



Barclays approach to remuneration

Barclays Remuneration Policy

The Barclays Remuneration Policy provides a framework for the Board Remuneration Committee (the Committee) in carrying out its work. The aims of the Remuneration Policy are to:

1. Attract and retain those people with the ability, experience and skill to deliver Barclays strategy.
2. Create a direct and recognisable alignment between the rewards and risk exposure of shareholders and employees.
3. Incentivise employees to deliver sustained performance consistent with strategic goals and appropriate risk management, and to reward success in this.
4. Deliver remuneration that is affordable and appropriate in terms of value allocated to shareholders and employees.
5. Encourage behaviour consistent with the following principles that guide Barclays business:
 - i) **Winning together**
 - Doing what is right for Barclays, its teams and colleagues to achieve collective and individual success
 - ii) **Best people**
 - Developing talented colleagues and differentiating remuneration to reflect performance
 - Doing what is needed to ensure a leading position in the global financial services industry
 - iii) **Customer and client focus**
 - Understanding what customers and clients want and need and then serving them brilliantly
 - iv) **Pioneering**
 - Driving new ideas, especially those that make Barclays profitable and improve control
 - Improving operational excellence
 - Adding diverse skills to stimulate new perspectives and bold steps
 - v) **Trusted**
 - Acting with the highest levels of integrity to retain the trust of customers, shareholders, other external stakeholders and colleagues
 - Taking full responsibility for decisions and actions
 - Reflecting the operation of independent, robust and evidence based governance and control and complying with relevant legal and regulatory requirements

The Committee reviews the Remuneration Policy and remuneration arrangements to ensure that Barclays programmes remain competitive and provide appropriate incentive for performance.

Regulation

Barclays is committed to the maintenance of robust remuneration arrangements that are in accordance with regulatory requirements including the FSA's Remuneration Code. Table 1 sets out some of the ways that we fulfil this commitment.

Table 1: Remuneration regulation

Regulatory area	Barclays practice
Scope and application	The FSA's Remuneration Code applies to all Barclays businesses globally. Code Staff are identified and made aware of the implications of their status. Code Staff are Barclays employees whose professional activities could have a material impact on the Group's risk profile
Governance	The Committee's scope includes reviewing the remuneration of Code Staff
Capital	Quantum and structure of the variable component of remuneration is considered in the context of capital planning. Capital efficiency is a key goal in the design of remuneration plans
Guarantees	Our policy in all of our businesses is that guarantees are used only in exceptional circumstances in the case of new hires and for one year. The number of guarantees in 2011 reduced substantially compared to 2010
Risk-focused remuneration policies	Barclays policies, procedures and practices promote sound risk management. This is embodied in the Remuneration Policy and in Barclays guiding principles. Risk and remuneration are linked in Barclays through governance processes, bonus funding, the performance assessment process, performance metrics selection, deferral structures and clawback provisions
Deferral and payment in Barclays shares	For Code Staff, 50% of non-deferred bonuses are awarded in Barclays shares subject to a six month holding period. A significant proportion of the bonus pool is delivered as deferred bonuses. For Code Staff a minimum of 60% of the variable component of remuneration is deferred (minimum of 40% for variable remuneration of not more than £500,000). Code Staff are also subject to a shareholding guideline
Clawback	Deferred bonuses and long term incentive awards vest subject to clawback provisions in line with the FSA's Remuneration Code. The Committee reviews the operation of clawback and may reduce the vesting level of awards (including to nil). Events that may lead to clawback include employee misconduct, harm to Barclays reputation, material restatement of Barclays financial statements, a material failure of risk management or a significant deterioration in the financial health of Barclays. Awards may also be suspended where an employee is under investigation for a regulatory or disciplinary matter

Barclays remuneration arrangements

The Remuneration Policy applies the same overarching principles and practices to all employees, including executive Directors and Code Staff, though the exact structure and quantum of individual packages varies by business, geography and role. Remuneration decisions are managed on the basis of total remuneration, comprising salaries, bonuses and long term incentive awards. Salaries are set at a level consistent with market rates. The variable component of remuneration (bonus and long term incentive awards) is used to provide a clear and explicit link between remuneration and current and future performance. Retirement benefits and other benefits are provided in addition to the total remuneration package.

For senior employees, the combined potential remuneration from bonuses and long term incentive awards outweighs the fixed component of remuneration, and is subject to individual and business performance. This means that the majority of remuneration is risk-adjusted.

Each element of total remuneration is reviewed relative to performance and relative to the practice of other comparable organisations. This includes benchmarking against other leading international banks and financial services organisations and companies of a similar size to Barclays. Table 2 provides further details on each of the key elements of Barclays remuneration arrangements.

Table 2: Key elements of Barclays remuneration arrangements

Element	Strategic purpose	Programme summary
Salary	To attract and retain talent in a competitive market	<ul style="list-style-type: none"> – Reviewed annually – Salaries are determined with reference to relevant market practice
Bonus (including deferred bonus)	<p>To incentivise the delivery of annual goals at Barclays, business, team and individual levels and to ensure that for executive Directors and senior employees a substantial portion of remuneration is variable and linked to performance</p> <p>Deferred bonuses are designed to align performance with shareholder value and increase retention for senior employees</p>	<ul style="list-style-type: none"> – Bonuses are awarded on a discretionary basis, based on Barclays, business, team and individual performance – The aggregate level of bonuses is determined by reference to Group and business unit metrics. These include a range of risk-adjusted financial metrics including profit before tax and return on risk weighted assets – Individual bonuses are strongly differentiated based on individual performance (both financial and non-financial). Adherence to applicable risk and control frameworks is part of performance assessment – The structure of individual bonuses varies based on amount, and may include different components including cash bonuses, share bonuses and deferred bonuses – For Code Staff, 50% of non-deferred bonuses are awarded in the form of Barclays shares subject to a six month holding period – Executive Directors, Code Staff and other employees who are awarded a bonus over a threshold level (set annually by the Committee) receive part of the bonus as a deferred bonus – Deferred bonuses include deferred share bonuses and deferred cash bonuses – For Code Staff a minimum of 60% of the variable component of remuneration is deferred (minimum of 40% for variable remuneration of not more than £500,000) – Vesting of deferred bonuses is dependent on future service and subject to clawback provisions – Details of the principal deferred bonus plans which were used in respect of the 2011 performance year (SVP and CVP) are shown on page 4
Long term incentive awards	Long term incentive awards reward execution of Barclays strategy and the creation of sustained growth in shareholder value. The awards are designed to align the most senior employees' goals with the long term success of Barclays	<ul style="list-style-type: none"> – The most senior employees in Barclays may receive long term incentive awards – Long term incentive awards are subject to risk-adjusted performance conditions, measured over a performance period of a minimum of three years – The vesting of long term incentive awards is subject to the discretion of the Committee to ensure that awards only vest for performance – Vesting of long term incentive awards is subject to clawback provisions – Delivery of vested long term incentive awards includes awards in cash and in Barclays shares – Details of the current long term incentive plans are shown on pages 4 and 5
Retirement benefits (or cash allowance)	To provide a market competitive post retirement benefit	<ul style="list-style-type: none"> – Barclays provides retirement benefit arrangements to employees across the businesses, with appropriate consideration of market practice and geographical differences
Other benefits	To provide market competitive benefits	<ul style="list-style-type: none"> – Benefits vary by role and may include private medical insurance, life and disability cover and car allowance, with appropriate consideration of market practice and geographical differences

Barclays approach to remuneration

Share and cash plans and long term incentive plans

Barclays operates a number of share and cash plans and long term incentive plans. The principal plans used for awards made in respect of the 2011 performance year are shown in Table 3. Awards are granted either by the plan trustee or by the Committee, and are subject to the applicable plan rules. Barclays has a number of employee benefit trusts which operate with these plans. In some cases the trustee purchases shares in the market to satisfy awards; in others, new issue or treasury shares may be used to satisfy awards where the appropriate shareholder approval has been obtained. The limits on the issue of new shares comply with the guidelines issued by the Association of British Insurers.

Table 3: Summary of principal share and cash plans and long term incentive plans

Name of plan	Eligible employees	Executive Directors eligible?	Delivery	Design details
Share Value Plan (SVP)	All employees (including executive Directors) whose bonus is above a set threshold	Yes	Deferred share bonus released in annual instalments over a three year period, dependent on future service and subject to clawback provisions	<ul style="list-style-type: none"> – Plan typically used for mandatory deferral of a proportion of bonus into Barclays shares where bonus is above a threshold (set annually by the Committee) – This plan typically works in tandem with the CVP – Deferred share bonus vests over three years in equal annual instalments dependent on future service – Vesting is subject to clawback provisions – Dividends that would normally be received may be awarded as additional Barclays shares and vest alongside each instalment – On cessation of employment, eligible leavers normally receive an award subject to the Committee and/or trustee discretion. For other leavers, awards will normally lapse – On change of control, awards may vest at the Committee's and/or trustee's discretion
Cash Value Plan (CVP)	All employees (excluding executive Directors) whose bonus is above a set threshold	No	Deferred cash bonus paid in annual instalments over a three year period, dependent on future service and subject to clawback provisions	<ul style="list-style-type: none"> – Plan typically used for mandatory deferral of a proportion of bonus where bonus is above a threshold (set annually by the Committee) – This plan typically works in tandem with the SVP – Deferred cash bonus vests over three years in equal annual instalments dependent on future service – Vesting is subject to clawback provisions – Participants may be awarded a service credit of 10% of the initial value of the award at the same time as the final instalment is paid – Change of control and leaver provisions are as for SVP
Barclays LTIP	Selected employees (including executive Directors)	Yes	Awards over Barclays shares or over other capital instruments, subject to risk-adjusted performance conditions and clawback provisions	<ul style="list-style-type: none"> – Awarded on a discretionary basis with participation reviewed by the Committee – Awards only vest if the risk-adjusted performance conditions are satisfied over a three year period – Vesting is subject to clawback provisions – For awards made for the 2011-2013 performance period, 50% of Barclays shares will be released (after payment of tax) at the end of the three year period, and 50% (after payment of tax) will be subject to an additional 12 month holding period – On cessation of employment, eligible leavers normally receive an award pro-rated for time and performance. For other leavers, awards will normally lapse – On change of control, awards may vest at the Committee's discretion

Table 3 (continued): Summary of principal share and cash plans and long term incentive plans

Name of plan	Eligible employees	Executive Directors eligible?	Delivery	Design details
Business unit long term incentive plans	Selected senior employees (excluding executive Directors) within each business unit	No	Design varies by business unit. Awards vest after at least three years, with additional deferral after this period. Awards typically vest 50% in cash and 50% in Barclays share awards	<ul style="list-style-type: none"> – Awarded on a discretionary basis – Risk-adjusted performance conditions vary by business unit to reflect applicable business strategy – Minimum plan duration is between three and five years (depending on plan) – Vesting is subject to clawback provisions – Awards are subject to forfeiture if the participant leaves Barclays other than for eligible leaver reasons
Sharesave	All employees in Ireland, Spain and the UK	Yes	Options over Barclays shares at a discount of 20%, with shares or cash value of savings delivered after three to seven years	<ul style="list-style-type: none"> – HMRC approved in the UK and approved by the Revenue Commissioners in Ireland – Opportunity to purchase Barclays shares at a discount price (currently a 20% discount) set on award date with savings made over three, five or seven year term – Maximum individual savings of £250 per month (€300 in Ireland and Spain) – On cessation of employment, eligible leavers may exercise options and acquire shares to the extent of their savings for six months – On change of control, participants may exercise options and acquire shares to the extent of their savings for six months
Sharepurchase	All employees in the UK	Yes	Barclays shares and dividend/matching shares held in trust for three to five years	<ul style="list-style-type: none"> – HMRC approved plan – Participants may purchase up to £1,500 of Barclays shares each tax year – Barclays matches the first £600 of shares purchased by employees on a one for one basis – Dividends received are awarded as additional shares – Purchased shares may be withdrawn at any time (if removed prior to three years from award, the corresponding matching shares are forfeited). Matching shares must be held in trust for at least three years – On cessation of employment, participants must withdraw shares – Depending on reason for and timing of leaving, matching shares may be forfeited – On change of control, participants are able to instruct the Sharepurchase trustee how to act or vote on their behalf
Global Sharepurchase	Employees in certain non-UK jurisdictions	Yes	Barclays shares and dividend/matching shares held in trust for three to five years	<ul style="list-style-type: none"> – Global Sharepurchase is an extension of the Sharepurchase plan offered in the UK – Operates in substantially the same way as Sharepurchase (see above)