

Lloyds Banking Group plc, Lloyds Bank plc, Bank of Scotland plc and HBOS plc

Nomination and Governance Committee Terms of Reference

1. Purpose

The purpose of each Nomination and Governance Committee is to:

- 1 keep its Board's governance arrangements under review and to make appropriate recommendations to its Board to ensure that the corresponding Company's arrangements are consistent with corporate governance standards and best practice;
- 2 ensure there is a formal, rigorous, inclusive and transparent procedure for the appointment of new directors;
- 3 lead the process for Board appointments, making recommendations to its Board and ensuring plans are in place for succession to its Board and senior management positions, overseeing the development of a diverse pipeline for succession; and
- 4 assist its Board in ensuring its composition is regularly reviewed and refreshed.

2. Aligned Board Model

The Nomination and Governance Committees of Lloyds Banking Group plc, Lloyds Bank plc, Bank of Scotland plc and, to the extent relevant, HBOS plc operate an Aligned Board Model. This includes aligned meetings for the Nomination and Governance Committees of each entity, where meeting agendas clearly indicate which items concern which entity.

3. Entities to which these terms of reference apply

These terms of reference apply to each of Lloyds Banking Group plc, Lloyds Bank plc, Bank of Scotland plc and, to the extent relevant, HBOS plc.

- Sections of these terms of reference which apply only to the Nomination and Governance Committee of the Board of Lloyds Banking Group plc are headed "Group Committee only".
- Sections of these terms of reference which apply only to the Nomination and Governance Committees of the Boards of each of Lloyds Banks plc and Bank of Scotland plc are headed "Banks' Committees only".
- HBOS plc will have a Nomination and Governance Committee, and such Nomination and Governance Committee will undertake the actions set out in paragraph 6 'Responsibilities' and hold meetings, only insofar as considered necessary for legal or regulatory purposes or as otherwise deemed appropriate.

4. Defined terms

Definitions used in these terms of reference are those adopted in the Corporate Governance Framework. In these terms of reference:

- the "Committee" means each Nomination and Governance Committee;
- the "Banks" means Lloyds Bank plc and Bank of Scotland plc;
- the "Group" in the context of Lloyds Banking Group plc, Lloyds Bank plc, Bank of Scotland plc and HBOS plc should be read as "Lloyds Banking Group plc and its subsidiary undertakings from time to time", "Lloyds Bank plc and its subsidiary undertakings from time to time", "Bank of Scotland plc and its subsidiary undertakings from time to time" and "HBOS plc and its subsidiary undertakings from time to time", respectively;
- the "Group Committee" means the Nomination and Governance Committee of Lloyds Banking Group plc;
- the "Banks' Committees" means the Nomination and Governance Committees of each of Lloyds Bank plc and Bank of Scotland plc; and
- "RFB Conflict Matter" means any matter or decision where the interests of the Banks conflict or may conflict with any other member of the Group (other than any other member of the Banks' Group) or the Group in any way that could adversely affect:
 - the financial or non-financial resources of the Banks in a material way;
 - the sustainability of the Banks' business model;
 - the continuous provision in the United Kingdom of core services as defined in section 142C of FSMA; or
 - the ability of the Banks to meet any ring-fencing provision as defined in section 142A(5) of FSMA.

5. Authority

Each Committee that has been established by its Board is authorised to:

- Investigate any activity within the Nomination and Governance Committee's terms of reference
- Have such direct access to the resources of the Group as it may reasonably require

- Seek any information that it requires from any colleague (and all colleagues are directed to cooperate with any request made by the Committee)
- Secure the attendance of any colleague, or third parties with relevant experience and expertise, at meetings of the Committee if it considers this necessary
- Engage outside legal or other independent professional advisers and access appropriate funding for the payment of relevant fees and expenses
- Obtain assurances and, when appropriate, reports from the boards of subsidiary companies which have appointed separate nomination committees
- Delegate all or any of its responsibilities to any person, including any of its members, or to one or more sub-committees which are to report back to the Committee

Each Committee shall work and liaise as necessary with all other Committees of its Board, and periodically review interactions between its Board and the other Committees.

6. Responsibilities

The responsibilities of each Committee are to:

A. Board Appointments

- 1 Lead the formal, rigorous, inclusive and transparent appointment process for new Board directors (which, in the case of the *Banks' Committees only*, will involve public advertising of any vacancy for an independent Non-Executive Director, unless otherwise agreed with the PRA), establishing appropriate selection criteria and recommending suitable candidates to the Board. In doing so, the Committee should consider a broad set of qualities and competences when recruiting members to the Board and for that purpose put in place a policy, based on merit and objective criteria, promoting inclusion and equal opportunity on the Board. Where appropriate, the Committee may delegate the selection/nomination process to a sub-committee established specifically for that purpose. In the case of the *Banks' Committees only*, at least half of the Board directors must be independent Non-Executive Directors; and, where an extraordinary vacancy arises, the vacancy must be filled as soon as reasonably possible after it has arisen.
- 2 Conduct a continuous and proactive process of planning and assessment in relation to Board appointments, taking into account the Company's strategic priorities and the main trends and factors affecting the long-term success and future viability of the Company.
- 3 Before beginning a search for candidates for a particular appointment, prepare a written description of the role and capabilities required, and the time commitment expected, for that appointment. It should then agree the process to be undertaken to identify, sift and interview suitable candidates.
- 4 Review the processes in place to achieve optimal Board composition, including appointment criteria, succession planning and as necessary propose changes to the processes.
- 5 Seek advice from external search consultants or use open advertising (or both), if appropriate, in relation to seeking and selecting candidates for any appointments and, where an external search consultancy is engaged, identify this in the ***LBG plc*** annual report alongside a statement about any other connection it has with the Company or individual directors.
- 6 Review a candidate's other commitments and ensure that, on appointment, a candidate has sufficient time to undertake the role.
- 7 Ensure that, on appointment to the Board, Non-Executive Directors of the Company (including the Chair of the Board) receive a letter of appointment setting out clearly what is expected of them in terms of time commitment, Board Committee service and involvement outside Board meetings and indicate the possibility of additional commitment when the company is undergoing a period of particularly increased activity, such as an acquisition or takeover, or as a result of some major difficulty with one or more of its operations. For the avoidance of doubt, this does not extend to the fees payable to Non-Executive Directors.
- 8 Along with the Chair and Company Secretary, be responsible for ensuring all newly appointed Directors receive a full, formal and tailored induction.
- 9 Create a skills matrix examining the current skills, knowledge, experience and capabilities of the board, and any gaps in skills or competencies that can be addressed in future director appointments.

B. Other Appointments

- 1 *Group Committee only*: Approve the appointments of any individuals as directors, whether as Executive Directors or Non-Executives, to those subsidiaries identified by the Committee from time to time as material within the LBG Group (pursuant to G1 below) ensuring that, whether or not the individual so appointed is already a director of a Company, following the appointment, not more than one-third of the Banks' Boards' members will be employees or directors of any company within any Sub-Group other than the RFB Sub-Group.²

¹ As at the date of approval of these terms of reference, subsidiaries identified by the Committee as material are: the Insurance Board companies: Scottish Widows Group Limited, Scottish Widows Limited, Lloyds Bank General Insurance Limited, St Andrew's Insurance plc, Scottish Widows Administration Services Limited Scottish Widows Administration Services (Nominees) Limited, Embark Group Limited, Embark Investment Services Limited, Embark Services Limited, EBS Pensions Limited and Halifax Share Dealing Limited together with Lloyds Bank plc; Bank of Scotland plc; HBOS plc; Lloyds Bank Corporate Markets plc; LBG Equity Investments Limited; and Lloyds Offshore Global Services Private Limited.

² For these purposes, "LBG Group" shall be defined by reference to section 421 of the Financial Services and Markets Act 2000 and "RFB Sub-Group" shall include any ring-fenced affiliate (as such term is defined in the Ring-fenced Bodies Part of the PRA Rulebook).

- 2 **Group Committee only:** Approve trustee appointments and reappointments to the Lloyds Banking Group Foundations.
- 3 Approve the appointment of any Non-Executive Director or Executive Director of the Company as a director or chair of any LBG Group company, and, **in the case of the Banks' Committees only**, ensuring that, following the appointment, not more than one-third of the Banks Board's members will be employees or directors of any company within any Sub-Group other than the RFB Sub-Group³ and that the restriction set out in 7.B.8 below is complied with.
- 4 Approve the appointment of any Executive Director as a director of a Third-Party Entity where this is at the Group's request.
- 5 Where appropriate, consider whether to set limits on the number and scale of other appointments It considers the Chair and other Non-Executive Directors may take on without compromising their effectiveness.

C. Succession planning

- 1 Maintain an effective succession plan, including contingency arrangements, for the Board and senior management (senior management for this purpose referring to the first layer of management below the Board, including the Company Secretary), overseeing the development of a diverse pipeline for succession to both Board and senior executive positions. In relation to Board succession, the Committee shall seek to ensure that there will be sufficient current and relevant sector knowledge and experience on the Board so it and continues to be able to understand the key activities and risks involved in the business model and provide effective challenge across all major business lines. In relation to senior executive succession, the Committee shall seek to ensure that the policy for selection and appointment of senior executives is appropriate (while the Group Chief Executive remains responsible for approval of senior executives). Both succession plans and appointments should be based on merit and objective criteria, promoting inclusion and equal opportunity and protecting against discrimination for those with protected characteristics within the meaning of the Equalities Act 2010. Selection and appointment of senior executives should take into account cognitive and personal strengths, to ensure that senior executives have the right skills, values, attitude and energy essential to success.
- 2 Take a long-term strategic view of the closely linked issues of board composition, talent management and succession planning. 3 Conduct an annual review of the adequacy and effectiveness of succession arrangements for Executive Directors, other members and attendees of the Group Executive Committee and their respective direct reports, and the Company Secretary.

D. Board Inclusion Objectives

Recommend to the Board, and subsequently undertake an annual review of, a Board policy on Board Inclusion Objectives (covering all aspects of diversity, inclusion and equal opportunity) incorporating a target for the representation of the under-represented gender in the management body and a policy on how to meet that target.

E. Board & Committee composition

- 1 At least annually evaluate the structure, size and composition (including the balance of skills, experience and knowledge) of the Board and the future challenges affecting the business, taking into account the Company's current requirements, the results of the Board performance review process that relate to the composition of the Board, the length of service of the Board as a whole, and make recommendations to the Board with regard to any adjustments that may be needed.
- 2 **Group Committee only:** At least annually evaluate the independence of the Board.
- 3 Make recommendations to the Board regarding the role, including capabilities and time commitment, of the Chair, Deputy Chair (if any), Senior Independent Director, Non-Executive Directors, the GCE and Executive Directors.
- 4 Review membership of Committees at least annually, including *ad hoc* changes and recommending to the Board for approval any changes in the chair or membership of individual Committees (other than any operating on an *ad hoc* basis, without formal terms of reference), having regard to ensuring a range of skills, experience, knowledge, and professional qualifications to meet the requirements of the UK Corporate Governance Code.

F. Board & Committee effectiveness

- 1 Oversee the formal and rigorous annual review of the Board (including the knowledge, skills and experience, performance and contribution of individual directors and the Board collectively, diversity of the Board as a whole and the effectiveness of its members working together to achieve objectives as needed) and its Committees, the Chair and individual directors and report to the Board, at least annually, the results of these reviews, recommending actions for addressing any findings and overseeing the implementation of any resulting action plan.⁴
- 2 Commission a regular externally facilitated performance review of the Board and ensure it is considered and conducted as appropriate in accordance with the Corporate Governance Code. The external reviewer should meet with the executive team to gain their views of the Board. The external reviewer should be identified in the **LBG plc** annual report and a statement made about any other connection it has with the Company or individual directors.
- 3 In performing its duties, and to the extent possible, take account of the need to ensure that the Board's decision making is not dominated by any one individual or small group of individuals.
- 4 **Group Committee only:** Having reviewed the independence of the Board (as referred to at 6.E.2 above), make recommendations to the Board regarding the independence of Non-Executive Directors, the reappointment or re-

³ For these purposes, "LBG Group" shall be defined by reference to section 421 of the Financial Services and Markets Act 2000 and "RFB Sub-Group" shall include any ring-fenced affiliate (as such term is defined in the Ring-fenced Bodies Part of the PRA Rulebook).

⁴ The annual performance review of each of Lloyds Bank plc and Bank of Scotland plc should consider the effectiveness of the Ring-Fenced Banking arrangements and the effectiveness of the procedures for the identification, escalation and resolution of potential RFB Conflict Matters. Performance review is expected to be externally facilitated every three years.

election of directors and the suitability of any director to continue in office, having regard to their individual performance and the balance of skills needed on the Board.

- 5 Hold a meeting (excluding the Chair of the Board) to agree the Chair of the Board's objectives and performance.
- 6 Review and approve at least annually an appropriate programme for the training of Board members (which may distinguish between Executive Directors and Non-Executive Directors).
- 7 Examine the ongoing training and development of Board members to ensure they are adequately trained.
- 8 At the conclusion of a director's specified term of office the committee should examine the director's knowledge, skills, experience performance and the director's contributions to the board.

G. Corporate governance

- 1 **Group Committee only:** *Consider once in each financial year and, if appropriate, identify those subsidiaries of the Group which the Committee deems to be material subsidiaries in the context of appointments of directors to such subsidiaries.*
- 2 Oversee the Board's governance arrangements including reviewing at least annually any matters reserved to the Board and any terms of reference of any Board Committee to recommend to the Board, if appropriate, any changes and reviewing periodically the LBG plc Corporate Governance Framework to recommend to the Board, if appropriate, any changes.
- 3 Give due consideration to all relevant laws and regulations, including the provisions of the UK Corporate Governance Code and associated guidance and best practice, the FCA and PRA rules and guidance and monitor developing trends, initiatives or proposals in relation to board governance issues in the UK and, to the extent relevant, elsewhere in order to determine the extent to which such initiatives impact the Company and make recommendations to the Board on any changes to be implemented including the establishment of appropriate policies and practices to enable the Board to operate effectively and efficiently.
- 4 **Group Committee only:** *Review and approve the annual Corporate Governance Report for inclusion in the Company's annual report and accounts. That report should include a statement of how they have applied the UK Corporate Governance Code Principles, in a manner enabling shareholders to evaluate how the Principles have been applied in the context of the particular circumstances of the Company; and how the Board has set the Company's purpose and strategy, met objectives and achieved outcomes through the decisions it has taken; and should set out a clear explanation of, and reasons for, any non-compliance with a Code Provision; reporting should focus on Board decisions and their outcomes in the context of the Company's strategy and objectives. Where a departure from a Code provision is intended to be limited in time, the explanation should indicate when the Company expects to conform to the provision. Where an external performance review has been commissioned, the Corporate Governance Report should identify the external reviewer and include a statement about any other connection the reviewer may have with the Company or individual directors. Such reporting should avoid boiler-plate reporting and focus on how the Principles have been applied, articulating what action has been taken and the resulting outcomes. It will also include signposting and cross-referencing to relevant parts of the annual report (for example, a sustainability report).*
- 5 **Group Committee only:** *Review and approve the description in the annual report of the work of the Committee, including the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; how the Board performance review has been conducted, the nature and extent of an external reviewer's contact with the Board and individual directors, the outcomes and actions taken, and how it has or will influence future Board composition; the policy and any initiatives on diversity, inclusion and equal opportunity, their objectives and link to company strategy, how they have been implemented and progress on achieving the objectives; and the gender balance of those in the senior management and their direct reports.*
- 6 **Group Committee only:** *Ensure that the Company maintains a dialogue with shareholders about succession planning, the appointment of directors and the work of the Committee.*

H. Conflicts of interest

- 1 Ensure that prospective Non-Executive Directors disclose any business interests that may result in any actual or potential conflict of interests with those of the Group before any offer of appointment is made.
- 2 Ensure that each Director, once appointed, notifies to the Committee any situation or matter in which such Director may have a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Consider whether to recommend to the Board the authorisation of any such situation or matter, having regard to the possible time required for it, and all other outside commitments notified by the Director, and whether it could impede the Director from spending sufficient time to fulfil their obligations to the Company⁵. If a situation or matter involves an imminent appointment or extension of commitments, any recommendation to the Board for authorisation may take the form of a notification to all Board members that they have an opportunity to respond by way of objection within a set period of time, failing which any subsequent authorisation by the Board may be given by way of ratification of a deemed (through lack of objection) earlier authorisation.
- 3 Conduct an annual review of the Conflicts Register and review any disclosure relating to conflicts of interest to be made public.
- 4 Review the Company's approach to the management of conflicts of interest to ensure that it is in line with the Group's conflicts management protocols and, **for the Banks' Committees only,** *in particular any actual or potential conflict between the Company and its shareholder is appropriately managed.*

⁵ In that context an increase in duties beyond an existing appointment – such as being made chair, when already a member, of a committee or being made a senior independent non-executive director when already a non-executive director – shall not be regarded as constituting an additional external appointment.

I. Other matters

- 1 Work and liaise as necessary with the Board and all other Board Committees ensuring the interaction is reviewed regularly, taking account of the impact of risk management and internal controls being delegated to Board Committees.
- 2 Arrange for the Committee chair to be available to answer questions at the Group's annual general meeting and lead discussions at the AGM and consider making a statement on the activities and achievements of the Committee over the year.
- 3 Review and approve the Directors' share dealing policy.

J. Additional responsibilities

- 1 **Banks' Committees only:** Review and make recommendations to the Committee's Board on such other matters on which the Board relies on recommendations from the Committee in accordance with the matters reserved for the Board.
- 2 **Banks' Committees only:** In performance of its duties, review (and, if considered appropriate by the Committee, recommend to its Board) the recommendations of the Group Committee, always taking into account the principles, policies and governance requirements of the Group.

7. Membership

A. Members

- 1 At all times each Committee shall comprise at least three members.
- 2 Members of each Committee will be appointed by its respective Board, on the recommendation of the Chair of the corresponding Committee.
- 3 Appointments to each Committee will be for a period of up to three years, which may be extended for two further three-year periods, provided the director still meets the criteria for membership of the relevant Committee.
- 4 Members of each Committee shall be provided with appropriate and timely training coordinated by Group Secretariat, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 5 **Group Committee only:** Group Committee members will be independent Non-Executive Directors and will include:
 - a. the Chair of the Board;
 - b. the Deputy Chair of the Board; and
 - c. the Senior Independent Director.
- 6 **Banks' Committees only:** Banks' Committee members will all be independent Non-Executive Directors and at least one will be an RFB-Designated NED.
- 7 **Banks' Committees only:** The RFB-Designated NED may appoint any other RFB-Designated NED (not already on the Committee) as their alternate to attend a meeting of the Committee. Where no RFB-Designated NED who is a member of the Committee nor any such alternate can attend, the Chair shall:
 - a. in so far as possible, seek the view of the RFB-Designated NEDs on any potential RFB Conflict Matter which is to be considered at that meeting; and
 - b. inform the Banks' Chief Risk Officer who will notify the PRA of the situation.

B. The Chair

- 1 The Chair of each Committee shall be the Chair of its Board.
- 2 In the Chair's temporary absence, one of the other members of the Group Committee nominated by the Chair in advance or elected by the members of that Committee will act as Chair.
- 3 The Chair of the relevant Board should not chair any Committee meeting when it is dealing with the matter of their succession.
- 4 The Chair's primary responsibility is to chair and oversee the performance of the role of the Committee.
- 5 The Chair's other responsibilities in respect of each Committee include:
 - a. ensuring that the Committee meets with suitable frequency;
 - b. fostering an open, inclusive discussion which challenges executives, where appropriate;
 - c. ensuring that the Committee devotes enough time and attention to the matters within its remit;
 - d. helping to ensure that the Committee and its members have the information necessary to discharge its and their duties and tasks;
 - e. reporting to the Board on the Committee's activities - such report may be verbal and / or in writing;
 - f. facilitating the running of the Committee to assist it in providing independent oversight of executive decisions;
 - g. safeguarding the independence and overseeing the performance of the Committee;
 - h. ensuring that the regulatory requirements in relation to the Committee are satisfied; and
 - i. engaging with stakeholders, including the PRA, FCA and principal shareholders, on behalf of the Committee.
- 6 The Chair will be available, wherever possible, at the Group's AGM.
- 7 The Chair of the Committee (insofar as it considers issues on behalf of or in relation to an SMCR Entity) is a Senior Manager for the purposes of the SMCR. This role needs approval by the PRA/FCA.

- 8 **Banks' Committees only:** *The Chair of the Banks' Committees may perform a similar role for the Group Committee but must not hold a similar role for any other member of the LBG Group, other than within the RFB Sub-Group.⁶*
- 9 **Banks' Committees only:** *The Chair of the Banks' Committees shall be responsible for reporting to the Group Committee at the request of the Chair of the Group Committee, on matters within the responsibility of the Banks' Committees and escalating matters to the Group Committee as appropriate.*

C. Quorum, Voting and Written Resolutions

- 1 **Group Committee only:** *The quorum for the Group Committee will be three members, one of whom should be the Chair or the Senior Independent Director.*
- 2 **Banks' Committees only:** *The quorum for meetings of each of the Banks' Committees will be any three members.*
- 3 *If a quorum of members is not available for a particular meeting, a majority of the members present may co-opt any independent Non-Executive Director of its Company to that Committee for that meeting, if necessary, to constitute a quorum.*
- 4 *Voting at meetings and the adoption of any written resolutions shall be in accordance with the procedures set out in the Company's Articles of Association.*

D. Attendees

- 1 *Attendees join meetings to share expertise and help inform the Committee's deliberations. Although they do not have decision-making responsibilities, the Chair may invite them to speak or provide input on particular topics.*
- 2 *Each Committee may invite such other attendees as it deems necessary to fulfil its duties as set out above.*

8. Committee management

A. Secretary

The secretary to the Committee shall be the Company Secretary or their nominee.

B. Frequency

- 1 *Each Committee shall meet as often as is necessary to fulfil its responsibilities, and not less than twice a year.*

C. Notice, Agenda and Papers

- 1 *The secretary to each Committee shall call meetings of the Committee at the request of any of:*
 - a. *the Chair of the Committee; and*
 - b. *any member of the Committee.*
- 2 *Group Secretariat shall circulate notice of the meeting (confirming date, time and venue), the agenda and papers to all members of each Committee electronically at least four working days before the meeting (or such shorter period as may be agreed by the Chair of the Committee) to enable full and proper consideration of the relevant issues.*

D. Minutes, Conflicts and Record of Attendance

- 1 *The secretary to each Committee shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance. In light of the Aligned Board Model, the minutes of the meetings of the various Committees will be produced as a composite document but will identify the Committee(s) by which any issue has been considered, so as to make clear the Company to which such issue relates; and minutes of meetings will identify any potential RFB Conflict Matter, whether the RFB-Designated NEDs elected to exercise their weighted voting rights in respect of any RFB Conflict Matter and any action taken or to be taken in relation to any potential RFB Conflict Matter.*
- 2 *The secretary to each Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest including any RFB Conflict Matter and minute them accordingly.*
- 3 *The secretary to each Committee shall circulate minutes of meetings promptly to the Chair for approval in principle and, following confirmation of such approval, shall in due course circulate such minutes to all members of the Committee as part of the materials for the Committee's next meeting.*

E. Review

- 1 *Each Committee shall review at least annually these terms of reference and propose any amendments it deems necessary or desirable to its respective Board for approval.*
- 2 *Each Committee shall review at least annually its performance (and shall be subject to review by its Board) and the processes for interaction between the Committee and shall propose any recommendations it deems necessary or desirable to its Board for approval.*

These terms of reference became effective as of 21 September 2026.

⁶ For these purposes, "LBG Group" shall be defined by reference to section 421 of the Financial Services and Markets Act 2000 and "RFB Sub-Group" shall include any ring-fenced affiliate (as such term is defined in the Ring-fenced Bodies Part of the PRA Rulebook).