

Role of the Senior Independent Director of Lloyds Banking Group plc and HBOS plc

1. Purpose

The Senior Independent Director provides a sounding board for the Chair, providing them with support in the delivery of their objectives, and serves as an intermediary for the other directors and shareholders.

The LBG Board (and, to the extent relevant HBOS plc) will appoint one of the independent Non-Executive Directors to be the Senior Independent Director.

2. Entities to which this role description applies

The role of Senior Independent Director applies to LBG plc and, to the extent relevant, HBOS plc. The “Banks” means Lloyds Bank plc and Bank of Scotland plc. The Banks have a separate senior independent director.

(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.)

3. Key responsibilities

The Senior Independent Director should (in addition to the responsibilities of a Non-Executive Director and the general responsibilities of a Director, both as set out in the Corporate Governance Framework:

A. Shareholders

- 1 Be available to shareholders if they have concerns which contact through the normal channels of Chair, GCE or CFO has failed to resolve or for which such contact is inappropriate.
- 2 Attend meetings with major shareholders and financial analysts to obtain an understanding of shareholders’ views on governance and performance against strategy and support the Chair in ensuring the Board is aware of the views of stakeholders.

B. Chair

- 1 Together with the Deputy Chair, act as a sounding board for the Chair and GCE on Board and shareholder matters.
- 2 Chair the Nomination and Governance Committee (or such other Committee established for the purpose) when it is considering succession to the role of Chair of the Board.
- 3 Lead a session at least once annually (and on other occasions as necessary) of the Non-Executive Directors (excluding the Chair), to agree the Chair’s objectives and appraise the Chair’s performance and conduct the Chair’s annual performance appraisal.

C. Board/Directors

- 1 Act as a trusted intermediary for Non-Executive Directors where this is needed to help them to challenge and contribute effectively.
- 2 Take the initiative in discussion with the Chair or other Board members if it seems that the Board is not functioning effectively and intervene where necessary in the interest of Board and company stability.
- 3 Be the focal point for Board members for any concerns and intervene where appropriate to maintain Board and Company stability.

D. Group

Liaise and collaborate with the RFB-Designated Senior Independent Director wherever appropriate.

4. Additional requirements

A. Conflicts of interest

In the event of any conflict of interest on the part of the Senior Independent Director in relation to any particular aspect of their role, another Independent Director will be required to perform that aspect of the Senior Independent Director’s role.

B. Time commitment

The Senior Independent Director will be expected to commit sufficient time as required to the role, which will include committing significantly more time to the role in exceptional circumstances.

C. Tenure

The Senior Independent Director should stand for election at the first AGM following their appointment and, absent any objection from the Board or the Senior Independent Director’s desire to retire, should stand for re-election on an annual basis.

D. Independence

The Senior Independent Director should be independent on appointment and throughout their tenure.

E. Performance review

Engage with the process of the Board performance review and take appropriate action where development needs have been identified.

Role of the RFB-Designated Senior Independent Director of Lloyds Bank plc and Bank of Scotland plc

1. Purpose

Together with the Senior Independent Director and the Deputy Chair, the RFB-Designated Senior Independent Director provides a sounding board for the Chair, providing them with support in the delivery of their objectives, and serves as an intermediary for the other directors when necessary.

The Boards of the Banks will each appoint one of the RFB-Designated NEDs to be the RFB-Designated Senior Independent Director.

2. Entities to which this role description applies

The role of RFB-Designated Senior Independent Director applies to each of the Banks. The “Banks” means Lloyds Bank plc and Bank of Scotland plc. LBG plc (and, to the extent relevant, HBOS plc) each have a separate senior independent director.

3. Key responsibilities

The RFB-Designated Senior Independent Director should (in addition to the responsibilities of a Non-Executive Director and the general responsibilities of a Director, both as set out in the Corporate Governance Framework:

A. Chair

- 1 Together with the Senior Independent Director and Deputy Chair, act as a sounding board for the Chair (or the Deputy Chair, as appropriate) and GCE on Board matters.
- 2 Lead an annual session of the Non-Executive Directors (excluding the Chair), to agree the Chair’s objectives and appraise the Chair’s performance, and conduct the Chair’s annual performance appraisal.
- 3 Where the Chair has a personal conflict, chair the relevant Bank Board (or both of the Banks’ Boards as necessary) in whole or in part – if there is a disagreement as to whether the Chair has a personal conflict, the view of the majority (being two) of the RFB-Designated NEDs would prevail.
- 4 Where a matter has been identified as an RFB Conflict Matter, chair the meeting for the duration of the item involving an RFB Conflict Matter if requested by the majority (being two) of the RFB-Designated NEDs.

B. Boards/directors

- 1 Together with the Senior Independent Director, act as a trusted intermediary for Non-Executive Directors where this is needed to help them to challenge and contribute effectively.
- 2 Together with the Senior Independent Director, take the initiative in discussion with the Chair or other Board members if it should seem that either Board is not functioning effectively.
- 3 Together with the Senior Independent Director, be the focal point for Board members for any concerns and intervene where appropriate to maintain Board and Company stability.

C. Group

- 1 Liaise and collaborate with the Senior Independent Director.
- 2 Hold a secondary reporting line from the Banks’ Risk Officer (the primary reporting line from the Banks’ Risk Officer will be held by the Chief Risk Officer).
- 3 Undertake, jointly with the Chief Risk Officer, the performance review of the Banks’ Risk Officer.

4. Additional requirements

A. Conflicts of interest

In the event of any conflict of interest on the part of the RFB-Designated Senior Independent Director in relation to any particular aspect of their role, another RFB-Designated NED will be required to perform that aspect of the RFB-Designated Senior Independent Director’s role.

B. Time commitment

The RFB-Designated Senior Independent Director will be expected to commit sufficient time as required to the role, which will include committing significantly more time to the role in exceptional circumstances.

C. Tenure

The RFB-Designated Senior Independent Director should stand for election at the first AGM following their appointment.

D. Independence

The RFB-Designated Senior Independent Director should be independent on appointment and throughout their tenure.

E. SMCR

In relation to discharging the role of RFB-Designated Senior Independent Director, the RFB-Designated Senior Independent Director is a Senior Manager for the purposes of the SMCR. This needs prior approval of the individual by the PRA/FCA. Reference should be made to the Senior Independent Director’s Statement of Responsibilities for further details, including details of any regulatory accountabilities.

F. Performance review

Engage with the process of the Board performance review and take appropriate action where development needs have been identified.