

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

Responsible Business Committee Terms of Reference

1. Purpose

The purpose of each Responsible Business Committee is to:

- provide oversight of and support for Lloyds Banking Group's strategy as set by the Board for delivering the Company's aspirations to become a truly purpose-driven organisation including in respect of building an inclusive and sustainable organisation as well as operating as a responsible business;
- provide oversight and challenge of those activities that impact the Group's purpose and sustainability strategy;
- consider in detail and recommend where required to the Board for approval the Group's public disclosures relating to purpose and sustainability matters, while recognising that specific reporting and risk management responsibility in relation to sustainability related matters (including climate) is separately considered by the Audit Committee and Board Risk Committee, with elements of governance being separately considered by the Nomination and Governance Committee;
- review and approve any changes to external Group frameworks and policy documents related to the Group's purpose and sustainability strategy and recommend to the Board for approval, any material changes;
- review and approve any new or updated sustainability and purpose-related commitments, ambitions, targets or pledges to be undertaken by the Company or Group and recommend to the Board for approval, any material additions or changes;
- be the designated body that fulfils the Board's responsibility for adherence to Consumer Duty;
- be the designated body for workforce engagement, supporting the Group's wider workforce engagement strategy; and
- report to the Board on the matters for which the Committee is responsible, escalating issues and making recommendations to the Board where appropriate to do so, whilst also ensuring that Committee discussion on responsible business matters feed into strategic discussions at Board level.

2. Aligned Board Model

The Responsible Business Committees of Lloyds Banking Group plc, Lloyds Bank plc and Bank of Scotland plc (and, to the extent relevant, HBOS plc) operate an aligned board model. This includes aligned meetings for the Responsible Business Committee of each entity, where meeting agendas clearly identify 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 and Bank of Scotland plc and, to the extent relevant, HBOS plc. HBOS plc will have a Responsible Business Committee, and such Responsible Business 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 Responsible Business Committee;
- the "Company" in the context of Lloyds Banking Group plc only should be read as meaning "Lloyds Banking Group plc and its subsidiary undertakings from time to time."; 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 has been established by its Board and has the authorities set out in the **Schedule of Authorities, Delegations and Standards – Lloyds Banking Group plc and Subsidiary Undertakings** and shall:

- work and liaise as necessary with all other Committees of its Board, and periodically review interactions between its Board and the other Committees;

- investigate any activity within the 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; and
- 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.

6. Responsibilities

The responsibilities of each Committee will be to:

A. Embedding Purpose and Purpose Alignment of Sustainability

- 1 Review, oversee and discuss the implementation of the Company's purpose-driven strategy, approved by the Company's Board, the Company's material sustainability related activities to drive value creation, commercial benefits and social impact and material activities which impact the Company's culture, behaviour and reputation
- 2 Review and oversee delivery of high impact, purpose-driven activity embedded in business strategies and owned by the Company's business units and conduct deep dives into (among other things) the following purpose priorities (together the 'purpose priorities'):
 - a. Access to quality and affordable housing;
 - b. Financial empowerment;
 - c. Supporting regional development and communities
 - d. Inclusive leadership; and
 - e. Supporting the UK transition to net-zero by advancing initiatives that address climate change and protect nature.
- 3 Report on at least an annual basis to the Board on activity undertaken in respect of the Company's purpose priorities and make recommendations to the Company's Board as the Committee/Chair considers appropriate.

B. Environmental Sustainability

- 1 Review, discuss and oversee the execution by the Company's business units of the environmental sustainability strategy set by the Company's Board by conducting deep dives into priority areas, which may include, but are not limited to the following systems:
 - a. Energy Transition;
 - b. Greening the Built Environment;
 - c. Low Carbon Transport; and
 - d. Sustainable Farming & Food
- 2 Monitor and oversee environmental issues relating to the Company's dependencies, impacts, risks and opportunities (including but not limited to climate change, greenhouse gas emissions, energy consumption, waste management and pollution, resource use, land and water management and use (including deforestation), biodiversity and nature, while recognising that climate risk is considered through the Group's monthly risk reporting to the Executive-level Group Risk Committee and with updates to the Board Risk Committee, as required.
- 3 Report on at least an annual basis to the Board on activity undertaken in respect of the Group's priority areas and make recommendations to the Board as the Committee/Chair considers appropriate.

C. Social Sustainability

- 1 Support the Board in monitoring the Company's interactions with and responsibilities towards its stakeholders most notably its employees, customers, suppliers and communities in which it operates including overseeing the culture of the company, the safety and wellbeing of its workforce, and the adequacy of its supply chain controls in relation to modern slavery and human rights risk.

Culture and Workforce Engagement

- 2 Review the development and promotion of the Company's culture, supporting and driving its ambition to become a truly purpose-driven organisation and review the effectiveness of workforce engagement mechanisms that include:
 - a. Ensuring that workforce policies and practices, as part of human capital management, are consistent with the Company's values and people strategy and support its long-term sustainable success, including but not limited to reviewing a code of ethics & responsibility or code of colleague conduct or similar document;
 - b. Ensuring that the workforce is enabled to raise any matters of concern, while recognising that "Speak Up" is separately considered through the Audit Committee;
 - c. Monitoring colleague personal safety and wellbeing;
 - d. Reviewing the workforce feedback on engagement and culture;
 - e. Overseeing the culture change plan and colleague wellbeing activity;
 - f. Overseeing the development of new ways of working; and

- g. Working with People & Places to take an active role in setting and meeting inclusion ambitions and strategies for the Company as a whole, and in monitoring inclusion initiatives.

- 3 Report on at least an annual basis to the Company's Board on engagement activity undertaken and key themes / issues raised and make recommendations to the Company's Board as appropriate on the above.

Modern Slavery and Human Rights

- 4 Review and recommend to the Board for approval the annual Modern Slavery & Human Trafficking statement.
- 5 Review the annual Human Rights statement, as appropriate.

Duty to Customers and other stakeholders

- 6 Oversee the Company's adherence to Consumer Duty and review and recommend to the Company's Board for approval the Company's annual Consumer Duty Report. Conduct Business Unit deep dives and escalate these and any other relevant Consumer Duty matters periodically to the Company's Board as appropriate, while recognising that Consumer Duty in respect of Conduct Risk is separately considered through the Board Risk Committee. The Chairs of the Responsible Business Committee and Board Risk Committee to consider the respective committee responsibilities related to Consumer Duty and Fair Value, to avoid duplication and ensure alignment from a Consumer Duty and Conduct Risk perspective.
- 7 Review the Company's community engagement, including through its relationship with the charitable foundations.
- 8 Review the Company's response to key consumer and other relevant stakeholder-related regulation, including emerging and upcoming themes, and provide constructive challenge, where appropriate, to the Company's approach.

D. External Reporting, Public Disclosures and External Engagement

- 1 Review and recommend to the Company's Board for approval the content of the statements on the Company's progress delivering against its purpose, sustainability ambitions and its responsible business operations in the Annual Report and Accounts and the annual Sustainability Report, including the Group Transition Plan, while recognising that external financial and risk reporting is separately considered through the Audit Committee and Board Risk Committee, as appropriate.
- 2 Review and approve any changes to external Group frameworks and policy documents including but not limited to the Sustainable Finance Framework, External Sector Statements, Bi-annual Climate Dashboards, Code of Supplier Responsibility and Group Offsetting Principles and in all cases recommend to the Company's Board for approval any material changes or other changes considered by the Committee or Chair as requiring a Board decision.
- 3 Review the voluntary ESG related codes and commitments which support the Company's approach to environmental and social sustainability.
- 4 Review and approve any new or updated sustainability and purpose-related commitments, ambitions, targets or pledges to be undertaken by the Company, and oversee the ongoing measurement and reporting of any related performance against key metrics and in all cases escalate to the Company's Board for approval, any material additions or changes or other additions/changes considered by the Committee or Chair as requiring a Board decision.
- 5 Review the sustainability-related measures proposed for LTIPs, while recognising that elements of governance and remuneration such as approval of LTIPs is separately considered by the Remuneration Committee or the Nomination and Governance Committee, as appropriate.
- 6 Review the Company's participation in significant sustainability related external partnerships, memberships and external activity in support of the Company's purpose as well as review the Company's strategic alignment with relevant and material international sustainability frameworks that impact the Company's business strategy and review the Company's significant sustainability related engagement with NGOs, investors and government.

E. Governance

- 1 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.

F. Emerging Issues

- 1 Direct and oversee discussion on emerging and horizon issues that impact delivery of Group's purpose, sustainability strategy and sustainability progress, ambitions and targets; and invite external perspective to better understand and take into account development of external best practice in sustainability matters.
- 2 Work and liaise as necessary with the Board and all other of the Company's Board Committees ensuring such interaction is reviewed regularly, taking account of the impact of risk management and internal controls being delegated to committees.

7. Membership

A. Members

- 1 At all times each Committee shall comprise at least three members. All members of each Committee must be independent Non-Executive Directors (within the meaning of the UK Corporate Governance Code) including either the Group Chair or Deputy Chair.
- 2 Members of each Committee shall be appointed by its Board on the recommendation of its Company's Nomination and Governance Committee, in consultation with the Chair of the Responsible Business Committee.
- 3 ***Banks' Committees only:*** At least one member of the Committee will be a RFB-Designated NED.
- 4 Appointments to each Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the director still meets the criteria for membership of the Committee.

- 5 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.

B. The Chair

- 1 The Chair of each Committee shall be appointed by its Board on the recommendation of its Board's Nomination and Governance Committee.
- 2 In the Chair's temporary absence, one of the other members of the Lloyds Banking Group plc Committee nominated by the Chair in advance or elected by the other members of that Committee will act as Chair.
- 3 The Chair's primary responsibility is chairing and overseeing the performance of the role of the Committee.
- 4 The Chair's other responsibilities in respect of the 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.
- 5 The Chair will be available, wherever possible, at the Group's AGM.

C. Quorum, Voting and Written Resolutions

- 1 The quorum for meetings of each Committee will be any two members.
- 2 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.
- 3 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 non-Member attendees as it deems necessary to fulfil its responsibilities. The Group Chief Executive (or their delegated nominee) will normally attend meetings.

8. Committee management

A. Secretary

- 1 The secretary to each 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 four times a year.

C. Notice, Agenda and Papers

- 1 The secretary to the 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 the 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, 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 NED elected to exercise their weighted voting right in respect of any RFB Conflict Matter and any action taken or to be taken in relation to such 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.

- 4 The secretary to each Committee shall keep a record of the membership, and the dates of any changes in such membership, of the Committee.

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 Nomination and Governance Committee for consideration and, if appropriate, recommendation to its Company's Board for approval.
- 2 Each Committee shall review at least annually its performance (and shall be subject to review by its Board's Nomination and Governance Committee) and shall propose any recommendations it deems necessary or desirable to its Company's Board for approval.

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