



20 November 2020

PUBLIC STATEMENT ON REMUNERATION DISCLOSURES

In accordance with the Financial Reporting Council's Corporate Governance Code requirements we are providing an update in response to the voting outcomes at the 2020 AGM for our Directors' Remuneration Policy and Long Term Share Plan.

We were pleased to gain support for the proposed policy amendments and welcomed the majority votes for both the Policy and Long Term Share Plan (LTSP). We do however recognise that there were a significant number of votes opposing these resolutions.

We recognise and value the importance of stakeholder engagement when considering our Remuneration Policy and its future implementation and have consulted extensively pre and post the publication of the 2020 Directors' Remuneration Policy.

The key areas on which we received feedback were:

- the maximum opportunity under the LTSP as compared to the previous Long Term Incentive plan (Group Ownership Share plan),
- the transparency and simplicity of how the grant value for LTSP awards will be determined,
- the continued complexity of our balanced scorecard and the number of measures, and
- the balance of financial, strategic and ESG measures that should drive remuneration outcomes.

We are now undertaking a further consultation phase with a selection of shareholders in which we will outline our response to the feedback and present proposals for a more simplified approach to implementing our Remuneration Policy in 2021. This includes shareholders who opposed the Remuneration Policy and Long Term Share Plan rules at the 2020 AGM. In addition we will continue to enhance and simplify our reporting and disclosure within the Annual Report & Accounts which will reference feedback received as part of our consultation process along with how we have sought to address it.

In developing our remuneration policy we continue to aim for a simple reward package with a clear alignment to our purpose. The approach adopted is specifically intended to reward and drive the right behaviours and outcomes whilst remaining aligned to shareholder interests.

If there are any specific questions, please do not hesitate to contact Douglas Radcliffe, Group Investor Relations Director, on +44 (0)20 7356 1571 or via e-mail at Douglas.Radcliffe@lloydsbanking.com or Matt Sinnott, Group People and Property Director, on +44 (0)7796 171200 or via e-mail at Matt.Sinnott@lloydsbanking.com.

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