



# HELPING BRITAIN RECOVER

Notice of Annual General Meeting 2021



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Please refer to the Group's website, [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com), for any updates on arrangements for the AGM

## FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements.

Words such as 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements.

Examples of such forward looking statements include, but are not limited to, statements or guidance relating to: projections or expectations of the Group's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; the Group's ESG targets and/or commitments; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality impacting the recoverability and value of balance sheet assets; concentration of financial exposure; management and monitoring of conduct risk; exposure to counterparty risk (including but not limited to third parties conducting illegal activities without the Group's knowledge); instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU), the EU-UK Trade and Cooperation Agreement, and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic (including but not limited to the COVID-19 pandemic) and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, or other such events; geopolitical unpredictability; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the UK's exit from the EU; changes to regulatory capital or liquidity requirements (including regulatory measures to restrict distributions to address potential capital and liquidity stress) and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key laws, legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission for a discussion of certain factors and risks.

Lloyds Banking Group plc may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the US Securities and Exchange Commission, Lloyds Banking Group plc annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts.

Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

If you would like a paper copy of this notice, or a version in large print, Braille or on audio CD, please contact the Company's registrar, Equiniti Limited, on 0371 384 2990\* or telephone 0371 384 2255 (from inside the UK) or +44 121 415 7066 (from outside the UK).

\*Lines are open 8.30 am to 5.30 pm (UK time) excluding English and Welsh public holidays.

Requests may also be made in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Calls to 03 numbers will cost no more than a national rate call to an 01 or 02 number.

Calls to +44 121 415 7066 from outside the UK are charged at applicable international rates.

# This document is important and requires your immediate attention.

If you have any doubt about the action you should take, it is recommended that you consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have sold or transferred all of your ordinary shares in Lloyds Banking Group plc, please give this document and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made for transmission to the purchaser or transferee.

## LETTER FROM THE CHAIR OF LLOYDS BANKING GROUP PLC



23 March 2021

### Dear Shareholder

I am pleased to set out the arrangements for Lloyds Banking Group plc's (the '**Company**') Annual General Meeting (the '**AGM**') for 2021 in the enclosed notice. The AGM will be held at our registered office, The Mound, Edinburgh, EH1 1YZ on Thursday, 20 May 2021 at 11.00 am. The notice of AGM is set out on pages 5 to 7 of this document.

A copy of the Annual Report and Accounts or Annual Review for the year ended 31 December 2020 is now available, together with a proxy form enabling you to exercise your voting rights. The Annual Report and Accounts for the year ended 31 December 2020 is available on our website at [www.lloydsbankinggroup.com/investors](http://www.lloydsbankinggroup.com/investors).

### Impact of COVID-19 on the 2021 AGM

Your Board recognises the ongoing importance of engaging with our stakeholders, especially through the unprecedented times in which we find ourselves. In light of the current government restrictions in the UK and in particular Scotland, where the AGM is required to be held, to prevent the transmission of COVID-19, this year's events will follow a different format, explained below.

We are really pleased that we can offer shareholders the opportunity to join us virtually for the first time through a live shareholder engagement event on Thursday, 13 May. All shareholders should have the ability to hear from the Board before voting on resolutions and this new event will ensure that those who choose to vote by post have the opportunity to do so after hearing from the Board. This will be followed by the AGM on Thursday, 20 May.

Your Board would have liked to welcome many shareholders in person to our 2021 AGM, particularly given that we were not able to do so in 2020 due to the pandemic. However, at the time of sending this notice, the UK and in particular Scotland, where the AGM is required to be held, remain subject to a number of government restrictions to prevent the spread of COVID-19, including a ban on large gatherings. It is intended that the AGM will be held with only the minimum number of shareholders present as is required to form a quorum under the Company's articles of association to enable the business of the AGM to be conducted, each of whom is expected to be an officer or

employee of the Group. Shareholders can be represented by appointing the Chair of the meeting as their proxy.

We will notify shareholders of any updates to this position as early as possible before the date of the meeting through our website.

### Live Virtual Shareholder Engagement Event

Your Board is pleased to share further details of our live virtual shareholder engagement event, which will take place on Thursday, 13 May 2021 at 10.00 am (the '**Shareholder Event**'). Shareholders will be able to access the Shareholder Event through our website: [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com). It is recommended that shareholders visit the website in advance of the event to check that they can connect to the website using their preferred device, although there are no special software requirements necessary. Participation in the Shareholder Event will not constitute formal attendance at the AGM.

During the event shareholders will see presentations from me, as Chair of the Board, and other Board members. Following the presentations, a panel, including some of our Board members and Committee Chairs, will respond to shareholders' questions.

Shareholders will also be able to submit questions during the Shareholder Event, but we encourage you to do this in advance. To ask a question related to the business of the AGM or to raise matters of concern as a shareholder, please email [ShareholderQuestions@lloydsbanking.com](mailto:ShareholderQuestions@lloydsbanking.com) with the subject line "Shareholder Event 2021". Questions submitted in advance which are of common interest will be posted to the Shareholder Information section of our website prior to the Shareholder Event. By submitting a question, shareholders will be deemed to have consented to their name being mentioned.

### Annual General Meeting

Due to the restrictions on public gatherings, movement and travelling in place as at the date of this notice, and the likelihood that some form of restrictions on large public gatherings will remain in place as at the date of the AGM, the AGM will take place at our registered office, The Mound, Edinburgh, EH1 1YZ on Thursday, 20 May 2021 at 11.00 am, with the minimum number of shareholders present as required to form a quorum under the Company's articles of association, and who are essential for the business of the AGM to be conducted. These attendees are expected to be officers or employees of the Group.

To ensure the safety of the limited number of people whose attendance is essential, under current restrictions, shareholders will not be permitted to attend the AGM in person.

Given the evolving nature of the COVID-19 restrictions, the Company is closely monitoring the situation and will continue to do so ahead of the AGM. Should circumstances change such that we are able to adapt the AGM arrangements, within safety constraints and in accordance with applicable guidelines and legal requirements, we will announce any changes on the Company's website. Shareholders should monitor the Company's website for any changes to the AGM arrangements.

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# Letter from the Chair of Lloyds Banking Group plc

## continued

### Your Vote

Given the uncertainty around whether shareholders will be able to attend the AGM, your Board strongly encourages shareholders to exercise their right to vote by appointing the Chair of the meeting, as set out on the proxy form, to be their proxy to exercise their right to vote at the AGM in accordance with their instructions. Shareholders can do this by submitting their proxy form by post, although we do encourage shareholders to do this online. Simply follow the instructions as set out on your proxy card. Proxy appointments must be received by Equiniti no later than 11.00 am on Tuesday, 18 May 2021 in order to be valid.

Shareholders may prefer to submit their proxy instruction vote after the Shareholder Event. To ensure this is received in good time, we would strongly recommend submitting such instructions online.

The results of the votes on the proposed resolutions will be announced in the normal way as soon as practicable after the conclusion of the AGM.

### Your Dividend

The Board is recommending for approval at the AGM a final ordinary dividend payment of 0.57 pence per ordinary share in respect of the financial year ended 31 December 2020.

The Company will again be offering shareholders a choice of a share alternative to a cash dividend through its Dividend Reinvestment Plan ('DRIP'). Shareholders can find out more about the DRIP on page 8 of this document.

### Your Board of Directors

There have been a number of changes to your Board since the last AGM.

Juan Colombás and Simon Henry retired from the Group and stepped down from the Board on 18 September and 30 September 2020 respectively, while Lord Blackwell retired as Chair on 1 January 2021. I joined the Board on 1 October 2020 and became Chair on 1 January 2021.

Also, as announced in December 2020, António Horta-Osório will step down as Group Chief Executive Officer and as a Director of the Company with effect from 30 April 2021. He will continue to fulfil all his current responsibilities until that date, but will not be a Director at the time of the AGM, therefore is not proposed for re-election. The start date of António's successor, Charlie Nunn, is 16 August 2021, subject to regulatory approval, therefore he will stand for election at the annual general meeting in 2022. In the period between António's departure and Charlie Nunn's arrival, William Chalmers will, subject to regulatory approval, take on the role of acting Group Chief Executive Officer, in addition to his Chief Financial Officer responsibilities. Arrangements will be made for other colleagues to support William in this role and to manage his wider responsibilities appropriately. He will also be supported by Alan Dickinson and me in our roles as Deputy Chair and Chair respectively.

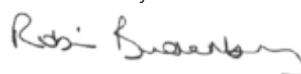
Finally, having served nine years on the Board, Sara Weller will not be seeking re-election at the AGM, and will instead step down at the conclusion of the meeting.

Details of each Director seeking election or re-election (as the case may be) are set out in Appendix 1 on pages 15 and 16 of this document.

### Recommendation

The Board considers that all of the resolutions in the notice of AGM are in the best interests of the Company and its shareholders as a whole, and recommends unanimously that you vote in favour of them. Your Directors intend to vote in favour of all of the resolutions in respect of their own holdings.

Yours faithfully



**Robin Budenberg**  
Chair

Lloyds Banking Group plc is registered in Scotland, No. 95000.  
Registered office: The Mound Edinburgh EH1 1YZ

# Notice of annual general meeting

The annual general meeting ('AGM') of Lloyds Banking Group plc (the 'Company' and unless set out to the contrary, the 'Group') will be held at The Mound, Edinburgh, EH1 1YZ on Thursday, 20 May 2021 at 11.00 am to conduct the business set out in the resolutions below.

It is intended that the AGM will be held with only the minimum number of shareholders present as required to form a quorum under the Company's articles of association, and who are essential for the business of the AGM to be conducted. To ensure the safety of the limited number of people whose attendance is essential, under current restrictions shareholders will not be permitted to attend the AGM on the day. Shareholders will be able to raise questions during the live virtual shareholder engagement event that will be held on Thursday, 13 May 2021 at 10.00 am (the 'Shareholder Event').

Further details of the AGM arrangements and the Shareholder Event are explained in the Chair's Letter and in the important notes attached to this notice.

**Resolutions 1 to 18 (inclusive) are proposed as ordinary resolutions. For each of these to be passed, more than half of the votes cast must be in favour of the resolution.**

**Resolutions 19 to 25 (inclusive) are proposed as special resolutions. For each of these to be passed, at least three-quarters of the votes cast must be in favour of the resolution.**

**The Board recommends unanimously that you vote in favour of all resolutions as they intend to do in respect of their own holdings.**

## Resolution 1. Report and accounts

To receive the Company's accounts and the reports of the Directors and of the auditor for the year ended 31 December 2020.

**Resolution 2.** To elect Mr R F Budenberg as a Director of the Company.

**Resolution 3.** To re-elect Mr W L D Chalmers as a Director of the Company.

**Resolution 4.** To re-elect Mr A P Dickinson as a Director of the Company.

**Resolution 5.** To re-elect Ms S C Legg as a Director of the Company.

**Resolution 6.** To re-elect Lord Lupton as a Director of the Company.

**Resolution 7.** To re-elect Ms A F Mackenzie as a Director of the Company.

**Resolution 8.** To re-elect Mr N E T Prettejohn as a Director of the Company.

**Resolution 9.** To re-elect Mr S W Sinclair as a Director of the Company.

**Resolution 10.** To re-elect Ms C M Woods as a Director of the Company.

## Resolution 11. Directors' remuneration report

To approve the Directors' remuneration report in the form set out on pages 115 to 134 of the Annual Report and Accounts for the year ended 31 December 2020.

## Resolution 12. Dividend

To declare and pay a final ordinary dividend of 0.57 pence per ordinary share in respect of the financial year ended 31 December 2020, payable on 25 May 2021 to ordinary shareholders whose names appear in the register of members at the close of business on 16 April 2021.

## Resolution 13. Appointment of the auditor

To appoint Deloitte LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

## Resolution 14. Auditor's remuneration

To authorise the Audit Committee to set the remuneration of the Company's auditor.

## Resolution 15. Lloyds Banking Group Deferred Bonus Plan 2021

That the rules of the Lloyds Banking Group Deferred Bonus Plan 2021 (the 'DBP'), the principal terms of which are summarised in Appendix 2 to this notice, and a copy of which is produced to the meeting and signed by the Chair for the purposes of identification, be approved and the Directors be authorised to:

- (a) do all things necessary to operate the DBP, including making such modifications as the Directors consider appropriate to take account of the requirements of the UK Listing Authority and best practice; and
- (b) establish further plans based on the DBP but modified to take account of local tax, exchange controls or securities laws outside the UK, provided that any new issue or treasury shares made available under such further plans are treated as counting against the plan limits in the DBP.

## Resolution 16. Authority for the Company and its subsidiaries to make political donations or incur political expenditure

- (a) That the Company and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised for the purposes of Part 14 of the Companies Act 2006:
  - (i) to make political donations to political parties, and/or independent election candidates not exceeding £100,000 in total;
  - (ii) to make political donations to political organisations other than political parties not exceeding £100,000 in total; and
  - (iii) to incur political expenditure not exceeding £100,000 in total,
 in each case during the period from the date of the passing of this resolution and ending on the date of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier;
- (b) that all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Companies Act 2006 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (c) that words and expressions defined for the purpose of the Companies Act 2006 shall have the same meaning in this resolution.

## Resolution 17. Directors' authority to allot shares

That the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to an aggregate nominal amount of £2,362,800,856; and
- (b) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a further nominal amount of £4,725,601,712 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (a) above) in connection with an offer by way of a rights issue,

such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, but, in each case, so that the Company may, before such expiry, make offers and enter into agreements during the

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relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert other securities into shares to be granted after the authority given by this resolution has expired.

## **Resolution 18. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments**

That the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into ordinary shares in the Company:

- (a) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments; and
- (b) subject to applicable law and regulation, at such conversion prices (or such maximum or minimum conversion prices or conversion price methodologies) as may be determined by the Directors of the Company from time to time,

such authority to apply in addition to all other authorities pursuant to Section 551 of the Companies Act 2006 and to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, save that, in each case, the Company may, before such expiry, make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into ordinary shares to be granted after the authority given by this resolution has expired.

## **Resolution 19. Limited disapplication of pre-emption rights**

That, subject to the passing of Resolution 17, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash:

- (a) pursuant to the authority given by paragraph (a) of Resolution 17 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Companies Act 2006 in each case:
  - (i) in connection with a pre-emptive offer; and
  - (ii) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £354,420,128; and
- (b) pursuant to the authority given by paragraph (b) of Resolution 17 in connection with a pre-emptive rights issue,

as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment,

such authority to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, save that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired.

## **Resolution 20. Limited disapplication of pre-emption rights in the event of financing an acquisition transaction or other capital investment**

That, subject to the passing of Resolution 17 and in addition to any authority granted under Resolution 19, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash pursuant to the authority given by Resolution 17 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Companies Act 2006 as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £354,420,128; and

- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of Directors of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice of AGM,

such authority to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, save that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the authority had not expired.

## **Resolution 21. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments**

That, subject to the passing of Resolution 18, and without prejudice to any existing authority, the Directors be empowered to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash:

- (a) pursuant to the authority given by Resolution 18, up to an aggregate nominal amount of £1,250,000,000; and
- (b) in relation to the issue of such Regulatory Capital Convertible Instruments, as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment,

such power to expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, save that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power given by this resolution has expired.

## **Resolution 22. Authority to purchase ordinary shares**

That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company and where such shares are held in treasury, the Company may use them for the purposes of its employees' share plans, provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased shall be 7,088,402,568;
- (b) the minimum price which may be paid for each ordinary share shall be 10 pence;
- (c) the maximum price, exclusive of expenses, which may be paid for each ordinary share shall be an amount equal to the higher of (i) 105 per cent. of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five London business days immediately preceding the day on which such share is contracted to be purchased or (ii) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the capital of the Company on the trading venues where the market purchase by the Company pursuant to the authority conferred by this Resolution 22 will be carried out;
- (d) this authority shall expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, unless such authority is renewed before then; and
- (e) the Company may make a contract to purchase its ordinary shares under this authority before its expiry which would or might be executed wholly or partly after such expiry, and may make a purchase of its ordinary shares under that contract.

**Resolution 23. Authority to purchase preference shares**

That the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of the following issuances of securities:

- (a) £299,987,729 9.25 per cent. non-cumulative irredeemable preference shares;
  - (b) £99,999,942 9.75 per cent. non-cumulative irredeemable preference shares;
  - (c) £186,190,352 6.475 per cent. non-cumulative preference shares;
  - (d) US\$750,000,000 6.413 per cent. non-cumulative fixed to floating rate preference shares; and
  - (e) US\$750,000,000 6.657 per cent. non-cumulative fixed to floating rate preference shares,
- (together, the '**Preference Shares**'), provided that:
- (i) the maximum number of Preference Shares which may be purchased is all such Preference Shares in issue;
  - (ii) the minimum price which may be paid for each Preference Share is the nominal value of the relevant Preference Share;
  - (iii) the maximum price which may be paid for each Preference Share is 105 per cent. of the following:
    - (A) in respect of any Preference Share denominated in U.S. dollars, the Bloomberg FIT Composite bid price shown on the relevant Bloomberg page ALLQ for the relevant Preference Share (or any replacement page which displays that price) at or around 11.00 am UK time on the business day before the day on which the Company agrees or (if earlier) publicly announces an offer or invitation to buy such share;
    - (B) in respect of any Preference Share denominated in pounds sterling, the London Stock Exchange bid price shown on the relevant Bloomberg page ALLQ for the relevant Preference Share (or any replacement page which displays that price) at or around 11.00 am UK time on the business day before the day on which the Company agrees or (if earlier) publicly announces an offer or invitation to buy such share; or
    - (C) in respect of any Preference Share, where the relevant bid price is not available as described in (A) or (B) above, the highest independent bid price shown on the relevant Bloomberg page ALLQ for the relevant Preference Share (or any replacement page which displays that price) at or around 11.00 am UK time on the business day before the day on which the Company agrees or (if earlier) publicly announces an offer or invitation to buy such share;
  - (iv) this authority shall expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier, unless such authority is renewed before then; and
  - (v) the Company may make a contract to purchase the Preference Shares under this authority before its expiry which would or might be executed wholly or partly after the expiry, and may make a purchase of the Preference Shares under that contract.

For the purposes of determining compliance with the conditions in paragraphs (ii) and (iii), the nominal value of the share or the relevant price (as applicable) shall, if necessary, be converted into the currency in which the purchase is to be made, calculated by reference to the spot rate of exchange between the currency of the nominal value or of the relevant price (as applicable) and the currency in which the purchase is to be made, as displayed on the appropriate page of the Bloomberg screen (or on the appropriate page of such other information service which publishes that rate from time to time) at or around 11.00 am UK time on the business day before the day on which the Company agrees or (if earlier) publicly announces an offer or invitation to buy such share.

**Resolution 24. Adoption of new articles of association**

That with effect from 20 May 2021, the draft articles of association of the Company, produced to the meeting and signed by the Chair for the purpose of identification, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

**Resolution 25. Notice period for general meetings**

That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company unless such authority is renewed at a general meeting of the Company before then.

A member entitled to attend and vote at the AGM can appoint a proxy or proxies to attend, speak and vote instead of that member.

A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.

A proxy need not be a member of the Company.


The Board strongly encourages shareholders to appoint the Chair of the meeting, as set out in the proxy form, as their proxy to exercise their right to vote at the AGM in accordance with their instructions.

Shareholders will be able to ask questions at the Shareholder Event. We encourage shareholders to submit questions in advance by emailing [ShareholderQuestions@lloydsbanking.com](mailto:ShareholderQuestions@lloydsbanking.com) with the subject line "Shareholder Event 2021".

Participation in the Shareholder Event will not constitute formal attendance at the AGM.

Further information relating to voting and proxy appointments can be found on page 12 of this document.

By order of the Board



**Kate Cheetham**  
**Company Secretary**

23 March 2021

Registered office:

The Mound

Edinburgh

EH1 1YZ

Registered in Scotland, No. 95000

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# Explanatory notes on resolutions

## Resolution 1. Report and accounts

The Directors are required to present the Company's accounts and the reports of the Directors and of the auditor for the year ended 31 December 2020 at the AGM.

## Resolutions 2 to 10. Election of Robin Budenberg and re-election of continuing Directors

The Company's articles of association provide that any new Director appointed by the Board during the year may hold office only until the next AGM, when that Director must retire but shall be eligible for election as a Director by the shareholders at that meeting.

Robin Budenberg joined the Board since the last AGM and is accordingly seeking election by shareholders.

In accordance with the provisions of the UK Corporate Governance Code (the 'Code'), all of the other serving Directors at the time of the AGM will retire and those willing to serve again will submit themselves for re-election by shareholders, with the exception of Sara Weller, who, having served nine years on the Board, will retire at the conclusion of the meeting. In line with Board succession planning, Amanda Mackenzie will assume the Chair of the Responsible Business Committee following Sara's retirement.

The Chair leads the annual review of the Board's effectiveness, and that of its Committees and individual Directors, with the support of the Nomination and Governance Committee, which he also chairs. The annual evaluation of the Board is facilitated externally at least once every three years.

The Nomination and Governance Committee recommended that the annual review of the Board's performance in 2020 should be facilitated internally by the Company Secretary. The review was overseen by the Nomination and Governance Committee.

The annual review for 2020 concluded that the performance of the Board, its Committees, the Chair and each of the Directors continues to be effective. All Directors demonstrated commitment to their roles, including the commitment to the time required to effectively discharge their duties.

Further information on the Board, the evaluation findings, including the roles and performance effectiveness of the Directors, can be found in the corporate governance report on pages 94 and 95 of the Annual Report and Accounts for the year ended 31 December 2020.

All Non-Executive Directors seeking election or re-election are independent in accordance with the criteria set out in the Code. The Chair was independent on appointment.

A summary of the skills, experience and contribution of each Director proposed for election and re-election, which in the Board's view illustrates why each Director's contribution is, and continues to be, important to the Company's long term sustainable success, can be found in Appendix 1 on pages 15 and 16 of this document.

## Resolution 11. Directors' remuneration report

The Company is required to ask shareholders to approve by ordinary resolution the Directors' remuneration report in the form set out on pages 115 to 134 of the Annual Report and Accounts for the year ended 31 December 2020.

The Group places high importance on the opinions of shareholders and other stakeholders when considering its Remuneration Policy and its implementation. The Group has listened carefully to its shareholders and other key stakeholders and has made a number of changes to simplify the determination of bonus awards for Executive Directors and has enhanced its disclosures. The Group continues to align its remuneration principles to the Group's strategic objectives to ensure it pays for performance and ensures its approach to remuneration is aligned to the interests of its shareholders. To recognise the exceptional circumstances in 2020, in addition to the Group's normal prudent approach, significant restraint has been shown in determining remuneration outcomes.

The Company's auditor, PricewaterhouseCoopers LLP ('PwC'), has audited those parts of the Directors' remuneration report which are required to be audited and their report is issued in the Annual Report and Accounts for the year ended 31 December 2020.

In accordance with remuneration reporting rules, the vote on the Directors' remuneration report is an advisory vote. This means that the Company can still act according to the Directors' remuneration report as proposed if the resolution is not approved.

At the 2020 annual general meeting, the Directors' Remuneration Policy was approved by shareholders. The Directors' Remuneration Policy is not therefore required to be approved at this year's AGM. It is expected that the policy will be put to shareholders again no later than the Company's annual general meeting in 2023.

## Resolution 12. Dividend

Shareholders are being asked to approve a final ordinary dividend of 0.57 pence per ordinary share in respect of the financial year ended 31 December 2020.

No interim ordinary dividend was paid for 2020 therefore the total ordinary dividend per ordinary share in respect of the financial year ended 31 December 2020 is 0.57 pence per ordinary share. If the recommended final ordinary dividend is approved, it will be paid on 25 May 2021 to all ordinary shareholders whose names appear in the register of members at the close of business on 16 April 2021.

The Company will continue to offer shareholders the opportunity to use the cash dividend paid to purchase shares through its Dividend Reinvestment Plan ('DRIP') which is operated by Equiniti.

Shareholders who wish to join or cancel their participation in the DRIP before payment of the recommended final ordinary dividend must provide their instruction to Equiniti which must be received no later than 5.00 pm on 4 May 2021. Shareholders can find further information about the DRIP on the Company's website at the following address: [www.lloydsbankinggroup.com/investors/shareholder-information/dividends](http://www.lloydsbankinggroup.com/investors/shareholder-information/dividends)

Subject to shareholder approval of the recommended final ordinary dividend, an entitlement notice in respect of the dividend paid and used to purchase shares under the DRIP will be dispatched by Equiniti to shareholders participating in the DRIP.

## Resolutions 13 and 14. Auditor appointment and fees

Resolution 13 proposes the appointment of Deloitte LLP ('Deloitte') as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company. Deloitte are proposed for appointment following the mandatory rotation of PwC who are standing down as required by the Companies Act 2006 following the completion of the 2020 audit.

The Company's Audit Committee recommends the appointment of Deloitte. Following a tender process in 2018, the Company's Audit Committee recommended to the Board that Deloitte be appointed as the Group's auditor for the financial year beginning on 1 January 2021. Subject to shareholder approval, Deloitte will undertake the audit of the Company for the year ended 31 December 2021.

Resolution 14 follows best corporate governance practice in authorising the Audit Committee to set the auditor's remuneration.

The Audit Committee oversees the relationship with the external auditor. Notwithstanding the mandatory rotation of the outgoing auditor, PwC, during the year the Audit Committee considered PwC's terms of engagement (including remuneration), as well as their independence and objectivity. The Audit Committee also considered the effectiveness and performance of the outgoing auditor and the audit process, and concluded that it was satisfied with the outgoing auditor's performance.

Further details of the work carried out by the Audit Committee are set out on pages 101 to 104 of the Annual Report and Accounts for the year ended 31 December 2020.

## Resolutions 15. Deferred Bonus Plan

The Group's existing deferred bonus plan, which was approved by shareholders in 2011, expires this year. The Group is therefore proposing to adopt a new deferred bonus plan, the Lloyds Banking Group Deferred Bonus Plan 2021 (the 'DBP'). This will enable the Group to continue to be able to deliver a proportion of annual bonus awards in the form of deferred awards over shares, as envisaged by the Group Directors' Remuneration Policy and as required by the regulatory rules on remuneration to which the Company is subject.



The DBP is intended to operate on substantially the same basis as that on which the Group currently delivers its deferred bonus arrangements. The DBP rules have been reviewed and updated to reflect developments and best practice in corporate governance and investor guidance.

The principal features of the DBP are set out in Appendix 2 on pages 17 to 18 of this document.

### Resolution 16. Authority for the Company and its subsidiaries to make political donations or incur political expenditure

This resolution will renew the authority to incur expenditure which would otherwise be prohibited under Part 14 of the Companies Act 2006.

In accordance with Group policy, the Company does not make any political donations or incur political expenditure in the UK within the ordinary meaning of those words.

However, the definitions of political donations, political organisations and political expenditure used in the Companies Act 2006 are very wide and the penalties for breaching the legislation, even if inadvertent, are severe. As a result, such definitions may cover activities that form part of relationships that are an accepted part of engaging with our stakeholders.

The activities referred to above are not designed to support any political party nor to influence public support for any political party. The authority the Company is requesting is a precautionary measure to ensure that the Company can continue to support the community and put forward its views without inadvertently breaching the Companies Act 2006.

While shareholders are permitted to grant authority for up to four years, the Directors will seek shareholder authority each year in accordance with best practice.

### Resolution 17. Directors' authority to allot shares

This resolution, as in previous years, renews the Directors' authority to allot shares.

It gives the Directors the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

The Directors consider it desirable to have this flexibility.

Paragraph (a) gives the Directors the authority to issue new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £2,362,800,856, equivalent to one third of the whole of the issued ordinary share capital of the Company, exclusive of treasury shares, as at the close of business on 22 March 2021, being the latest practicable date prior to publication of this notice of AGM.

Paragraph (b) authorises the Directors to allot shares and grant rights to subscribe for, or convert other securities into, shares in connection with a rights issue up to a further one-third. The aggregate of the amounts in paragraphs (a) and (b) of Resolution 17 represents a total of approximately two-thirds of the whole of the issued ordinary share capital of the Company, exclusive of treasury shares, as at the close of business on 22 March 2021, being the latest practicable date prior to publication of this notice of AGM. Information on the issued share capital can be found on page 12 of this document.

No shares are held in treasury as at the date of this document.

The authority being sought is in line with The Investment Association's Share Capital Management Guidelines issued in July 2016.

If this resolution is passed, this authority will expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier. There are no present plans to undertake a rights issue or to allot new shares save that the Directors may, as part of capital management planning, authorise new issuances of ordinary shares in an amount that is not material in relation to the Company's capital.

For the purposes of this resolution, 'rights issue' means an offer to:

- (a) ordinary shareholders in proportion (as near as may be practicable) to their existing holdings; and

- (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or jurisdiction.

### Resolution 18. Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments

This resolution, as in previous years, renews the Directors' authority to allot shares or grant rights to subscribe for or convert any security into ordinary shares, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £1,250,000,000 in connection with the issue of Regulatory Capital Convertible Instruments.

The authority sought in this resolution will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Group.

The Company intends to seek to renew authority for the issuance of such Regulatory Capital Convertible Instruments on an annual basis. The amount of this authority is, in aggregate, equivalent to approximately 17.63 per cent. of the issued ordinary share capital of the Company, as at the close of business on 22 March 2021, being the latest practicable date before the publication of this notice of AGM.

No ordinary shares are held in treasury as at the date of this document.

Resolutions 18 and 21 provide the Directors with the authority to issue Regulatory Capital Convertible Instruments which contain contractual debt to equity conversion features. The resolutions are not intended to provide authority for any bail-in or conversion of capital or senior debt obligations pursuant to the Banking Act 2009, as amended, or otherwise.

This authority is separate and distinct from the authority sought in Resolution 17 which is the usual authority sought on an annual basis in line with the Share Capital Management Guidelines issued by The Investment Association.

If this resolution is passed, this authority will expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier.

Conditional upon the passing of Resolutions 18 and 21, the Directors would not expect to make use of Resolutions 17, 19 or 20 to issue Regulatory Capital Convertible Instruments, although these resolutions may be used for other purposes and, if so used, would have the effect of diluting the interests of ordinary shareholders.

Regulatory Capital Convertible Instruments include additional tier 1 ('AT1') instruments which convert into ordinary shares of the Company should the Company's common equity tier 1 ratio fall below a contractually defined trigger point.

For the purpose of this resolution:

'Regulatory Capital Convertible Instruments' means any securities to be issued by the Company or any member of the Group, or by a company outside of the Group with the consent of the Company or a member of the Group and which are intended on issue to form all or part of a type or class of securities the terms of which are eligible to meet any Regulatory Capital Requirements and which are:

- (a) convertible into or exchangeable for ordinary shares of the Company; or
- (b) issued together with share warrants relating to ordinary shares of the Company,

and in each case, which grant to, or require, the holder of such security and/or its nominee a right or obligation (as applicable) to subscribe for such ordinary shares following a specified event relating to an actual or prospective adverse change in the capital position or viability of the Company, any member of the Group or the Group as a whole or any other event specified in the

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Regulatory Capital Requirements as defined below and otherwise on such terms as may be determined by the Directors of the Company or a committee thereof upon issue;

**'Regulatory Capital Requirements'** means any applicable requirements specified by the Prudential Regulation Authority or other such authority having primary supervisory authority with respect to the Company from time to time in relation to the margin of solvency, capital resources, capital, contingent capital or buffer capital of the Company, a member of the Group or the Group taken as a whole; and

**'Group'** means the Company, its subsidiaries and its subsidiary undertakings from time to time.

## Resolutions 19 and 20. Limited disapplication of pre-emption rights

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings (known as pre-emption rights).

It is usual practice for the Company to seek a renewal of this authority on an annual basis. As was the case in previous years, there are two separate resolutions permitting the disapplication of pre-emption rights in limited circumstances.

Sections (a)(i) and (b) of Resolution 19 seek shareholder approval to allot a limited number of ordinary shares or other equity securities, or sell treasury shares, for cash on a pre-emptive basis but subject to such exclusions or arrangements as the Directors may deem appropriate to deal with certain legal, regulatory or practical difficulties. For example, in a pre-emptive rights issue, there may be difficulties in relation to fractional entitlements or the issue of new shares to certain shareholders, particularly those resident in certain overseas jurisdictions. The Board has no current intention of exercising such authority, but considers the authority to be appropriate in order to allow the Company to have the flexibility to finance business opportunities or to conduct a pre-emptive offer or pre-emptive rights issue having made appropriate exclusions or arrangements to address such difficulties.

In addition, there may be circumstances when the Directors consider it in the best interests of the Company to allot a limited number of ordinary shares or other equity securities, or sell treasury shares for cash on a non pre-emptive basis.

The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than five per cent. of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of section (a)(ii) of Resolution 19 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 17, or sell treasury shares, for cash up to a nominal value of £354,420,128, equivalent to five per cent. of the total issued ordinary share capital of the Company excluding treasury shares, as at the close of business on 22 March 2021, without the shares first being offered to existing shareholders in proportion to their existing holdings. As at the close of business on 22 March 2021, the Company did not hold any shares in treasury.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than an additional five per cent. of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines "specified capital investment" as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets, the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group in May 2016, the purpose of Resolution 20 is to authorise the Directors to allot new shares and other equity securities pursuant to the allotment authority given by Resolution 17, or sell treasury shares, for cash up to a further nominal amount of £354,420,128, equivalent to five per cent. of the total issued ordinary share capital of the Company as at the close of business on 22 March 2021, exclusive of treasury shares, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in Resolution 20 is used, the Company will publish details of the placing in its next Annual Report and Accounts.

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles and not allot shares or other equity securities or sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 19 in excess of an amount equal to 7.5 per cent. of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, other than:

- (a) with prior consultation with shareholders; or
- (b) in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Board considers the authorities in Resolutions 19 and 20 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

If the resolutions are passed, the authority will expire on the earlier of the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022.

For the purposes of this resolution:

- (i) **'rights issue'** has the same meaning as in the Explanatory Note to Resolution 17;
- (ii) **'pre-emptive offer'** means an offer of equity securities open for acceptance for a period fixed by the Directors to: (a) holders (other than the Company) on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings; and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or jurisdiction;
- (iii) references to an allotment of equity securities shall include a sale of treasury shares; and
- (iv) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

## Resolution 21. Limited disapplication of pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments

This resolution proposes that, without prejudice to any existing power including that contained in Resolutions 19 and 20, the Directors be empowered to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £1,250,000,000 in relation to the issue of Regulatory Capital Convertible Instruments wholly for cash or otherwise as if Section 561 of the Companies Act 2006, to the extent applicable, did not apply to any such allotment. This is equivalent to approximately 17.63 per cent. of the issued ordinary share capital of the Company as at the close of business on 22 March 2021, being the latest practicable date before the publication of this notice of AGM.

Renewing this resolution will permit the Company to allot equity securities pursuant to any proposal to issue Regulatory Capital Convertible Instruments and, by virtue of such disapplication, without the need to comply with the pre-emption requirements of the UK statutory regime.

If this resolution is passed, this authority will expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier.

For the purposes of this resolution, Regulatory Capital Convertible Instruments has the same meaning as in the Explanatory notes to Resolution 18.

**Resolutions 22 and 23. Authority to purchase ordinary shares and preference shares**

Resolutions 22 and 23 renew the authority of the Company to purchase its own ordinary shares and certain of its preference shares (as specified in the resolution wording) in the market. The authority for the Company to purchase its ordinary shares in the market under Resolution 22 is limited to 7,088,402,568 ordinary shares, equivalent to 10 per cent. of the issued ordinary share capital of the Company as at the close of business on 22 March 2021, being the latest practicable date before the publication of this notice of AGM.

Any ordinary shares purchased in this way may be cancelled or held in treasury for eventual sale for cash, transfer in connection with an employees' share plan or cancellation. The resolution explicitly authorises the Company to use any shares purchased and held in treasury for the purposes of its employees' share plans.

If any shares were used in this way, the Company would take them into account when calculating the share issuing limits in the share plans, to the extent required under the Share Capital Management Guidelines issued by The Investment Association in July 2016.

There is no limit on the number or value of preference shares that can be purchased. Having authority to buy back any or all of the issued preferences shares would provide the Company with flexibility in maintaining a prudent approach to the management of the Group's capital position taking into account other opportunities including, but not limited to, the ability to replace the preference shares with other forms of securities. The Directors intend to keep under review the potential to buy back any or all of the issued preference shares.

As at the close of business on 22 March 2021, there were outstanding options and awards over 1,639,047,655 ordinary shares, which represented 2.31 per cent. of the Company's issued ordinary share capital as at that date. If the Company were to purchase and cancel ordinary shares up to the maximum amount permitted by this resolution, then these options and awards would represent 2.57 per cent. of the Company's issued ordinary share capital as at that date as the Company would have fewer ordinary shares in issue. If the Company were to purchase and cancel ordinary shares up to the maximum amount permitted under the remaining existing authority granted at the 2020 AGM and under Resolution 22, then these options and awards would represent 2.89 per cent of the Company's issued ordinary share capital as at that date as the Company would have fewer ordinary shares in issue.

The Directors would exercise such authority to buy back shares only if they believe that to do so would be in the best interests of shareholders taken as a whole and in the case of a buyback of ordinary shares would result in an increase in earnings per ordinary share.

If the resolutions are passed, the authority will expire at the conclusion of the next annual general meeting of the Company or at the close of business on 30 June 2022, whichever is the earlier.

To the extent that any such shares were held in treasury, earnings per share would only be increased on a temporary basis, until the shares were sold or transferred out of treasury. Also, if the Directors were to decide to use the authority, they would, at that time, determine whether it would be in the best interests of shareholders as a whole for the shares purchased to be cancelled or held in treasury.

During 2020, the Company did not purchase any ordinary shares or preference shares.

**Resolution 24. New Articles of Association**

This resolution seeks approval of the new articles of association of the Company (the '**New Articles of Association**'), to reflect changes to company law and market practice and update the Company's current articles of association (the '**Current Articles of Association**'). In particular, the New Articles of Association provide greater flexibility for the Company to hold a general meeting either physically or through a combined electronic and physical meeting. The other principal changes introduced in the New Articles of Association are summarised in Appendix 3 on page 19 of this document. Certain changes, which are of a minor, technical or clarifying nature, have not been noted. The New Articles of Association, showing all the changes to the Current Articles of Association, are available for inspection, as noted on page 13 of this notice. If this resolution is passed, the New Articles of Association will be adopted as the articles of association of the Company with effect from 20 May 2021.

**Resolution 25. Notice period for general meetings**

Under the Companies Act 2006, the minimum notice period required for all general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period of not less than 14 clear days for general meetings other than annual general meetings and the Company offers a facility for shareholders to vote by electronic means. The voting requirement is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website.

Accordingly, this resolution seeks to obtain shareholder approval for a minimum notice period for general meetings (other than annual general meetings) of 14 clear days as required by the Companies Act 2006.

It is the Company's intention only to use this authority in circumstances when it would disadvantage the Company to delay shareholder approval for an urgent matter concerning, for instance, the issue or alteration of share capital. It is not intended to use this authority for routine Company business. The Company would aspire to provide shareholders with as much notice as possible and will, should it be necessary to use this authority, provide shareholders with a clear explanation as to why a shorter notice period is necessary.

The resolution shall be valid until the conclusion of the next annual general meeting of the Company (unless the authority granted by the resolution is renewed at a general meeting of the Company before then) and it is the Company's intention to renew the authority at each annual general meeting.

Annual general meetings will continue to be held on at least 21 clear days' notice.

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## Issued capital and voting rights

As at the close of business on 22 March 2021 (being the latest practicable date prior to the publication of this document) the total number of shares, including shares represented by American Depositary Receipts, issued by Lloyds Banking Group plc was 70,884,025,686 ordinary shares of 10 pence each. At this date, no shares were held in treasury.

Each ordinary share of 10 pence carries one vote. Therefore the total number of voting rights is 70,884,025,686.

## Directors

A summary of the skills, experience and contribution of each Director proposed for election and re-election, which in the Board's view illustrates why each Director's contribution is, and continues to be, important to the Company's long term sustainable success, can be found in Appendix 1 on pages 15 and 16 of this document. Additional details relating to the Directors and the work of the Board and its Committees can be found on pages 81 to 116 of the Annual Report and Accounts for the year ended 31 December 2020.

## Attendance and voting

To be entitled to vote at the AGM, a shareholder's details must be entered in the register of members by 6.30 pm on Tuesday 18 May 2021, or, if this meeting is adjourned, by 6.30 pm on the day falling two working days prior to the date fixed for the adjourned meeting.

Under law, a registered shareholder, their appointed proxy or corporate representatives are entitled to attend, speak and vote at general meetings. However, due to the restrictions on public gatherings in place as at the date of this notice and the likelihood that some form of restrictions on large public gatherings will remain in place as at the date of the AGM, it is intended that the AGM will be held with only the minimum number of shareholders present as required to form a quorum under the Company's articles of association, and who are essential for the business of the AGM to be conducted. These attendees are expected to be officers or employees of the Group.

To ensure the safety of the limited number of people whose attendance is essential, under current restrictions shareholders will not be permitted to attend the AGM in person.

Shareholders are therefore strongly advised to appoint the Chair of the meeting as their proxy, as set out on the proxy form, to vote in accordance with their instructions. Please refer to the section headed "Impact of COVID-19 on the 2021 AGM" in the Chair's letter at the front of this document.

## Voting in advance by proxy

**By post:** Complete the proxy/voting form and return it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

The enclosed envelope is postage paid if mailed in the UK and also if it is mailed from overseas. You should not need to pay any additional local postal charges.

**Online:** Register your instruction at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder reference number noted on the enclosed proxy/voting form.

**CREST:** Participants can provide instructions using the CREST electronic proxy appointment service through Equiniti Limited (ID RA19) following the procedures described in the CREST manual available at [www.euroclear.com](http://www.euroclear.com).

## Voting deadline

Instructions, together with any supporting authority (e.g. a certified copy of a power of attorney) must be received by Equiniti no later than 11.00 am on Tuesday 18 May 2021.

For instructions submitted in CREST, the time of receipt by Equiniti will be deemed to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry of Euroclear in the manner prescribed by Euroclear. Equiniti may treat as invalid a CREST instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## Appointing a proxy

Given the uncertainty around whether shareholders will be able to attend the AGM, your Board strongly encourages shareholders to exercise their right to vote by appointing the Chair of the AGM as their proxy to exercise their right to vote at the AGM in accordance with their instructions. This will ensure that your vote will be counted if attendance at the AGM is restricted or you are unable to attend in person. If you appoint someone other than the Chair as your proxy and attendance at the AGM is restricted, your vote is unlikely to be counted. Shareholders can do this by submitting their proxy form or voting instruction.

Shareholders are encouraged to do this online, simply follow the instructions as set out on your proxy card.

## Appoint more than one proxy

For the reasons mentioned above, your Board strongly encourages shareholders to exercise their right to vote by appointing the Chair of the AGM as their proxy. If, however, you wish to appoint more than one proxy, you can obtain additional proxy cards by contacting Equiniti using the telephone or telephone numbers set out on page 2 of this notice. You should indicate the number of shares for which each proxy is entitled to vote next to their name. If you appoint more than one proxy, none of whom are the Chair, and attendance at the AGM is restricted or your proxies are unable to attend in person, your vote is unlikely to be counted.

## Revoking a proxy

Proxy appointments may be revoked or amended by written notice to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. To be valid, such instructions must be received by 10.00 am on Thursday 20 May 2021.

CREST participants may also give instructions to revoke or amend proxy appointments by CREST message up until 11.00 am on Tuesday 18 May 2021, after which time any revocation or amendment should be notified in writing to Equiniti at the address, and by the deadline, set out in the previous paragraph.

## Joint shareholders

The signature of any one holder will suffice when completing the proxy/voting form. If multiple instructions are received, the instructions of the most senior joint holder will be accepted in priority to other instructions. Seniority will be determined by the order in which the names stand in the register of members for the joint holding.

## Indirect investors

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146(2) of the Companies Act 2006 ('Nominated Persons'). Nominated Persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such agreement to give instructions to the person holding the shares as to the exercise of voting rights.

## Shareholder questions

Due to the restrictions on public gatherings in place as at the date of this notice and the likelihood that some form of restrictions on large public gatherings will remain in place as at the date of the AGM, it is intended that the AGM will take place with the minimum attendance required to form a quorum. Under current restrictions, shareholders will not be permitted to attend the AGM in person.

Shareholders will be able to submit questions during the Shareholder Event but we encourage you to do so in advance. Questions or other matters of concern as a shareholder, can be raised by emailing [ShareholderQuestions@lloydsbanking.com](mailto:ShareholderQuestions@lloydsbanking.com) with the subject line "Shareholder Event 2021". Questions submitted in advance which are of common interest may be answered through the Shareholder Information section of the Group's website prior to the Shareholder Event. By submitting a

question, shareholders will be deemed to have consented to their name being mentioned.

Participation in the Shareholder Event will not constitute formal attendance at the AGM.

### Right to include a resolution at the AGM

Under Sections 338 and 338A of the Companies Act 2006, members who satisfy the threshold requirements in those sections have the right to require the Company:

- (a) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
- (b) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business at the meeting.

A resolution may properly be moved or a matter may properly be included in the business at the meeting unless:

- (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (b) it is defamatory of any person; or
- (c) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 7 April 2021, being the date six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

### Right to publish a statement about the auditor

Under Section 527 of the Companies Act 2006, members who satisfy the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

- (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting for the financial year ended 31 December 2020; or
- (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which an Annual Report and Accounts were laid.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006.

Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

### Documents available for inspection

The following documents, which are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the head office of the Company at 25 Gresham Street, London EC2V 7HN and at the Company's registered office, the venue for the AGM, at The Mound, Edinburgh EH1 1YZ, will continue to be available for inspection at the Company's registered office at The Mound, Edinburgh EH1 1YZ from 10.00 am on Thursday 20 May 2021 until the end of the AGM:

- (a) the Company's Annual Report and Accounts for the year ended 31 December 2020;
- (b) copies of the Executive Directors' service contracts;
- (c) copies of the Non-Executive Directors' letters of appointment;

- (d) a copy of the Current Articles of Association together with a copy of the New Articles of Association of the Company that are proposed to be adopted by Resolution 24; and
- (e) a copy of the rules of the Lloyds Banking Group Deferred Bonus Plan 2021.

### Shareholder information

A copy of this notice of AGM and other information required by Section 311A of the Companies Act 2006 can be found at [www.lloydsbankinggroup.com/investors/shareholder-information/shareholder-meetings](http://www.lloydsbankinggroup.com/investors/shareholder-information/shareholder-meetings)

### Abbreviations

A list of abbreviations of the terms used within the Annual Report and Accounts or which may commonly also be used during the course of the AGM appears at page 348 of the Annual Report and Accounts for the year ended 31 December 2020.

### Electronic addresses

You may not use any electronic address provided in this notice of AGM to communicate with the Company for any purposes other than those expressly stated.

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# Frequently asked questions

## Where can I find more information about the AGM or the Shareholder Event?

Please refer to our website, “[www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com)” where the latest information relating to the AGM and the Shareholder Event will be published. This information will also be available from the Shareholder Helpline, the number for which is set out in this notice of AGM.

## What is an AGM or Annual General Meeting?

A public company is required by law to hold an annual meeting of shareholders, and to table its accounts, within six months of the end of its preceding financial year.

## Will I be able to attend the AGM this year?

Due to the restrictions on public gatherings, movement and travelling in place as at the date of this notice, and the likelihood that some form of restrictions on large public gatherings will remain in place as at the date of the AGM, the AGM will take place at our registered office, The Mound, Edinburgh, EH1 1YZ on Thursday, 20 May 2021 at 11.00 am with the minimum number of shareholders present as required to form a quorum under the Company's articles of association, and who are essential for the business of the AGM to be conducted. These attendees are expected to be officers or employees of the Group.

To ensure the safety of the limited number of people whose attendance is essential, under current restrictions shareholders will not be permitted to attend the AGM in person.

Given the evolving nature of the COVID-19 restrictions, the Company is closely monitoring the situation and will continue to do so ahead of the AGM. Should circumstances change and we are able to adapt the AGM arrangements, within safety constraints and in accordance with applicable guidelines and legal requirements, we will announce any changes on the Company's website. Shareholders should monitor the Company's website for any changes to the AGM arrangements.

## Why are you holding the AGM in Scotland?

The Company's articles of association require the Company to hold its AGM in Scotland.

## Why should I vote?

It is your right as a shareholder to vote on matters put to the AGM and every shareholder is encouraged to vote. Your opinion counts and is very important in informing the Board on shareholder views. We urge you to use this opportunity to vote.

## What is a proxy and who can be one?

A proxy is someone appointed by you to attend the meeting and vote on your behalf. This can be a person of your choosing or the Chair of the meeting. A proxy does not need to be a shareholder in the Company.

**However, as it is intended that the AGM will take place with the minimum attendance required to form a quorum, in order to ensure that your vote is counted, shareholders are strongly encouraged to appoint the Chair of the meeting as their proxy, as set out on the proxy card, to vote at the meeting in accordance with their instructions. If you appoint someone other than the Chair as your proxy and attendance at the AGM is restricted, your vote is unlikely to be counted.**

## Can I lodge my proxy or voting instructions online?

Yes. Please see the reverse side of the proxy or voting form for details on how to do this. We strongly encourage shareholders to do this.

## How do I return the proxy or voting form?

Please use the enclosed envelope. Postage for UK residents has already been paid. Likewise, the enclosed envelope can be used if you are mailing your proxy or voting form from overseas; you should not need to pay any further local postage costs.

## I have shares in the Lloyds Banking Group Shareholder Account ('LBGSA'). The voting form does not provide an option to appoint a proxy, why is this?

In accordance with the terms and conditions of the LBGSA, only Equiniti Financial Services Limited can carry out your instructions in relation to these shares. You can, however, still use the online service to submit your voting instruction and you can attend the Shareholder Event.

## Can I receive a paper copy or a large print, audio or Braille version of the Annual Report and Accounts or AGM communications?

Yes. Please contact the Company's registrar, Equiniti, using the contact details for Equiniti on the contents page of this notice of AGM.

## Where can I learn more about the terms used in this notice of meeting?

A list of abbreviations of the terms used within the Annual Report and Accounts or which may commonly also be used during the course of the AGM and Shareholder Event appears at page 348 of the Annual Report and Accounts for the year ended 31 December 2020.



Appendix 1 – Directors standing for election or re-election

Directors’ biographies can be found on pages 82 and 83 of the Annual Report and Accounts for the year ended 31 December 2020.

A

Member of Audit Committee

Ri

Member of Board Risk Committee

Re

Member of Remuneration Committee

RB

Member of Responsible Business Committee

NG

Member of Nomination and Governance Committee

Committee Chair

1



NG

Re

RB

Ri

2



A

NG

Re

RB

Ri

3



A

RB

Ri

4



RB

Ri

5



Re

RB

Ri

6



A

NG

Ri

7



NG

Re

RB

Ri

8



A

Re

Ri

9



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1. Robin Budenberg CBE Chair

**Appointed:** October 2020 (Board), January 2021 (Chair)

**Skills, experience and contribution:**

Extensive financial services and investment banking experience

Strong governance and strategic advisory skills to companies and government

Regulatory, public policy experience and stakeholder management experience

Robin has extensive financial services experience and has advised major UK corporates on strategy and governance throughout his career. His experience and oversight of these issues when managing the Government’s investments in UK banks following the 2008 financial crisis make him an ideal Chair of the Group.

**External appointments:** Chairman of The Crown Estate.

2. Alan Dickinson Deputy Chair and Senior Independent Director

**Appointed:** September 2014 (Board), December 2020 (Senior Independent Director), May 2020 (Deputy Chair)

**Skills, experience and contribution:**

Highly regarded retail and commercial banker

Strong strategic, risk management and core banking experience

Regulatory and public policy experience

Alan brings a deep understanding of banking and experience of managing relations with investors from his long career in financial services and serving as a director of UK listed companies which are essential attributes in fulfilling his roles of Deputy Chair and Senior Independent Director.

**External appointments:** Non-Executive Director of the England and Wales Cricket Board.

3. Sarah Legg Independent Director

**Appointed:** December 2019

**Skills, experience and contribution:**

Strong financial leadership and regulatory reporting skills

Significant audit and risk experience in financial leadership

Strong transformation programme experience

Sarah’s highly relevant and significant financial services audit and risk experience are key strengths in her role as Chair of the Audit Committee. Her knowledge and experience in these areas enhance Board and Board Risk Committee discussions as she continues to contribute on these and other matters.

**External appointments:** Chair of the Campaign Advisory Board, King’s College, Cambridge University and Honorary Vice President of The Hong Kong Society for Rehabilitation.

4. Lord Lupton CBE Independent Director and Chair of Lloyds Bank Corporate Markets plc

**Appointed:** June 2017

**Skills, experience and contribution:**

Extensive international corporate experience, especially in financial markets

Strong board governance experience, including investor relations and remuneration

Regulatory and public policy experience

Significant experience in strategic planning and implementation

Lord Lupton’s considerable financial knowledge and extensive international corporate and board governance experience are crucial for his role as Chair of Lloyds Bank Corporate Markets and helps to deepen the Group Board’s analyses of important matters.

**External appointments:** Senior Advisor to Greenhill Europe, a Trustee of The Lovington Foundation and Chairman of the Board of Visitors of the Ashmolean Museum.

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# Appendix 1 – Directors standing for election or re-election continued

## 5. Amanda Mackenzie OBE Independent Director

**Appointed:** October 2018

### **Skills, experience and contribution:**

Extensive experience in responsible business

Considerable customer engagement experience

Strong digital technology experience

Significant marketing and brand background

Amanda's significant responsible business experience, including from her current external executive role, makes her ideally suited to take on the role of Chair of the Responsible Business Committee following the AGM. Her strong digital knowledge and experience enables her to make contributions to Board deliberations generally and with respect to the Group's digital strategy in particular, as well as on the responsible business agenda, customer focus, communications and people issues.

**External appointments:** Chief Executive of Business in the Community, The Prince's Responsible Business Network.

## 6. Nick Prettejohn Independent Director and Chair of Scottish Widows Group

**Appointed:** June 2014

### **Skills, experience and contribution:**

Deep financial services and regulatory knowledge and experience

Governance experience and strong leadership qualities

Significant experience in strategic planning and implementation

Nick's extensive regulatory knowledge, leadership qualities and governance experience are essential to his role as Chair of Scottish Widows Group and helps deepen the Board's considerations of important industry-related matters.

**External appointments:** Chairman of the board of Reach plc, Chairman of the charity Prisoners Abroad and a member of the board of Opera Ventures.

## 7. Stuart Sinclair Independent Director

**Appointed:** January 2016

### **Skills, experience and contribution:**

Extensive experience in retail banking, insurance and consumer finance

Significant experience in strategic planning and implementation

Experience in consumer analysis, marketing and distribution

Stuart brings in-depth understanding of remuneration and financial matters to his role as Chair of the Remuneration Committee. His broad range of expertise within the consumer finance and banking sectors enables him to make key contributions to Board discussions.

**External appointments:** Chairman of International Personal Finance plc and of Willis Limited.

## 8. Catherine Woods Independent Director

**Appointed:** March 2020

### **Skills, experience and contribution:**

Extensive executive experience of international financial institutions

Deep experience of risk and transformation oversight

Strong focus on culture and corporate governance

Catherine's extensive experience in financial services, including on board risk committees, providing strategic insights and risk oversight makes her well suited to being the Chair of the Board Risk Committee. Additionally, her experience in finance, corporate governance and her deep knowledge of change management enables her to bring a positive insight on a broad range of issues to Board and Committee debates.

**External appointments:** Non-Executive Director of Beazley plc and Chair of the re-insurance and European insurance subsidiary, Beazley Insurance. Non-Executive Director and Deputy Chair of BlackRock Asset Management Ireland Limited.

## 9. William Chalmers Executive Director and Chief Financial Officer

**Appointed:** August 2019

### **Skills, experience and contribution:**

Significant board-level strategic and financial leadership experience

Strategic planning and development, mergers and acquisitions, equity and debt capital structuring and risk management experience

William's significant board-level strategic and financial leadership experience is a welcome addition to the Board. His previous experience continues to provide key input into the development of the Group's strategy, is essential to his role as Chief Financial Officer, and remains important as the Board focuses on implementing its current strategy, Strategic Review 2021.

**External appointments:** None.

# Appendix 2 – Summary of the rules of the Deferred Bonus Plan 2021

The principal terms of the Lloyds Banking Group Deferred Bonus Plan 2021 (the ‘DBP’) are set out below. Defined terms used in this Appendix shall have the meanings given in the DBP unless otherwise defined.

## Administration

The DBP will be administered by the Board, or a duly authorised committee or delegate. It is intended that the DBP will be operated by the Remuneration Committee of the Company (the ‘Committee’), which will always be the case in respect of awards granted to executive directors of the Company (‘Executive Directors’).

## Executive Directors

Participation by the Executive Directors in the DBP shall, unless or until approved otherwise by shareholders, be in accordance with the Company’s Directors’ Remuneration Policy as approved by shareholders from time to time.

## Eligibility

Any current or former employee or executive director of the Company, any of its subsidiaries or designated associated companies is eligible to participate in the DBP.

## Grant of Awards

All or part of an eligible employee’s annual bonus may be deferred into an Award over Shares. In such case an Award will be granted over a value of Shares equivalent to the deferred bonus amount.

An Award may also be granted as a “buy-out” in connection with the recruitment of an eligible employee, in which case the value of the Shares over which the Award is granted may not exceed (but may be less than) the value of the Award foregone and the Award will be subject to the terms of the DBP, including the Company’s malus and clawback provisions, in line with the required regulatory rules on remuneration applicable to the Company.

For Executive Directors, Awards will only be granted in accordance with the Directors’ Remuneration Policy as approved by shareholders from time to time.

As under the Company’s current deferral arrangements and as provided for in the Company’s current directors’ remuneration policy, in calculating the value of Shares subject to Awards the Committee may take into account the regulatory restriction on the Company from being able to award dividend equivalents on Awards.

## Vesting Period and Holding Period

Awards shall be subject to a Vesting Period set by the Committee on grant, and may be subject to a post-vesting Holding Period.

The Vesting Period for Awards to Executive Directors will be set in accordance with the Company’s Directors’ Remuneration Policy as approved by shareholders from time to time.

## Vesting and discretion to adjust vesting level

Subject to continued employment (save in the permitted good leaver scenarios as set out in detail below), Awards will normally Vest at the end of the Vesting Period, or alternatively may Vest in tranches over the Vesting Period.

However, the Committee may apply a discretionary positive or negative adjustment to the vesting of an Award if it considers it appropriate to do so, including downwards to lapse an Award in full.

## Deferral, malus and clawback

Awards will be subject to malus and clawback as set out in the Company’s Deferral and Performance Adjustment Policy, as amended from time to time.

This policy has been adopted and is revised from time to time to ensure full compliance with all of the regulatory rules on remuneration applicable to the Company under the Capital Requirements Directive and other applicable regulatory regimes, as well as with all applicable regulatory guidance.

## Form of Awards

Awards may take the form of:

- a conditional right to receive Shares;
- a nil- or nominal-cost option over Shares, which may be exercised during a permitted exercise period (extending not later than the tenth anniversary of the date of grant); or
- to facilitate compliance with the regulatory rules on remuneration applicable to the Company, an Award granted by reference to a fixed cash value.

The Committee retains discretion to settle conditional rights or options in cash, and/or to settle Awards granted by reference to a fixed cash value in an equivalent value of Shares on a basis as determined by the Committee.

## Discretion to delay Vesting

The Committee retains discretion to delay Vesting, or the settlement of an Award, where it considers it appropriate to do so. The circumstances in which the Committee may exercise such discretion could include circumstances where there is any ongoing investigation or other procedure which may lead to the application of malus in accordance with the Deferral and Performance Adjustment Policy, or if the Committee decides that further investigation is needed.

## Operation of the Holding Period

During any Holding Period, the Shares subject to the Holding Period (net of any Shares sold to cover tax liabilities on vesting) will be restricted and will also remain subject to clawback provisions.

## Special circumstances – leavers, death and corporate events

### Leaver events and death

Participants who leave employment prior to Vesting will normally forfeit their Awards when they leave. However, Awards will not be forfeited if participants leave due to ill-health; injury; disability; retirement; redundancy; the sale or transfer of their employing company or business out of the group; or, at the discretion of the Committee, for any other reason.

Where a participant ceases employment before the normal vesting date and the Award does not lapse, Awards will continue and vest on the normal vesting date, unless the Committee determines that the Award will instead vest on or at any other time following the date of cessation.

On the death of a participant, an Award shall vest immediately.

Where Awards are subject to a Holding Period, the Holding Period will normally continue to apply. The Holding Period will cease immediately in the case of a participant’s death, or if the Committee so determines.

The treatment of Awards held by Executive Directors in the event of their cessation of employment would be applied in accordance with the Company’s Directors’ Remuneration Policy as approved by shareholders from time to time.

### Change of control and other corporate events

In the event of a takeover, scheme of arrangement, merger or other corporate event, Awards will generally vest at the time of the relevant event to such extent as the Directors may determine, and lapse to the extent they do not vest.

Alternatively, participants may be required or allowed to exchange their Awards for equivalent awards over shares in the acquiring company or cash-based awards of equivalent value.

## Plan limits

In any 10 year period, not more than 10 per cent. of the issued ordinary share capital of the Company may be issued under the DBP and all other employees’ share plans operated by the Company. In addition, in any 10 year period, not more than 5 per cent. of the issued ordinary share capital of the Company may be issued under the DBP and all other discretionary share plans adopted by the Company.

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## Appendix 2 – Summary of the rules of the Deferred Bonus Plan 2021 continued

These limits do not include options and Awards which have lapsed or been surrendered or which are to be satisfied other than through the issue of shares (such as being intended to be satisfied with market purchased shares). Options and Awards may also be satisfied using treasury shares. If treasury shares are used, the Company will, so long as required under the Investment Association Principles of Association, count them towards the plan limits set out above.

### Variation in share capital

Awards and options (including any option price) may be adjusted following a variation in share capital of the Company, a demerger, a special dividend or any other corporate event which might affect the value of an Award.

### Dividend equivalent

Subject to any regulatory requirements, additional Shares or cash may be delivered on the vesting of Awards under the DBP to take account of dividends that would have been paid on the number of Shares which vest between grant and vesting.

### Amendments to the rules

The Committee may amend the rules of the DBP in any way. However, provisions relating to eligibility; individual and plan limits; a participant's entitlement to cash or shares under the DBP; the adjustment of Awards and options on a variation of capital; and the amendment of the DBP cannot be amended to the advantage of participants without prior approval of the shareholders in general meeting.

The Committee is able to adjust any applicable conditions in accordance with the rules of the DBP, and make minor amendments to the DBP without shareholder approval to benefit the administration of the DBP; comply with legislation or any changes in legislation; and maintain favourable tax treatment, exchange controls or regulatory treatment for the Company, any subsidiary or any participant.

### Non-transferable and non-pensionable

Awards are personal to the participant and may not generally be transferred or assigned.

Benefits granted under the DBP are not pensionable.

### General

Participants will not have any shareholder rights until the shares subject to options or Awards have been issued or transferred to the participant.

Any shares issued under the DBP will rank equally with shares of the same class in issue on the date of allotment.

The DBP may be terminated at any time and, in any event, no grants may be made after the tenth anniversary of the DBP's approval by shareholders.

### Overseas plans

The DBP contains provisions which permit the Company to establish further plans or sub-plans for the benefit of overseas employees based on the terms of the DBP but modified to take account of local law, tax, exchange control and securities laws in non-UK territories. However, any shares made available under such plans shall be treated as counting towards the individual and overall plan limits outlined above.

# Appendix 3 – Summary of the New Articles of Association of the Company

The New Articles of Association contain, among others, the following principal changes:

## 1. Combined physical and electronic General Meetings

The New Articles of Association provide that the Directors may decide to hold a “hybrid” general meeting as a combined physical and electronic general meeting (including an annual general meeting) in such a way that enables shareholders to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic platform (Article 51.1). Voting in respect of all resolutions at a hybrid general meeting must be decided on a poll (Articles 51.4 and 54.5). This provision does not permit a general meeting to be held in an electronic only format. This provision provides further flexibility for the Directors to decide the format and arrangements for holding a general meeting to ensure it is appropriate in the circumstances. The New Articles of Association also include a number of consequential changes to provide for a general meeting to be held as a physical general meeting or a combined physical and electronic general meeting, such as amendments to the method of voting and demand for poll (Article 55), the adjournment of meetings (Article 49) and the requirement for a quorum (Articles 47 and 48).

## 2. Attendance at and participation in general meetings

The New Articles of Association provide greater detail on how a person is able to attend and participate in a general meeting (Article 52). This provision specifies that in determining whether persons are attending or participating in a general meeting, it is immaterial whether they are in the same place as each other or how they are able to communicate, provided that they have rights to speak or vote at that meeting. This provision provides further flexibility in the way that meetings are held and captures how a person is able to attend and participate in a physical meeting and a combined physical and electronic general meeting.

## 3. Annual General Meetings

The New Articles of Association provide that the location of the Company’s annual general meeting, for those persons who are physically present at such meeting, will be Edinburgh or such other place in Scotland that the Directors decide (Article 40). This provision preserves the requirement for the Company’s annual general meeting to be physically held in Scotland, even if such meeting is being held as a combined physical and electronic general meeting.

## 4. Method of voting and demand for poll

The New Articles of Association amend the provisions relating to the method of voting and demand for poll (Article 54). The New Articles of Association provide that the default method of voting is by poll instead of on a show of hands (Article 54.1). This provision reflects how voting is generally conducted at the Company’s general meetings and changes to market practice. The New Articles of Association provide that voting on a poll may be demanded by shareholders in certain circumstances (Article 54.2). The New Articles of Association also contain an additional provision relating to the method of voting and demand for poll at a general meeting that is held as a combined physical and electronic general meeting (Article 54.5).

## 5. Postponement of General Meetings

The New Articles of Association contain amended provisions in relation to the Directors’ power to postpone a properly convened general meeting after notice of that meeting has been sent out but before the time at which the meeting is to be held (Article 43.6). The New Articles of Association also provide greater flexibility for the Directors to postpone general meetings and inform members of the new arrangements by publicising such details on the Company’s website and/or by means of a stock exchange announcement. A number of consequential changes have also been made to reflect the arrangements required in respect of a combined physical and electronic general meeting.

## 6. Provisions on shares in uncertificated form

The New Articles of Association set out further detail on how the Company may manage uncertificated shares (Article 34) in line with best market practice and the model articles for public limited companies. The New Articles of Association contain additional provisions, such as the directors’ power to take steps in relation to the evidencing of and the transfer of uncertificated shares (Article 34.5) and the conversion between certificated and uncertificated shares (Article 34.6).

## 7. Untraced shareholders

The New Articles of Association contain amended provisions in relation to untraced shareholders to bring those provisions more in line with current market practice. Although some of these formalities are no longer required, the New Articles of Association still require the Company to comply with a number of formalities (such as sending notice to the last known physical or email address of the shareholder and using reasonable steps to trace the shareholder) before such shares can be sold (Article 39.1.2). Amendments in relation to the sale process have also been made, removing the requirement to obtain the “best price reasonably obtainable”, as well as providing that the net sale proceeds belong to the Company and the untraced shareholder has no further right to claim the proceeds (Article 39.5).

## 8. General

The opportunity has been taken generally to incorporate amendments of a minor, technical or clarifying nature, or to clarify minor inconsistencies in certain other parts of the Current Articles of Association. The New Articles of Association also reflect current statutory and regulatory rules and redundant provisions have been removed.

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