

# Role of the Group Chief Executive ('GCE') of Lloyds Banking Group plc, Lloyds Bank plc, Bank of Scotland plc and HBOS plc

(The following defined terms, as set out in the Corporate Governance Framework document, are also applicable: the "Company" means each of Lloyds Banking Group plc, or where the context requires, Lloyds Bank plc, Bank of Scotland plc and HBOS plc as appropriate; and the "Group" means Lloyds Banking Group plc and its Subsidiary Undertakings from time to time.)

## 1. Purpose

- 1 The role of the GCE as set out below applies to the role within LBG plc, the Banks and HBOS plc as appropriate. The GCE must not hold a similar role for any other member of the Group (other than within the RFB Sub-Group).
- 2 The GCE is responsible for managing the business of the Group, in accordance with the strategy and long-term objectives approved by each Board. This includes incurring capital and revenue expenditure as appropriate to meet the objectives set out in the Four-Year Operating Plan and the annual budget (or as separately approved by each Board). This includes leading the continual development of a customer focused, open and transparent culture in the Group where the needs of the customer are paramount, delivering for shareholders and notifying the external markets of any relevant changes.

## 2. Delegated Authority

- 1 The Board delegates to the GCE the conduct of the whole of the business (or relevant activities) of LBG plc, the Banks and HBOS plc other than matters reserved by each Board to a relevant Board, Board Committee, Board/Board Committee Forum or any others, from time to time.
- 2 The GCE delegates to GEC Role holders their accountabilities and responsibilities including the responsibility to support the GCE to execute the GCE's role as set out below.

## 3. Key responsibilities

In accordance with the Delegated Authority from the relevant Board of each Company as set out above, the GCE:

### A. Leadership and strategy

- 1 Is responsible for providing leadership and direction to propose and deliver the strategy of Lloyds Banking Group in accordance with the goals and objectives set by each Board and having regard to the duty to promote the success of the Company ensuring that all decisions are aligned to the Group's diversity guidelines. The GCE is responsible for coordinating all activities to implement the strategy and for managing the business of the Group, in accordance with the Group's risk appetite and business plan approved by each Board, incurring capital and revenue expenditure as appropriate to meet the objectives set out in the Four-Year Operating Plan or as separately approved by each Board. May make decisions in all matters affecting the operations, performance and strategy of the Group's businesses, with the exception of those matters reserved to each Board or specifically delegated by each Board to its Committees or matters reserved to the boards of subsidiaries.
- 2 Reports to each Board and is responsible for:
  - a. the development and recommendation of objectives and strategy for the Group in the development of its business, having regard to the interests of the shareholders, customers and colleagues, and to the Group's public and social responsibilities within and outside the UK;
  - b. the successful execution of the Group's strategy, including Helping Britain Prosper and making finance a force for good;
  - c. establishing, implementing and maintaining the Risk Management Framework, including the liquidity risk and funding frameworks within it (encompassing principles, policies, methodologies, systems, internal controls, processes, procedures and people), in line with the Board approved appetite for risk (the extent and categories of risk which the Boards regard as acceptable for the Group to bear);
  - d. the continuing review of the organisational structure of the Group and recommendations for changes; and
  - e. the optimum use and adequacy of the Group's resources.

### B. Internal relationships and culture

- 1 Is accountable to the Chair of the Boards for internal relationships with direct reports and for external relationships with suppliers, customers, shareholders, the industry and government, including but not limited to the FCA, PRA, the Bank of England, Treasury Select Committee and overseas regulators.
- 2 Fosters relationships with suppliers, including by seeking the views of key suppliers to inform and improve Board decision-making.
- 3 Ensures active liaison and coordination between business units.
- 4 Oversees a culture that demonstrates the Group values and risk awareness, and which aligns with the Group's goals for treating customers fairly, delivering good customer outcomes and facilitating delivery of customer, shareholder and colleague objectives.
- 5 Sets an example to the Company's workforce and communicates to them the expectations in respect of the Company's culture.
- 6 Supports the Chair to make certain that appropriate standards of governance permeate through all parts of the organisation.

- 7 Ensures the Board is made aware of views gathered via engagement between management and the workforce.

#### **C. Group responsibilities**

- 1 Apportions and oversees responsibilities across all areas of the Group including Group and business area responsibilities, Liquidity and Funding, Risk and People & Places.
- 2 Along with the other GEC Members, has a specific responsibility to consider the interests of each of LBG plc, the Banks and HBOS plc as appropriate.

#### **D. Business unit objectives**

Is responsible for the development and review of Business Unit and Group Function objectives, to ensure that the agreed Group objectives are achieved.

#### **E. Group budget**

Is responsible for the presentation of the Group's budgets to the Boards and, following their adoption, the achievement of the budgets.

#### **F. Senior management and Executive team**

- 1 Is responsible for ensuring that the roles and responsibilities of senior management, including delegation of authorities, are formalised and that appropriate performance appraisal systems are in place to ensure that the performance of individuals (including those who report directly to the GCE) are managed effectively.
- 2 Will appoint, motivate, manage, develop and appraise the Executive team ensuring they have the optimal mix of technical and management capabilities to fulfil the business objectives and that they make most efficient and effective use of resources.
- 3 Ensures the Board knows the views of the senior management on business issues in order to improve the standard of discussion in the boardroom and, prior to a final decision on an issue, explain in a balanced way any divergence of view.
- 4 Ensures that Management fulfils its obligation to provide the Board of Directors with: accurate, timely and clear information in a form and of a quality and comprehensiveness that will enable it to discharge its duties; the necessary resources for developing and updating their knowledge and capabilities; and appropriate knowledge of the Company, including access to Company operations and members of the workforce.

#### **G. Investment and capital expenditure**

- 1 Is responsible for the examination of all investments or other capital expenditure matters below the reserved limit for the Board of each Company.

#### **H. Recruitment, career development and succession planning**

- 1 Is responsible for the preparation by business units of plans concerning the recruitment, training and career development of personnel.
- 2 Is responsible for ensuring that senior executive and management posts are filled in accordance with the long-term needs of the Group, having regard to the need for appropriate contingency and succession planning.
- 3 Together with the Chair, is responsible for succession planning for the most senior Group executives, such as Executive Directors or other similar positions.

#### **I. Public relations and communication**

- 1 In conjunction with the Chair, is responsible for the development of the Group's public relations and corporate communications policy.
- 2 Will work closely with the Chair and keep the Chair informed on all important matters.

#### **J. Compliance, policy and procedure**

- 1 Will be available to the auditors, the Chief Risk Officer and the heads of Compliance and Group Audit.
- 2 Is responsible for ensuring that the Group's policies and procedures are followed and conform to the highest standards.
- 3 Along with the other GEC Members, has a specific responsibility to:
  - a. identify and manage any potential RFB Conflict Matters;
  - b. ensure, should a potential RFB Conflict Matter be identified, that any such potential RFB Conflict Matter be brought to the attention of the relevant Board(s) and/or Board Committee(s) as appropriate; and
  - c. ensure that the RFB-Designated NEDs are made aware of any potential RFB Conflict Matters and that all information that is relevant to such potential RFB Conflict Matters is provided to the RFB-Designated NEDs.

#### **K. SMCR**

In relation to discharging the role of GCE for the SMCR Entities, the GCE is a Senior Manager for the purposes of the SMCR. This needs prior approval by the PRA/FCA.

#### **L. Remuneration**

Will establish, implement and maintain remuneration policies, procedures and practices that are within the principles and policies determined by the Group Remuneration Committee and are consistent with and promote principles of effective risk management; and may approve awards to individuals whose Total Compensation (defined as base salary, fixed benefits, bonus, fixed share awards, role-based allowances, Group Performance Share awards, Long Term Share Awards and Long-Term Incentive Awards) is less than £1.5m per annum.