

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:

- support its Board in overseeing its Company's policies, performance and priorities as a responsible business and to oversee its Company's activities in relation to all stakeholders including customers, shareholders, colleagues, suppliers, the wider community and the environment;
- oversee and support the Company's strategy and business plans by ensuring the Company's aspirations to be a trusted, responsible business are central to the Company's strategy and align with the Company's purpose of "helping Britain prosper" (or an equivalent purpose as agreed by its Board);
- oversee and challenge those activities which impact the Company's behaviour and reputation as a trusted, responsible business;
- consider in detail and recommend to its Board for approval the Responsible Business Report and Helping Britain Prosper plan; and
- report to its Board on its activities and the matters for which it is responsible, escalating issues and making recommendations to the Board where appropriate.

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 Committees 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 only insofar as considered necessary for legal or regulatory purposes or if otherwise decided by the Board to be appropriate.

4. Defined terms

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

- the "Committee" means each Responsible Business Committee; and
- the "Company" in the context of Lloyds Banking Group plc only should be read as meaning "Lloyds Banking Group plc and its subsidiaries and associates from time to time."

(Other than as specifically defined above, the following defined terms as set out in the Corporate Governance Framework Board Authorities document are applicable: the "Company" means each of Lloyds Banking Group plc, or where the context needs, Lloyds Bank plc, Bank of Scotland plc and HBOS plc as appropriate; the "Group" means Lloyds Banking Group plc and its subsidiaries and associates from time to time; and the "Banks" means Lloyds Bank plc and Bank of Scotland plc.)

5. Authority

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

- 1 investigate any matter within these terms of reference;
- 2 have such direct access to the resources of the Group as it may reasonably require;
- 3 seek any information that it requires from any employee (and all employees are directed to cooperate with any request made by the Committee);

- 4 secure the attendance of any employee, or third parties with relevant experience and expertise, at meetings of the Committee if it considers this necessary;
- 5 engage outside legal or other independent professional advisers and access appropriate funding for the payment of relevant fees and expenses;
- 6 obtain assurances and, when appropriate reports, from the boards of subsidiary companies which have appointed separate responsible business committees; and
- 7 delegate 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 will be to:

A. Responsible business assurance

- 1 Review and agree the Company's overall framework and priorities to deliver its aspirations as a responsible business acting responsibly in:
 - a. the Company's core business activities as the Company impacts customers, shareholders, colleagues, suppliers, the wider community and the environment; and
 - b. the Company's activities in the wider community that build on and support the long-term sustainability of the Company's core business.
- 2 Receive information on assurance activity, undertaken on an at least annual basis, to demonstrate that the Company operates well as a responsible business with regard to:
 - a. the responsible treatment of customers;
 - b. the responsible treatment of colleagues, and inclusion and diversity; and
 - c. the responsible treatment of suppliers and other organisations on which the Company has an impact.
- 3 Monitor how the Company's assurance activities are reflected in stakeholder measures of reputation and trust as a responsible business.
- 4 Report its conclusions and recommendations to the Board, escalating any issues as appropriate.

B. Codes, principles and standards

- 1 Review and oversee the adoption of the Company's codes, principles and standards which relate to the Group's responsible business approach (including in relation to business ethics and modern slavery) and report its conclusions and recommendations to the Board, escalating any issues as appropriate.

C. Helping Britain Prosper and associated reporting

- 1 Oversee the delivery and embedding of Helping Britain Prosper (and/or any other related or comparable initiatives or commitments), including the:
 - a. measurement of performance against any associated plan;
 - b. development of the internal and external narrative; and
 - c. Company's reporting about responsible business in the annual report and accounts.
- 2 Report its conclusions and recommendations to the Board, escalating any issues as appropriate.

D. Responsible business activity

- 1 Oversee the Company's approach to supporting efforts to be a responsible employer and delivering a positive impact in communities – the areas of focus and priorities may change from time to time and may include oversight of the:
 - a. company's digitisation strategy as it relates to the development of digital skills for vulnerable customers and communities;
 - b. development and delivery of the Company's vulnerable customer strategy;
 - c. Company's support for its independent charitable foundations;
 - d. Company's inclusion and diversity activity; and

- e. direction of the Company's work on mental health.
- 2. Oversee the Company's delivery of the Society of the Future programmes (and/or any other related or comparable initiatives or commitments) across the broad societal themes identified from time to time, including the:
 - a. measurement of performance against any associated plan; and
 - b. development of the internal and external narrative.
- 3. Report its conclusions and recommendations to the Board, escalating any issues as appropriate.

E. Environmental sustainability

- 1. Oversee the Company's implementation of the Group's Environmental Sustainable Business activity, including:
 - a. the Company's approach to responding to global issues of environmental sustainability;
 - b. delivery of activities that go beyond the Society of the Future programmes referred to in paragraph D2; and
 - c. development of the Company's future strategy on the problems and potential solutions to arrest and reverse the decline in biodiversity.
- 2. Report its conclusions and recommendations to the Board, escalating any issues as appropriate.

F. Culture and workforce engagement

- 1. Review the development and promotion of the Company's culture and the effectiveness of workforce engagement mechanisms, including:
 - a. ensuring that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success;
 - b. ensuring that the workforce is able to raise any matters of concern;
 - c. reviewing the workforce feedback on engagement and culture; and
 - d. overseeing the development of new ways of working.
- 2. Report on an at least annual basis to the Board on engagement activity undertaken, key themes or issues raised and recommendations, escalating any issues as appropriate.

G. Other matters

- 1. Monitor how the Company's responsible business agenda is being communicated to stakeholders and provide feedback to the Board and executive management as appropriate.
- 2. Oversee the Company's relationships with academic institutions conducting research into responsible business, and with industry groups and other external forums seeking to understand and support the development of best practice in responsible business.
- 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.

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. 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.
- 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.

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. The Chair role will be held by the Chair of the Lloyds Banking Group plc Responsible Business 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;
 - 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

- 1 The quorum for meetings of each Committee will be any three 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.

D. Attendees

- 1 Only members of each Committee have a right to attend meetings of that Committee.
- 2 Each Committee may invite such non-Member attendees as it deems necessary to fulfil its responsibilities. The Group Chief Executive Officer (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;
 - 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 and Record of Membership

- 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 also identify any potential 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 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 Board for approval.
- 2 Each Committee shall review at least annually its performance and effectiveness (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 Board for approval.

These terms of reference became effective as of 31 May 2022.