

## LLOYDS BANKING GROUP PLC CHAIR

*(Definition of term used in this document – the Banks refer to Lloyds Bank plc and Bank of Scotland plc).*

### 1. PURPOSE OF THE ROLE

It is expected that the same individual will act as Chair for each of Lloyds Banking Group, the Banks and HBOS plc.

### 2. KEY ACCOUNTABILITIES

Specifically, in relation to the Board the Chair should: -

#### Board

- 2.1 demonstrate effective **leadership** of the Board and seek proactively to remain apprised of matters relating to the Board and its Committees;
- 2.2 ensure the Board meets with enough **frequency** and to run the Board and set its agenda to ensure that the Board devotes its time and attention to the right matters (in particular, strategic issues). This includes
- 2.3 ensure that the Board receives **accurate, timely and clear information** both during and before formal meetings, in particular about the Company's performance and material risks, to enable the Board to take well informed decisions, monitor the Company performance and material risks effectively and promote the success of the Company. The nature, specific content and frequency of the management information provided to the Board and its committees should be actively managed by the Chair and Non-Executive Directors, considering their particular needs. The Chair should actively guard against the risk that members of the Board are provided with data that is so extensive and unwieldy as to render it unworkable in a practical sense;
- 2.4 set the style and tone of the Board and its discussions to promote a **culture of openness**, open dialogue, effective decision-making and constructive debate, ensuring that all views (especially those that are dissenting) are heard and that the executives are not able to control the Board discussion;
- 2.5 oversee effective **implementation** of Board decisions;

#### Directors/Executive

- 2.6 build an **effective and complementary Board** and, in conjunction with the Nomination & Governance Committee, plan succession in Board appointments, subject to Board and shareholder approval;
- 2.7 allocate certain responsibilities to Board directors and executives in accordance with regulatory requirements, ensuring that all **prescribed responsibilities** under SMCR are allocated;
- 2.8 lead the development of and monitor the effective implementation of policies and procedures for the **induction, training** and professional development of all members of the Board. This includes taking the lead (with the assistance of the Company Secretary) in providing a properly structured induction programme for new directors that is comprehensive, formal and tailored. Such induction should include, where appropriate, the opportunity to meet major shareholders. On an ongoing basis, it involves taking the lead in identifying and meeting the development needs of individual directors and the Board as a whole with a view to supporting and developing understanding of all matters concerning the strategy, risk appetite and conduct of the Group;
- 2.9 ensure that the **performance and contribution of individual directors** is evaluated and acted upon as appropriate, at least once a year, including recognition of strengths and weaknesses;
- 2.10 facilitate, encourage and expect the informed and critical **contribution of each of the directors** in particular in discussion and decision-taking on matters of risk and strategy,

ensuring that enough time is allowed for discussion of complex or contentious issues and where appropriate arranging for informal meetings beforehand to enable thorough preparation for the Board discussion. It is particularly important that directors have enough time to consider critical issues and are not faced with unrealistic deadlines for decision-making;

- 2.11 promote effective, **constructive relationships and open communication**, both inside and outside the boardroom, between Non-Executive Directors and the executive team, meeting regularly with the Non-Executive Directors in the absence of the executive directors in private sessions;
- 2.12 take reasonable steps to ensure that directors (particularly Non-Executive Directors) have **access to appropriate independent professional advice** at the Company's expense where it is deemed necessary to discharge their responsibilities as directors;
- 2.13 establish a **close relationship of trust** with the Group Chief Executive, providing support and advice while respecting executive responsibility;
- 2.14 be available to the **auditors** and the heads of internal audit and compliance;
- 2.15 be available to the Group Chief Executive, other **directors and senior executives**, including the chairs of subsidiary boards for consultation and advice.

### **Culture/Strategy**

- 2.16 promote the highest standards of **corporate governance** within the Board and across the Group;
- 2.17 lead the development, promotion and monitoring of the **Company's culture** by the Board as a whole. The Chair must support and champion the building and maintenance of a customer focused, open and transparent culture;
- 2.18 work with the Group Chief Executive (and through the Group Chief Executive, the executive generally) to ensure that the Board is presented with a **clear strategy and high-level business plan** for approval, with enough opportunity for challenge and debate and subsequent oversight by the Board of its execution;
- 2.19 lead the development of the Banks' culture by the Board;

### **Shareholders/Investors**

- 2.20 ensure **effective communication and engagement with shareholders** (chairing meetings as appropriate) and ensure that the members of the Board develop an understanding of the views of major investors (including their views of governance and performance against strategy) and build investor confidence in the Company and its leadership. The Chair should ensure that the Chairmen of the relevant Board Committees maintain contact with the Company's principal shareholders in relation to the business of their committees;
- 2.21 arrange, wherever possible, for the Chairs of the Audit Committee, Risk Committee, Remuneration Committee and Nomination & Governance Committee to be available to answer questions at the Group **annual general meeting** and for all directors to attend;
- 2.22 **represent the Board** internally and externally and, in conjunction with the Group Chief Executive, develop the Group's public relations and corporate communications policy;

### **Regulatory**

- 2.23 on appointment, meet the **independence** criteria set out in the Corporate Governance Code issued by the Financial Reporting Council and uphold the highest standards of integrity and probity and be independent;
- 2.24 oversee the Group's relationships with the **PRA and the FCA** and other government and regulatory bodies maintaining regular dialogue with these bodies and ensuring that the interactions complement those of the executive;
- 2.25 be proposed for **election** on an annual basis;
- 2.26 ensure that the Banks' affairs comply with the **ring-fencing requirements**;

- 2.27 be responsible for the Banks' performance of their obligations under the Senior Manager Regime and the allocation of all **Senior Manager Prescribed Responsibilities**;
- 2.28 be responsible for the Banks' obligations in relation to their notified Non-Executive Directors under **Fitness & Propriety standards**.

### **3. CONFLICTS – MEETING MANAGEMENT**

- 3.1 Where the Chair is considered to have a personal conflict that would adversely affect his ability to chair the meeting, the Deputy Chair will chair the meeting.

### **4. TIME COMMITMENT**

- 4.1 The chair of Lloyds Banking Group plc should be the Chair's primary activity. In the event of need, the chair role will have priority over any other business time commitment.
- 4.2 The Chair will be expected to commit a substantial proportion of his time, i.e. around two-thirds, to the business of the Group, including:
  - 4.2.1 having relevant involvement with the Group Chief Executive and the rest of the executive team, without detracting from the right degree of detachment from them;
  - 4.2.2 representing the special interests of the Group as a major financial services organisation in the City of London; and
  - 4.2.3 being available as needed for consultation/representational purposes.

### **5. QUALITIES**

The Chair should have a high reputation and a good track record as a shrewd, respected strategic thinker and business-person demonstrating objective judgement.

### **6. DELEGATION OF BOARD AUTHORITY**

The Chair (or another Non-Executive Director expressly nominated by him) may exercise such powers of the Board as are necessary to fulfil his duties as set out above.

### **7. TENURE**

The Chair should not remain in post beyond nine years from the date of his first appointment to the Board. However, to facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the Chair was an existing Non-Executive Director on appointment.