulators in the UK and US during 2012 to discuss our approach to risk management and to understand better our regulators' areas of focus and how this might impact the remit of the Committee.

I continued this year to request that representatives from the business, that is, business unit employees with day-to-day operational responsibility for risk management, attend Committee meetings and present on specific issues. This provided the Committee with a valuable insight into how risk management principles are implemented in the business and gives a sense of the risk management culture in the business.

I submitted a report after each Committee meeting to the Board, to ensure that all Board members were aware of the Committee's areas of focus. I continued to liaise with Sir Michael Rake, Chairman of the Board Audit Committee, to ensure that both Committees had appropriate oversight of risk and control matters. I also met regularly with the Chief Risk Officer, the Chief Internal Auditor and the Group Treasurer. In July 2012, I joined the Board Remuneration Committee, which provides an opportunity for me to provide direct input into remuneration decisions from the perspective of risk management and control.

Committee composition, skills and experience

Membership of the Committee and attendance at meetings held in 2012 is set out opposite. The Committee individually and collectively has experience in finance and financial risk management and that experience and knowledge was strengthened further in late 2012 with the appointment of Tim Breedon to the Committee. More information on the skills and experience of the Committee members may be found in the Directors' biographies on pages 35-37. The Committee is keen to ensure that it has sufficient knowledge and information to be able to discharge its responsibilities effectively and during 2012, Committee members attended two specific briefing sessions, the first on operational risk management, in light of increased regulatory focus in this area, and the second an in-depth review of the Investment Bank's balance sheet.

Committee responsibilities and how they were discharged in 2012

During 2012, the Committee was responsible for:

- recommending to the Board the total level of risk the Group is prepared to take (risk appetite) to achieve the generation of shareholder value;
- monitoring risk appetite, including setting limits for individual types of risk, e.g., credit, market, funding risk and operational risk;
- monitoring the Group's risk profile;
- ensuring that management properly identifies principal risks and that they are being appropriately managed;

- i ensuring that risk is taken into account during the due diligence phase of any strategic transaction; and

- i providing input from a risk perspective into the deliberations of the Board Remuneration Committee.

You can obtain the Committee's full terms of reference on the corporate governance section of Barclays website. More information on risk management and the internal control framework is included in the Directors' Report on pages 30-32 and in the Risk management section on pages 273-303.

The Committee met 10 times in 2012 and the chart opposite shows the way in which we allocated our time. Committee meetings were attended by management, including the Group Finance Director, Chief Internal Auditor, Chief Risk Officer and General Counsel. The external auditor also attended each meeting. From time to time, senior management below Board and Executive Committee level, including representatives of the risk management function at both Group and business unit level, attended meetings for specific items. The Chief Internal Auditor, in addition to providing input on risk and control matters presented to the Committee, also presented a regular, formal report on risk control issues.

The way in which the Committee discharged its responsibilities during 2012 is described below:

Risk Profile/Risk Appetite

We considered the following matters in 2012:

- i The Chief Risk Officer presented a quarterly Group Risk Profile Report, providing an update on credit, market, funding and liquidity and operational risk in each of Barclays main businesses. Given the continuing uncertainties in the Eurozone, our discussions focused primarily on the potential impact of the Eurozone debt crisis, Eurozone sovereign risk and redenomination risk in our European businesses. We received specific reports on Eurozone sovereign risk, including details of Barclays scenario planning in the event of a country exiting the Euro. In addition, we discussed the potential impact on our businesses of failure to resolve the US Fiscal Cliff. We were also updated on specific country risk for countries where the economic outlook may be worsening or where there is risk to our businesses arising from political instability;
- i The Group Treasurer provided a quarterly update on capital and liquidity. During 2012, given market conditions and the ongoing uncertainty in the Eurozone, we held two additional meetings specifically to discuss liquidity risk appetite and Barclays liquidity risk management framework. In view of the external environment, and taking into account the potential stresses on Barclays following the announcement of the penalties imposed relating to the industry-wide investigation into the setting of interbank offered rates, for a time over the summer we asked management to implement a revised liquidity risk management framework, in order to extend the time horizon period for Barclays liquidity and to reduce our overall balance sheet leverage. Also during 2012 we agreed to a revised limit framework for Barclays US repo business. Further details of Barclays liquidity risk management framework can be found in the Risk management section. The Group Treasurer also updated the Committee on regulatory changes in liquidity rules, on the introduction of new facilities, such as the Funding for Lending Scheme and on the potential impact of CRD IV;
- i We considered and approved the scenarios for Barclays internal stress testing exercise, including a reverse stress test, and later reviewed the results. The stress tests included a potential Eurozone break-up scenario. As in previous years, the stress testing exercises demonstrated that Barclays remains well-capitalised and profitable in a stress scenario; and
- i We considered risk appetite for 2013 and recommended it to the Board for approval. Taking a 1 in 7 scenario and a 1 in 25 scenario, we assessed the performance of agreed financial volatility parameters in those scenarios to establish if there are any potential constraints. While the financial volatility parameters are largely unchanged from the prior year, some were recalibrated. The proposed risk appetite for 2013 also allows for a higher level of non-credit losses, given the impact in 2012 of such losses, for example, product mis-selling redress. The Committee will monitor risk appetite for 2013 and may revisit it in light of the Transform Programme.

Key Risk Issues

Some of the other specific matters we considered in 2012 were:

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- j We undertook two specific country and business risk reviews in 2012. We reviewed our operations in India, where we primarily have Investment Banking business and support activities. From that discussion, we asked for loan to deposit ratios on a country by country basis to be reported to the Committee as a key indicator. We also reviewed our business in South Africa in view of the weak economic outlook there and the difficult political environment, which present a number of challenges, particularly in terms of operational risk management. The Committee was content with the actions being taken by management to address these challenges although asked to be kept informed of the progress of certain remediation programmes;

- j After the significant trading losses experienced at JPMorgan in 2012, we received a report from management on their understanding of what occurred in this incident and an assessment of the risk management systems and controls in place over any similar trading activity at Barclays. After due consideration, the Committee was satisfied with management's assessment that appropriate systems and controls are in place;

- j We received a regular report on the progress of the enhancements that are being made to risk management systems and controls in our Investment Bank business in the US. The Committee will continue to monitor progress in 2013;

- j In view of continuing weak global economic conditions, we were updated on Barclays credit rating strategy and on the potential impact on Barclays credit ratings should the UK's credit rating be downgraded. Having discussed and assessed the position, the Committee supported the recommended credit rating strategy and associated programme of engagement with ratings agencies;

- j Each year the Committee reviews Tax Risk. In early 2012, HMRC issued a statement concerning the tax treatment of a repurchase of debt by Barclays. In light of that announcement, in its discussion on Tax Risk the Committee focused on tax risk in Barclays Structured Capital Markets business and on the steps being taken to enhance Barclays compliance with both the letter and spirit of its obligations under the HMRC Code of Practice. After discussion and challenge, the Committee was satisfied with the actions being taken by management and asked to be promptly advised should tax risk limits require further review; and

Corporate governance report

Accountability continued

Board Risk Committee Chairman's report continued

i We were updated on Barclays Leveraged Finance business, in particular, the performance of the portfolio and the level of refinancing risk, which has reduced since the end of 2011. Having reviewed the status, the Committee was content with the actions being taken by management to monitor and mitigate refinancing risk.

Internal Control and Risk Management Framework

The Committee conducted its annual review of the Group's internal control and risk management framework (GICAF) to ensure it remains fit for purpose and concluded that it remained so. More details on the GICAF and the Principal Risks Policy can be found in the Directors' Report on pages 30-32 and in the Risk management section on pages 273-303. During 2012, we were updated on conduct risk and the potential areas of focus for the Conduct Business Unit of the FSA. This new focus on conduct risk is likely to have an impact on Barclays Principal Risks Policy and we will assess how conduct risk is reflected in Barclays risk management framework.

The Committee spent a significant amount of time on operational risk matters in 2012, including a specific in-depth briefing session on operational risk and the development of our operational risk management framework. During the year we discussed the effectiveness of the operational risk control framework and whether Barclays control environment is effective relative to the size and complexity of the business. With input from Barclays Internal Audit, we subsequently looked in more detail at five businesses, Absa, Barclays Africa, Investment Bank US, Wealth & Investment Management US and Continental Europe, to assess the general control environment and the resulting levels of operational risk in the context of any growth plans for those businesses. We were satisfied that any growth plans for those businesses are appropriate to the control environment.

Due diligence

The Committee reviewed the due diligence process followed for the acquisition of certain portfolios from Edcon Proprietary Limited and ING Direct UK, to satisfy itself that the due diligence process in each case was thorough. This included reviewing the impact of each transaction on Barclays risk profile and risk appetite. In both cases, the Committee concluded that the due diligence process had been thorough and that the size and the impact of the acquisitions could be accommodated within the Group's agreed risk appetite.

Remuneration

The Committee provided input to the Board Remuneration Committee on the risk metrics to be used to determine financial performance and reviewed the risk function's view of performance, which was used to inform remuneration decisions for 2012. The risk perspective took into account specific matters, such as product mis-selling redress, the penalties relating to the industry-wide investigation into the setting of interbank offered rates and, at the Committee's request, internal control issues. The Remuneration Report on page 39 includes more detail on how risk is taken into account in remuneration decisions.

Committee Effectiveness

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As part of the annual Board Effectiveness Review, the performance of the Committee is assessed. This year's review concluded that the Committee continues to operate effectively and there was a slight improvement in the overall score.

Priorities for 2013

I expect the Committee in 2013 to continue to focus on monitoring the risk to Barclays business from the ongoing weak economic conditions in its main geographies. We will also maintain our focus on capital and liquidity, particularly in view of the implementation of CRD IV. The Committee will also seek to understand and act upon any changes required to Barclays risk management framework that might arise as a consequence of the new regulatory regime in the UK.

David Booth

Chairman, Board Risk Committee

Board Citizenship Committee Report

While retaining its responsibility for oversight of Barclays citizenship strategy, the Committee in 2013 will focus on developing Barclays approach to conduct risk.

Sir David Walker

Chairman, Board Citizenship Committee

Committee composition, skills and experience

The Committee was established in August 2011 and during 2012 was responsible for the oversight of Barclays conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen. The Committee was also responsible for:

- i Reviewing and monitoring the effectiveness of Barclays citizenship strategy, including the management of significant reputational, social and environmental issues; and
- j Ensuring the fulfilment of the Board's objective to protect and enhance the brand and reputation of Barclays and ensuring that Barclays is Treating Customers Fairly (TCF).

From the end of January 2013, the Committee was renamed the Board Conduct, Reputation and Operational Risk Committee. You can obtain the Committee's full terms of reference on the corporate governance section of Barclays website.

During 2012, the Committee comprised two non-executive Directors and the Chairman, who chaired the Committee. Membership of the Committee is set out opposite, together with attendance at meetings in 2012. Sir David Walker joined the Committee on his appointment to the Board on 1 September 2012 and took over as Chairman of the Committee on 1 November 2012. Tim Breedon joined the Committee with effect from 1 February 2013 and Diane de Saint Victor joined the Committee with effect from 1 March 2013.

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Committee responsibilities and how they were discharged in 2012

The Committee met twice in 2012. The chart opposite shows how the Committee allocated its time at those meetings. During the year, the Committee conducted the following business:

- Reviewed the citizenship disclosure in the 2011 Annual Report;
- Received an update on Barclays citizenship strategy and discussed the five-year citizenship plan;
- Reviewed the plans for the 2012 Barclays Citizenship Day;
- Reviewed the activities of the Global Investment Committee, which manages Barclays community investment programme;
- Conducted in-depth reviews of regional citizenship activity in Barclays businesses in the UK, US and Africa;
- Received updates on specific areas of focus such as supply chain management, human rights, complaints and agricultural commodities trading;
- Reviewed and approved Barclays reputational risk control framework and policy; and
- Received an update on Barclays TCF agenda and discussed the progress made against objectives.

Committee Effectiveness

The performance of the Committee was reviewed as part of the Board Effectiveness Review. The review concluded that the Committee had operated effectively, although it was recognised that it was in its first full year of operation and its role and responsibilities will become more defined in future.

Priorities for 2013

With effect from 31 January 2013, the Committee's remit was broadened to include conduct, reputation and operational risk and it was renamed the Board Conduct, Reputation and Operational Risk Committee. It will retain responsibility for oversight of Barclays citizenship strategy. The Committee is expected to focus in 2013 on developing Barclays approach to conduct risk in the context of the UK regulator's new focus on conduct risk and outcomes for consumers.

Corporate governance report

Relations with Shareholders

Shareholder type

Institutional

Barclays Investor Relations is dedicated to managing long term relationships with institutional investors and sell-side analysts. A structured Investor Relations programme is in place to ensure regular communication with shareholders and access to the Group Chief Executive and Group Finance Director as well as senior management from across the business.

Shareholders

Shareholder engagement is spread throughout the year, with particular focus around results periods, which provide the opportunity for regular dialogue with current and prospective investors. Approximately half of our investor engagement is conducted by executive management, with the remainder led by Barclays Investor Relations.

In addition to the global programme of investor meetings, Barclays also participates regularly in investor conferences designed to provide access to a wider audience. Barclays also hosts seminars for investors and analysts on business specific topics led by senior management. Relationships with sell-side analysts are maintained through regular dialogue with Investor Relations and formal briefings with executive management.

Views expressed by shareholders are communicated effectively to the Board. The Chairman and Senior Independent Director also meet regularly with Barclays larger shareholders to hear their views on corporate governance matters, including remuneration and Board composition.

Debt

A dedicated Debt Investor Relations team within Investor Relations was set up in the autumn of 2012, with the aim of proactively engaging with fixed income investors and credit analysts in a way that presents a single (equity and debt) face to the market. The team has led numerous meetings, including supporting Treasury in the global marketing of the Contingent Capital Notes issuance in November 2012, and is the primary contact for credit rating agencies.

Investors

The Debt Investor Relations team has also launched a new debt focused section in the Investor Relations section of Barclays website, which provides information on the Group's capital, funding and liquidity positions as well as credit ratings. During 2013, Debt Investor Relations will continue to work closely with Treasury to deliver structured, targeted and disciplined debt investor engagement.

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Private

Barclays has a large private shareholder base and understands the need to treat all shareholders fairly, following industry best practice in terms of disclosure.

Shareholders

We recently re-consulted all of our private shareholders on how they would like to receive their shareholder information. We believe that communicating electronically with our shareholders ensures that they receive regular, up to date information about Barclays directly to their inbox. For example, we email all Barclays e-view members with our quarterly financial results and dividend information. They can also vote online for AGMs, view any transactions on their shareholding, instantly update their personal and bank details and receive an electronic dividend tax voucher. It is also beneficial for the environment and lowers costs for Barclays. We therefore actively encourage private shareholders to join Barclays e-view. Shareholders can sign up to Barclays e-view at www.eviewsignup.co.uk. We also encourage our private shareholders to hold their shares in Barclays Sharestore, where shares are held electronically in a cost-effective and secure environment.

We maintain a dedicated email address and Barclays Shareholder Helpline with our registrars so that our shareholders can easily contact them if they have any questions about their shareholding. In order to ensure that the registrar provides the highest quality of service to our shareholders, we regularly monitor their operational performance via monthly meetings at which management information on transactions undertaken by the registrar are discussed in detail, together with service level reports.

We are aware that, sometimes, shareholders do not keep their personal details on the shareholder register up to date. We recently conducted a tracing process using our search agent, Prosearch, to reunite over 24,000 Barclays Sharestore members identified by the registrar as having lost contact with us, with their shares and unclaimed dividends. As at 31 December 2012, we had returned £1.8m of unclaimed dividends to our shareholders.

A wide range of information for all our shareholders can be found on our website Barclays.com. We ensure that all documents produced for investor events are provided on the Investor Relations section of our website.

Private shareholders can discuss their concerns with us by email: privateshareholderrelations@barclays.com or in writing to Shareholder Relations at Barclays PLC, 1 Churchill Place, London E14 5HP.

Remuneration

Sir John Sunderland, who became Chairman of the Remuneration Committee in July 2012, reports on the Board Remuneration Committee's activities during 2012 in the remuneration report on pages 39-68.

Relations with Shareholders

Understanding the views of shareholders

Part of the Chairman's responsibility is ensuring that there is effective communication with shareholders. The Chairman is in regular contact with institutional shareholders and reports back to the Board on any significant issues that are raised. The Group Chief Executive, Group Finance Director and Senior Independent Director also had regular contact with shareholders during 2012 and the Chairman of the Board Remuneration Committee also held a series of meetings with key shareholders to discuss the Group's remuneration structure and policy.

During 2012, the Board received the results of an investor audit, conducted by one of Barclays investor relations advisers, which set out views gathered from interviews with a number of Barclays investors on Barclays strategy, priorities, businesses, capital, funding and liquidity and management. It also provided a view on the outlook for stock market conditions. Directors receive a weekly briefing note from the Group Chief Executive, which includes share price and market information. Analyst notes are made available to Directors on a regular basis.

Engaging effectively with investors

Barclays understands the need to engage with its investors in a meaningful way and for such communication to be transparent to facilitate a mutual understanding of respective objectives. Interaction with investors falls into four main areas: institutional shareholders, debt investors, private shareholders and the AGM.

General shareholder information can be found on Barclays website, Barclays.com/investor relations

AGM

The Board as a whole understands the importance of communicating effectively with shareholders and is committed to the constructive use of the AGM to meet with shareholders, hear their views and to answer their questions. All Directors are required to attend the AGM. They all attended the 2012 AGM which was held on Friday, 27 April 2012. The Chairman as well as the Chairmen of the Board Committees were available to answer shareholders' questions. In accordance with best practice, all resolutions were considered on a poll, which was conducted by the registrar and monitored by independent scrutineers. The results, along with proxy votes lodged prior to the meeting, were made available on our website the same day. The votes cast at the meeting represented 60-67% of all the shares in issue and all resolutions were approved.

The 2013 AGM, will be held on Thursday, 25th April 2013 at the Royal Festival Hall in London. The Notice of AGM can be found in a separate document, which is sent out at least 20 working days before the meeting. The Notice of AGM and the accompanying circular, which sets out a clear explanation of each resolution to be proposed at the meeting, can also be found at www.Barclays.com/AGM. The resolutions will be considered on a poll and the results will be announced via the Regulatory News Service and made available on our website on the same day.

Shareholders unable to attend the AGM are encouraged to vote in advance of the meeting via www.barclays.com/investorrelations/vote. They may also submit questions to the Board by writing to Shareholder Relations at the address given above.

Sir David Walker

Chairman

5 March 2013

Directors report

Profit and dividends

The loss for the financial year, after taxation, was £236m (2011: £3,951m profit). The final dividend for 2012 of 3.5p per share will be paid on 15 March 2013 to shareholders whose names were on the Register of Members at the close of business on 22 February 2013. With the interim dividends totalling 1.0p per ordinary share, paid in June, September and December 2012, the total distribution for 2012 is 6.5p (2011: 6.0p) per ordinary share. The interim and final dividends for 2012 amounted to £793m (2011: £728m).

Board of Directors

The names of the current Directors of Barclays PLC, along with their biographical details, are set out on pages 35-37 and are incorporated into this report by reference. Bob Diamond, Alison Carnwath and Marcus Agius left the Board with effect from 3 July 2012, 24 July 2012 and 31 October 2012 respectively. Sir David Walker, Antony Jenkins and Tim Breedon joined the Board on 1 September 2012, 30 August 2012 and 1 November 2012 respectively. There were no other changes to Directors in 2012. Diane de Saint Victor was appointed as a Director with effect from 1 March 2013.

Appointment and retirement of Directors

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

The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Under the Articles, any such Director holds office only until the next AGM and may offer himself/ herself for re-election. The Articles also require that at each AGM at least one-third (rounded down) of the Directors retire by rotation. The retiring Directors are eligible to stand for re-election. The Code recommends that all Directors of FTSE 350 companies should be subject to annual re-election, and all Directors will stand for election or re-election at the 2013 AGM with the exception of Sir Andrew Likierman, who having served on the Board for nine years, will retire at the 2013 AGM and will not offer himself for re-election.

Directors' indemnities

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. In addition, 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 2012 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.

Creditor payment policy

Barclays policy follows the Department for Business, Innovation & Skills' Prompt Payment Code, copies of which can be obtained from the Prompt Payment Code website at www.promptpaymentcode.org.uk. The trade creditor payment days for Barclays Bank PLC for 2012 were 38 days (2011: 37 days^a). This is an arithmetical calculation based on the Companies Act regulations and does not necessarily reflect our practice, nor the experience of any individual creditor.

Note

a The 2011 figure is restated as the figure reported in the 2011 Directors' Report did not include data from all business divisions.

Political donations

The Group did not give any money for political purposes in the UK or the rest 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. Absa Group Limited, in which the Group has a majority stake, made donations totalling £185,666 in 2012 (2011: £224,158) in accordance with its policy of making political donations to the major South African political parties as part of their Democracy Support Programme. The Group made no other political donations in 2012.

In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the USA funded by the voluntary political contributions of eligible Barclays employees. The PAC is not controlled by Barclays and all decisions regarding the amounts and recipients of contributions are guided by a steering committee comprised of eligible contributors. Contributions to political organisations reported by the PAC during the calendar year 2012 election cycle totalled \$63,564 (2011 \$43,436).

Charitable donations

Barclays provides funding and support to over 8,500 charities, voluntary organisations and social enterprises ranging from small local organisations, such as Bikeworks, which provides disadvantaged young people in London with training to help them develop key skills to find employment in the cycling industry, to international organisations such as CARE International. The Group committed £32.1m in support of the community in the UK (2011: £30.3m), including charitable donations of £22.5m (2011: £22.6m).

Environment

In 2011 we launched the Barclays Climate Action Programme – a four-year plan which focuses on addressing environmental issues where we believe we have the greatest potential to make a difference. The Programme focuses on managing our own carbon footprint and reducing our absolute carbon emissions, developing products and services to help enable the transition to a low-carbon economy, and managing the risks of climate change to our operations, clients, customers and society at large. We invest in improving the energy efficiency of our operations and offset the emissions remaining through the purchase of carbon credits. We also have a long standing commitment to managing the environmental and social risks associated with our lending practices, which is embedded into our Credit Risk processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around issues of potential environmental and social risk. More details may be found on our website at www.barclays.com/citizenship.

We are currently preparing for the forthcoming mandatory carbon reporting regulations coming into force in April 2013, requiring all UK companies listed on the London Stock Exchange to disclose their global emissions in the Director's Report. We are awaiting the publication of the finalised requirements of the legislation by the UK Government but do not foresee any significant challenges in adhering to the new regulation.

Essential contracts or arrangements

There are no persons with whom the Group has contractual or other arrangements that are considered essential to the business of the Group.

Contracts of significance

Barclays provided BlackRock, Inc. with customary warranties and indemnities in connection with the sale of Barclays Global Investors (BGI) to BlackRock, Inc. in 2009. Barclays continued to provide indemnities in respect of certain of BGI's fully collateralised securities lending activities until 30 November 2012 and will continue to provide support in respect of certain BGI cash funds until December 2013.

Research and development

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

Share capital

Share capital structure

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The Company has Ordinary Shares in issue. The Company's Articles also allow for the issuance of Sterling, US Dollar, Euro and Yen preference shares (preference shares). No preference shares have been issued as at 28 February 2013 (the latest practicable date for inclusion in this report). Ordinary shares therefore represent 100% of the total issued share capital as at 31 December 2012 and at 28 February 2013. Details of the movement in Ordinary Share capital during the year can be found in Note 32 on page 250.

On 31 October 2008, Barclays PLC issued, in conjunction with a simultaneous issue of Reserve Capital Instruments issued by Barclays Bank PLC, warrants (the Warrants) to subscribe for up to 1,516.9 million new Ordinary Shares at a price of £1.97775. As at 31 December 2012 there were unexercised Warrants to subscribe for 379.2 million Ordinary Shares. On 13 February 2013 Barclays PLC and Barclays Bank PLC announced that they had entered into an agreement with Deutsche Bank AG and Goldman Sachs International (the Warranholders) pursuant to which the Warranholders had agreed to exercise in aggregate 379.2m outstanding Warrants. As a consequence of this agreement no other Warrants remain outstanding. Details of changes to the share capital structure which have taken place since the year end are detailed in Note 46 Events After the Balance Sheet Date.

Directors report continued

Exercisability of rights under an employee share scheme

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

Special rights

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

Substantial shareholders^a

Substantial shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by substantial shareholders pursuant to the Financial Services Authority's (FSA) Disclosure and Transparency Rules (DTR) is published via a Regulatory Information Service and is available on the Company's website. As at 31 December 2012, the Company had been notified under Rule 5 of the DTR of the following holdings of voting rights in its shares.