

**LLOYDS BANKING GROUP PLC
RESPONSIBLE BUSINESS COMMITTEE
TERMS OF REFERENCE**

These terms of reference are for the Responsible Business Committee (the “Committee”) of the Board of Lloyds Banking Group plc.

1. SCOPE

1.1 PURPOSE

To support the Board in overseeing the Group’s policies and performance as a responsible business:

- 1.1.1 to provide oversight of and support for Lloyds Banking Group’s strategy and plans for delivering the Company’s aspirations to be seen as a trusted, responsible business, as part of the Company’s objective of helping Britain prosper;
- 1.1.2 to provide oversight and challenge on those activities which impact on the Group’s behaviour and reputation as a trusted, responsible business;
- 1.1.3 to consider in detail and recommend to the Board for approval the Group’s Responsible Business Report and Helping Britain Prosper plan; and
- 1.1.4 to report to the Board on the matters for which the Responsible Business Committee is responsible, escalating issues and making recommendations to the Board where appropriate to do so.

AUTHORITY

The Committee is a committee of the Board of the Company. The Committee is authorised by the Board to:-

- 1.2.1 investigate any activity within its terms of reference and have such direct access to the resources of the Group as it may reasonably require;
- 1.2.2 seek any information that it requires from any employee, and all employees are directed to co-operate with any request made by the Committee; and
- 1.2.3 engage outside legal or other independent professional advisers and obtain appropriate funding for the payment of relevant fees and expenses.

The Committee may delegate all or any of its responsibilities to a sub-committee including one established solely for that purpose.

2. RESPONSIBILITIES

The responsibilities of the Responsible Business Committee shall be to:-

2.1 RESPONSIBLE BUSINESS ASSURANCE

- 2.1.1 to review and agree the Group’s overall framework and priorities to deliver its aspirations as a responsible business:
 - (i) acting responsibly in the Group’s core business activities and
 - (ii) activities in the wider community that build on and support the long term sustainability of the Group’s core business;

- 2.1.2 to receive information on assurance activity, undertaken on at least an annual basis, to demonstrate that the Group operates well as a responsible business with regard to: responsible treatment of customers; responsible treatment of employees; inclusion and diversity; responsible treatment of suppliers and other organisations on which the Group has an impact;
- 2.1.3 to monitor how this is reflected in stakeholder measures of reputation and trust as a responsible business;
- 2.1.4 to report its conclusions and recommendations to the Board, escalating any issues as appropriate;

2.2 CODES, PRINCIPLES AND STANDARDS

- 2.2.1 to review and oversee the adoption of the Group's codes, principles and standards which relate to the Group's Responsible Business approach, including ethics and modern slavery; and to report to the Board with any recommendations for changes;

2.3 HELPING BRITAIN PROSPER PLAN AND RESPONSIBLE BUSINESS SUPPORT

- 2.3.1 to review the Helping Britain Prosper Plan (and any other related or comparable initiatives), the measurement of performance against the Plan and its internal and external communication to recommend to the Board for approval;
- 2.3.2 to oversee the Group's reporting with regard to Responsible Business in the Annual Report and recommend to the Board for approval;

2.4 RESPONSIBLE BUSINESS APPROACH TO COMMUNITIES

- 2.4.1 to oversee the Group's approach to delivering positive impact in communities, including skills development, Digital Skills, volunteering and fundraising, the relationship with the Group's independent charitable Foundations, and other charitable and philanthropic activities, and make recommendations to the Board as appropriate;

2.5 SUSTAINABILITY

- 2.5.1 to oversee the Group's approach to responding to global issues of environmental sustainability, including measurement and internal and external reporting, and make recommendations to the Board as appropriate;

2.6 COMMUNICATION OF THE GROUP'S RESPONSIBLE BUSINESS CONTRIBUTION

- 2.6.1 to monitor how the Group's Responsible Business agenda is being communicated to stakeholders and provide feedback to the Executive and Group Board as appropriate; and

2.7 RESEARCH

- 2.7.1 to oversee the Group's relationships with academic institutions conducting research into Responsible Business, and with industry groups and other external forums for sharing best practice.

3. MEMBERSHIP AND ATTENDANCE

3.1 MEMBERSHIP

Members of the Committee shall be appointed by the Board on the recommendation of the Nomination and Governance Committee and shall comprise at least three independent non-executive directors including either the Chairman or the Deputy Chairman.

3.2 CHAIRMAN

The Chairman of the Committee shall be appointed by the Board on the recommendation of the Nomination and Governance Committee. In the absence of the Chairman of the Responsible Business Committee, meetings of the Responsible Business Committee shall be chaired by another member of the Responsible Business Committee nominated by the Chairman of the Committee or elected by the other members of the Responsible Business Committee.

The Chairman's primary responsibility is to chair and oversee the performance of the role of the Committee. The Chairman's other responsibilities include:

- ensuring that the Committee meets with sufficient frequency;
- fostering an open, inclusive discussion which challenges executives, where appropriate;
- ensuring that the Committee devotes sufficient time and attention to the matters within its remit;
- helping to ensure that the Committee and its members have the information necessary to its and their tasks;
- reporting to the Board on the Committee's activities;
- facilitating the running of the Committee to assist it in providing independent oversight of executive decisions;
- safeguarding the independence and overseeing the performance of the Committee;
- ensuring that the regulatory requirements in relation to the Committee are satisfied; and
- engaging, as necessary, with stakeholders, including the PRA, FCA and principal shareholders, on behalf of the Committee.

3.3 ATTENDEES

Only members have the right to attend meetings. The Responsible Business Committee may invite such other attendees as it deems necessary to fulfil its duties as set out above.

3.4 QUORUM

The quorum for meetings of the Responsible Business Committee shall be two members. If a quorum of members is not available for a particular meeting, a majority of the members may co-opt any independent non-executive director to the Responsible Business Committee for that meeting if necessary to constitute a quorum.

4. COMMITTEE MANAGEMENT

4.1 SECRETARY

The Secretary to the Committee shall be the Company Secretary or their nominee.

4.2 PAPERS/AGENDA

Group Secretariat will support the Chairman in managing the business of the Committee. The agenda and papers will be circulated to all members of the Committee at least 4 working days before the meeting. Such circulation of agenda and papers may be in paper or electronic format as preferred.

4.3 MINUTES/REPORTING

The Secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance. Minutes of the Responsible Business Committee meetings will be circulated promptly to all members of the Responsible Business Committee, and the Responsible Business Committee Chairman will report formally to the Board on the Responsible Business Committee's proceedings.

4.4 FREQUENCY

The Responsible Business Committee shall meet as often as is necessary to fulfil its responsibilities but not less than four times a year. Any additional meetings beyond these will be decided by the Chairman of the Responsible Business Committee, in consultation with the Secretary.

5. TERMS OF REFERENCE

5.1 REVIEW REQUIREMENTS

These terms of reference are drafted and amended (as necessary) by Group Secretariat and require to be approved by the Board. These terms of reference are subject to review annually by the Responsible Business Committee, along with a review of its own effectiveness and then will be subject to review by the Nomination and Governance Committee at least annually or as required by the Board.

5.1 APPROVAL

These Terms of Reference were reviewed and approved by the Board of Lloyds Banking Group plc on 28 November 2018.