



GROUP BONUS FOR 2009

Unite members need to be made aware that Lloyds Banking Group has not shared with the recognised unions, any information about the anticipated levels of payment under the Group Bonus scheme for the 2009 performance year..... if indeed any bonus at all is to be paid. Furthermore the unions were not consulted in advance about the guidance which has been issued to Bonus recommenders as we usually have been in the past.

We do however know that the different heritage levels of possible bonus would still be used for any payments which may be made in 2010. Any change to the current entitlements in advance of any further progress on the Terms and Conditions harmonisation proposals would not be helpful to anyone in our view and comments to the contrary by LTU are in our view unnecessarily divisive and provocative. The proposed changes to the bonus potential for future years, which is detailed in the "ONE BANK. Our Terms and Conditions" booklet, are still only proposals at this stage which are still subject to the consultation process with the unions.

There will however be some changes to the way bonuses are calculated for any payments made this year. Notably, for HBOS colleagues, the Company have decided to move away from a mathematical calculation of bonus based partly on Group and Business performance and partly on individual performance, to one where distribution is solely based on individual performance. Group and Business performance would be factors only in determining the bonus pot itself. This is the system for bonus allocation which has been used previously for LTSB colleagues (i.e. based 100% on individual performance and allocated by managers from a range of possible percentages.) We have urged the Company to explain these changes clearly to all colleagues as soon as possible.

Unite completely understands the sensitivity surrounding Bonuses in the Financial Services sector at present and accepts that the Company has to get approval from UKFI, the FSA and other regulatory bodies for any decisions it makes about bonus. Clearly speculation about bonus levels is of little benefit to anyone though of course we understand that our members will be anxious to learn what the outturn will be or indeed whether there will be any bonus payments.

Given the fact that

- Colleagues have not had a clear explanation of the changes which are to be made to the way any bonus is calculated
- Unite is not currently able to endorse the bonus allocation arrangements
- There are the usual concerns about the allocation of appraisal ratings which emerge at this time of year

We have put it to the Company that managers must be given a specific instruction to give all colleagues a clear explanation as to how any bonus which may be paid has been arrived at. For all of these reasons, once the details are communicated, members need to be willing to challenge both their performance rating and bonus allocation through the appeals processes if they believe they have not been treated fairly.

Unite members can seek our assistance at the appropriate time by calling the LBG helpline on 08081 449595. Any early comments can be emailed to us on lbg.support@unitetheunion.org

Meanwhile discussions are continuing on the Pay proposals and method of distribution of the Pay Pot.

Nothing is agreed on either of these elements at this time and the details remain under embargo.

Members will be kept updated on the progress of these talks as soon as possible.