



# EXECUTIVE PENSIONS ENQUIRY LLOYDS BANKING GROUP

In early May 2019, the Work and Pensions Select Committee opened its enquiry into executive pensions in Lloyds Banking Group. The Committee asked why Lloyds chief executive “Mr Horta-Osório’s pension contribution rate stands at 33%, when the maximum employer contribution rate stands at 13% for other Lloyds employees – and the contribution rate for Lloyds’ Chief Operating and Financial Officers stands at 25% of salary.”

In the course of his evidence to the Work and Pensions Select Committee, Mr. Stuart Sinclair, Chairman of Lloyds Banking Group’s Remuneration Committee, made two remarkable statements. He

said he had visited branches to find out what staff were thinking on key issues like executive pay and pensions and that those staff he spoke to considered Mr. Antonio Horta-Osorio, Group Chief Executive of Lloyds Banking Group to be “charismatic” and a “winner” and deserved his £6 million pay package.

Following the Committee hearing, we sent a survey to a representative sample of members in Lloyds, covering all the main business units, asking for their views on some of the issues raised by Mr. Sinclair in his evidence. The results of that survey are set out overleaf.

The union’s full evidence to the Work and Pensions Select

Committee’s investigation into executive pay and pensions can be found at:

[www.btuonline.co.uk/  
unacceptable-face-of-capitalism](http://www.btuonline.co.uk/unacceptable-face-of-capitalism)

If you require any further information please do not hesitate to contact me.

Yours sincerely

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# Lloyds comes under fire over boss's pension perks

Staff protest as anger at exclusive final salary scheme grows

Katherine Griffin Banking Editor

Antonio Horta-Osorio has been criticised for bringing the main employees of the company who are entitled to a pension based on his final salary.

Lloyds is facing a growing backlash with shareholders over plans to pay its chief executive and executives that potentially break the spirit of new regulations intended to align the interests of company bosses with their staff.

The group's main shareholders, including the UK government, are expected to vote on the plan next week.

**BUSINESS COMMENTARY** Patrick Hosking



## Pension cut for Lloyds chief fails to placate critics

Row over lump sums threatens to drag in fellow bank bosses

Bank bosses are expected to demand similar pay cuts

Lloyds Banking Group attempted to quell anger about its chief executive's pay by cutting his pension package for the year by about £1.2m. It has been criticised by a staff union as an "insulting gesture".



## Backlash over 'two pensions Osorio'

THE boss of Lloyds has done a U-turn on a retirement plan which has seen him dubbed 'two-pensions Osorio'. Antonio Horta-Osorio (pictured with wife Ana) was due to get a pension linked to his final salary despite caps on other payoffs.

## Who's next to take the pension hit?

Antonio Horta-Osorio has had better days. Not only has the Lloyds Banking Group chief lost his standard Life Activeness over a £100million investment mandate, he also felt obliged to sacrifice a silver benefit pension under his defined benefit pension scheme.

Katherine Griffin's story in these pages yesterday that Mr Horta-Osorio was the only person in the entire group still qualifying for a pension based on their final salary had an immediate effect. Within

week by announcing far greater sacrifices to defend a new rule. FSBG had made the mistake of claiming it already complied with the new rules at the time. That gambit infuriated investors.

Who's next? Jim Staley at Barclays could be vulnerable. He gets £396,000 as a payment in lieu of pension and the bank is claiming this is 12 per cent of his final salary.

## Pension sacrifice offer by boss of Lloyds is labelled 'insulting' by banking staff union

By Lucy Burton

THE boss of Lloyds Banking Group has been accused of making an "insulting" sacrifice by agreeing to cap his pension payout while still pocketing another retirement contribution worth "several Ferraris".

Antonio Horta-Osorio agreed to cap his final salary pension scheme to the £1.2m. This 2014 pay on Tuesday follow-



Antonio Horta-Osorio, the Lloyds chief, has been criticised over his pension payout by bank union Affinity

sand pounds off his pay packet. The union is frustrated that Mr Horta-Osorio's pension is a part of his base

was "smoke and mirrors" as he is receiving enough in his cash pension allowance "to buy a Ferrari every year, or if he wants two or three".

Unequal pay is expected to be a "hot button topic" at banks' annual meetings this year. Lloyds said that the reduction in the pension allowance meant that Mr Horta-Osorio's "fixed remuneration" would fall by £165,000. However, he had been compensated for this with the increase of his "fixed

# SURVEY RESULTS

### 91%

of respondents said the Group Chief Executive didn't deserve the £50 million package he'd earned since taking up his executive role in Lloyds.

### 90%

of respondents said the Group Chief Executive didn't deserve his £6 million pay package.

### 93%

of respondents agreed with us that the bank's annual engagement survey should include questions about executive pay and pensions.

### 98%

of staff responding to the survey said they had never been contacted by Mr. Sinclair directly or by the bank asking them for their views on executive pay and pensions.

### ONLY 12%

of respondents said that they would describe Mr. Horta-Osorio as a "Charismatic Winner".

### ONLY 7%

of respondents said they would consider putting their views on Mr. Horta-Osorio's pay and pensions package on Hive, the bank's internal social media site.

### 81%

of respondents said it was greed that drove Mr. Horta-Osorio's decision not to apply the 0% pensions cap to his own final salary pension.

### 98%

of respondents said they were not aware of anyone in their office or branch who had been contacted either by Mr. Sinclair directly or by the bank asking for their views on executive pay and pensions.