Our approach to Environmental, Social and Governance (ESG) topics

February 2020
We recognise being a responsible citizen is a fundamental component of maintaining a sustainable business model.
Lloyds Banking Group at a glance

- Largest UK retail and commercial financial services provider, with over 300 years heritage across our brands
- Our brands extend to c.26m customers; the largest digital bank in the UK with >16m digitally active customers, and the largest branch network
- Unique integrated propositions across Retail, Commercial and Insurance & Wealth, delivered through a differentiated multi-brand, multi-channel customer focused strategy
- Only provider in the UK serving all individual financial needs in one place
- One of the largest companies in the FTSE100 with a £44bn¹ market cap, and the largest shareholder register in the UK, including c.2.3m retail shareholders
- Leading current account and mortgages provider
- Leading SME lender², increasing market share by c.6pp to 19% since 2010
- Prudent, low-risk participation choices

¹Bloomberg as at 31/12/2019. ²SME lending balances include Business Banking and Commercial Cards. Market data source: BoE (Dec-19).
Our business model at a glance

Delivered a total shareholder return of 200% since our first strategic review in 2011 (vs 85%¹ FTSE100)

Our purpose: Helping Britain Prosper

Group values: Putting Customers First, Keeping it Simple, Making a Difference Together

GSR1 (2011-2014)
- Reshaped our portfolio
- Simplified the Group
- Invested in the core business
- Strengthened balance sheet and liquidity positions

- Delivered sustainable growth
- Became simpler and more efficient
- Created the best customer experience

GSR3 (2018-2020)
- Reshaped our portfolio
- Simplified the Group
- Invested in the core business
- Strengthened balance sheet and liquidity positions

Our strategy: Transforming the Group for success in a digital world

¹Bloomberg, close 31/12/11 to 31/12/19.
# Our ESG achievements at a glance

## Environmental
- Raised **£2.8bn in green bonds** for UK corporate issuers, more than any other UK bank
- One of the UK’s **leading low-emission fleets** through Lex Autolease
- Group carbon emissions **down 63%** since 2009, achieving our 2030 target **11 years early**
- One of the first businesses globally to sign up to all three of The Climate Group’s campaigns

## Social
- The **first FTSE100 company** to set public diversity goals on **gender** (2014) and **ethnicity** (2018)
- 37% of senior roles held by women, **up 8pp** from 2014; 7% by BAME
- Donated **£100m** since 2014 to our **four independent charitable Foundations**
- **Highest corporate payer** of UK taxes¹ over the last four years
- **Leading SME lender**², increasing market share by **c.6pp** to **19%** since 2010

## Governance
- Dedicated Board-level **Responsible Business Committee** established in 2015
- **Robust governance structures** to protect customers and their data
- **Comprehensive stakeholder consultation** across a variety of topics, including remuneration

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¹As reported in the annual PwC Total Tax Contribution survey of the 100 Group. ²SME lending balances include Business Banking and Commercial Cards. Market data source: BoE (Dec-19).

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### A proven track record

### New ambitious goal

We aim to help reduce the emissions we finance by **>50%** by **2030**

*(January 2020)*
The Helping Britain Prosper plan is a key part of our ESG strategy

Our Helping Britain Prosper plan\(^1\)... ...directly supports global external goals

### Environmental
- Helping the transition to a sustainable low carbon economy

### Environmental and Social
- Helping Britain get a home
- Supporting businesses to start up and grow
- Helping people save for the future

### Social
- Championing Britain’s diversity
- Building capability and digital skills
- Tackling social disadvantage across Britain

\(^1\)Our Helping Britain Prosper Plan consists of seven key commitments across Environmental and Social issues.
The history of our Helping Britain Prosper plan

As the largest UK financial services provider, our prosperity is interwoven with the prosperity of the UK

Helping Britain Prosper launched in 2014
Set out 7 key commitments with over 20 measurable metrics, including being the first FTSE100 company to set a public goal on gender diversity

2014
Helped >1.4m customers plan for later life through company pension schemes
£1bn increased new lending to support UK manufacturing businesses
£3.8m invested in energy efficiency measures, such as boiler controls and lighting
80% of targets achieved

2015
Helped 1 in 5 start-up businesses get off the ground
19,500 community organisations and schools supported
Agreement with renewable electricity generator Infinis to supply c.24% of our annual electricity demand
96% of targets achieved

2016
Created more than 1,000 new apprenticeship places, with a third offered to candidates from the UK’s most disadvantaged areas
Helped >10,000 clients export for the first time
13% YoY decrease in our overall carbon emissions
83% of targets achieved

2017
Trained >700,000 individuals, businesses and charities in digital skills
34% of senior roles held by women, up from 29% in 2014
95% of targets achieved

2018
15% increase in net SME lending since the start of 2014 (vs market growth of 1%)
First FTSE100 company to target an increase in the proportion of senior BAME colleagues
Removed 35m items of single use plastic from our business through War on Waste campaign
91% of targets achieved

For details on performance across all targets for each year of the HBP plan please see: https://www.lloydsbankinggroup.com/Our-Group/responsible-business/prosper-plan/
Helping Britain Prosper throughout all regions of the UK

Foundations
>£25m donated to the Group’s four independent charitable Foundations in 2019

Apprenticeships
£9m of funds contributed to the Apprenticeship Levy to support smaller businesses

Leading lender to SMEs
Increased market share by c.6pp to 19% since 2010¹. In 2019 we lent >£18bn to UK businesses

Manufacturing Training Centre
£10m sponsorship supporting 3,500 apprentices, graduates and engineers to be trained by 2024

Lloyds Bank Academy
The Academy teaches basic digital and workplace skills through online and face-to-face courses. It has taught c.65,000 learners in Manchester and Bristol

Regional ambassadors
10 senior representatives of LBG offering insight and value to the major economic and social debates in regions across the UK

¹SME lending balances include Business Banking and Commercial Cards. Market data source: BoE (Dec-19).
Our four independent charitable Foundations

As one of the UK’s largest corporate donors, we use our scale to reach communities across the country

Our Foundations are critical to our vision of **tackling social disadvantage** by partnering with local charities to help overcome social issues and rebuild lives

>£25m donated to Foundations in 2019

>2,900 charities supported in 2019

Share our skills, experience and knowledge, demonstrating a genuine partnership between Lloyds Banking Group and our Foundations

Lloyds Bank Foundation

Bank of Scotland Foundation

Halifax Foundation for Northern Ireland

Lloyds Bank Foundation Channel Islands
Awards and recognition in 2019
## Helping the transition to a sustainable low carbon economy

*Our goal is to be a leader in supporting the UK to successfully transition to a more sustainable, low carbon economy, which cannot happen overnight and relies on a phased approach.*

### Our commitments

<table>
<thead>
<tr>
<th>Objectives supported</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable and Clean Energy</td>
<td>We have provided &gt;£4.9bn in green finance since 2016 through our sustainable finance initiatives</td>
</tr>
<tr>
<td>Industry, Innovation and Infrastructure</td>
<td>Over the last five years we have raised over £2.8bn in green bonds for UK corporate issuers, more than any other UK financial services company</td>
</tr>
<tr>
<td>Sustainable Cities and Communities</td>
<td>One of the first businesses globally to sign up to all three¹ of The Climate Group’s campaigns in 2019</td>
</tr>
<tr>
<td>Responsible Consumption and Production</td>
<td>We have supported &gt;40 renewable energy projects, the equivalent of generating power for 5.1m homes, achieving our 2020 target a year early</td>
</tr>
<tr>
<td>Climate Action</td>
<td></td>
</tr>
<tr>
<td>Transforming ways of working</td>
<td></td>
</tr>
<tr>
<td>Leading customer experience</td>
<td></td>
</tr>
<tr>
<td>Maximising Group capabilities</td>
<td></td>
</tr>
<tr>
<td>RE 100</td>
<td></td>
</tr>
</tbody>
</table>

1. RE100, EP100 and EV100 initiatives.

**Case study**

In 2019, Lloyds Banking Group provided funding and risk management services to the £2.3bn Neart na Gaoithe (Strength of the Wind) offshore wind farm located 15km off the coast of Fife, it has the potential to power c.375,000 Scottish homes and offset 400,000 tonnes of CO₂ emissions annually.

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We have set an ambitious goal to work with customers, Government, and the market to help **reduce the carbon emissions** we finance by >50% by 2030.

We will partner with the Woodland Trust to plant **10m trees** over the next 10 years.

We **support the TCFD** and plan to fully implement by 2022.

We will be developing new **carbon, energy** and **travel** targets in 2020.

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¹RE100, EP100 and EV100 initiatives.
Helping Britain get a home

As the largest lender to the UK housing sector, we are committed to supporting home ownership across the UK and are working to make it an affordable reality for millions of people.

<table>
<thead>
<tr>
<th>Our commitments</th>
<th>Objectives supported</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lend over £30bn to first time buyers over our plan period (three years to the end of 2020)</td>
<td></td>
<td>Lent £13.8bn to first time buyers in 2019</td>
</tr>
<tr>
<td>Aim to be a leading UK provider of customer support on energy efficient, sustainable homes</td>
<td></td>
<td>Provided £6.4bn of new funding to support the social housing sector since 2018, achieving our target of £5.5bn by the end of 2020 a year early</td>
</tr>
</tbody>
</table>

Case study

LiveWest offer affordable rent and shared ownership, building new homes, and using profits to build more affordable homes across the South West; Lloyds Bank were delighted to support the £250m bond they issued in September 2019, and through this, their plans to develop 7,000 new homes over the next 5 years.
Helping people save for the future

We recognise the importance of savings to build financial resilience and help tackle disadvantage. We’re making saving for the future as easy as possible by improving choice, flexibility and control.

Our commitments

Grow the amount of open book assets under administration we hold on behalf of retirement and investment customers by £50bn over the plan period (end of 2020)

Aim to be a leading UK pension provider offering sustainable investment choices, challenging companies we invest in to behave more sustainably

Case study

Through the launch of Schroders Personal Wealth, we have helped more people save for their future, with the number of retail customers referred for wealth advice increasing by 33% in 2019.

Objectives supported

Progress

Grew customer assets in retirement and investment products by £37.1bn since 2018

Launched Schroders Personal Wealth, serving a growing need for professional advice

Our banking savings range operates with transparent pricing for all, and customers can upgrade their accounts online with one click when better products become available
Supporting businesses to start up and grow

*We want to be the best bank for business customers by providing products and services based on a real understanding of their needs, whilst adhering to our responsible lending practices¹*

<table>
<thead>
<tr>
<th>Our commitments</th>
<th>Objectives supported</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support <strong>300,000</strong> businesses to start-up over the plan period (end of 2020)</td>
<td></td>
<td><strong>Increased net lending</strong> to start-up, SME and Mid Market businesses by <strong>£3.4bn</strong> and helped &gt;<strong>233,000 start-ups</strong> since 2018</td>
</tr>
<tr>
<td>Increase the amount of net lending to start-up, SME and Mid Market businesses by a total of <strong>£6bn</strong> over the plan period (end of 2020)</td>
<td></td>
<td>Our <strong>Clean Growth Finance Initiative (CGFI)</strong> provides discounted borrowing to businesses investing in reducing environmental impacts</td>
</tr>
<tr>
<td>Become a <strong>leading UK commercial bank for sustainable growth</strong>, supporting our clients transition to sustainable business models and operations, and to pursue new clean growth opportunities</td>
<td></td>
<td>Helped <strong>17.4m sq ft</strong> of commercial real estate become more <strong>energy efficient</strong> since 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The <strong>first financial partner</strong> of ‘Be the Business’, helping UK businesses measure and increase their productivity</td>
</tr>
<tr>
<td><strong>Case study</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As part of our £2bn <strong>Clean Growth Financing Initiative</strong>, we supported Company Shop with a <strong>£4.2m funding package</strong>, a business built around sustainability, buying and selling surplus food and household products which otherwise would have gone to landfill</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹We have sector statements outlining specific activities within a number of industries that we will not support – see slides 19-20 for more detail.
Tackling social disadvantage across Britain

As one of the UK’s largest corporate donors, we use our scale to reach people in communities across the country to help improve lives

Our commitments

Through our £100m commitment to the Group’s independent charitable Foundations, support 2,500 charities each year in our plan period (end of 2020)

Critical to our vision of tackling social disadvantage, our Foundations partner with local charities to help overcome complex social issues and rebuild lives

We are committed to providing banking services to those that need them; the Group currently supports >30% of all social bank accounts in the UK

Case study

In 2019, the Foundations received >£25m, enabling them to support >2,900 charities. One of these charities is Angel Eyes NI, set up in 2007 in Belfast by parents of visually impaired children who wanted to improve the support available to other parents in the same situation. Our grant helped Angel Eyes to develop an innovative virtual reality app, to allow others to see the world through the eyes of a partially sighted child

Objectives supported

3 Good Health and Well-being
8 Decent Work and Economic Growth

Progress

£50.8m of total community investment in 2019

Since the start of our partnership with SSE¹ 8 years ago, we have helped >1,800 social entrepreneurs start up or grow businesses, collectively creating >4,000 jobs and benefiting >350,000 beneficiaries

Continued our partnership with Mental Health UK having raised >£11m to date, and are working with them to create the UK’s first Mental Health and Money Advice Service

¹The School for Social Entrepreneurs.
Building capability and digital skills

Our ambition is to enhance capability and digital skills to help address the UK skills and productivity gap

Our commitments

Provide digital skills training to >1.8m individuals, SMEs and charities over the plan period (end of 2020)

We have committed £9m over 3 years to SMEs to develop apprenticeships through our Levy Transfer Initiative

We will deliver 4.4m cumulative training hours to develop key skills for the future, over the plan period (end of 2020)

Objectives supported

Delivered >25 apprenticeship programmes for colleagues, with >1,100 apprenticeship positions resulting in permanent employment in 2019

We have 20,000 Digital Champions across the Group committed to supporting their local communities

Held ‘Digital Knowhow’ workshops, helping thousands of organisations learn how to avoid fraud and take advantage of digital marketing techniques

Delivered 3.2m cumulative training hours to develop the skills for the future since 2018

Progress

Case study

Following our successful launch in Manchester in 2018, an additional Lloyds Bank Academy was opened in Bristol in November 2019, providing additional support for start-ups and SMEs. One participant in our Academy was the founder of start-up ‘Better Together’, which provides training to parents to help safeguard children online. She has drawn on our expert knowledge and experience to gain digital confidence and now understands the positive difference that digital marketing can make to her business.
Championing Britain’s diversity

Diversity is a business issue. Diverse teams, supported by inclusive environments, are more engaged, more innovative and deliver better outcomes for customers.

Case study
Our award-winning Returners Programme, now in its sixth year, helps professionals who have been on a career break of at least two years. The programme provides support, including coaching a buddy and a mentor as well as peer-to-peer help. Enhancing our diversity efforts, 85% of successful applicants have been female, with 46% from BAME communities.

Our commitments

- 40% of senior roles to be held by women by the end of 2020
- 8% of senior roles held by BAME colleagues by the end of 2020
- 10% of roles held by BAME colleagues by the end of 2020

Objectives supported

- Gender Equality
- Transforming ways of working
- Leading customer experience

Progress

- In 2019, 36.8% of senior roles were held by women (up from 29% in 2014), and we remain committed to 40% by 2020
- Increased roles held by BAME colleagues to 10.2%, achieving our 2020 target early; increased senior roles held by BAME colleagues to 6.7%
- On track to meet the voluntary 2020 target set by the Hampton-Alexander Review, of having 33% representation of women either on, or reporting into, our Executive Committee
- Committed to improving the transparency of workforce disclosure, participating in the Workforce Disclosure Initiative
## Our Helping Britain Prosper 2020 targets

<table>
<thead>
<tr>
<th>Area of focus</th>
<th>2018 achieved</th>
<th>2019 achieved</th>
<th>2020 targets¹</th>
<th>SDGs supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helping the transition to a sustainable low carbon economy</td>
<td>Average number of homes that could be powered as a result of our support of UK renewable energy projects</td>
<td>2.6m</td>
<td>5.1m²</td>
<td>5m</td>
</tr>
<tr>
<td>Helping Britain get a home</td>
<td>Amount of lending committed to help people buy their first home</td>
<td>£12.4bn</td>
<td>£13.8bn</td>
<td>£30bn</td>
</tr>
<tr>
<td>Helping people save for the future</td>
<td>Growth in assets that we hold on behalf of customers in retirement and investment products³</td>
<td>£7.4bn</td>
<td>£37.1bn²</td>
<td>£50bn</td>
</tr>
<tr>
<td>Supporting businesses to start up &amp; grow</td>
<td>Increased amount of net lending to start up, SME and Mid Market businesses</td>
<td>£3bn</td>
<td>£3.4bn²</td>
<td>£6bn</td>
</tr>
<tr>
<td>Tackling social disadvantage across Britain</td>
<td>Number of charities we support as a result of our £100m commitment to the Group’s independent charitable Foundations</td>
<td>3,113</td>
<td>2,929</td>
<td>2,500</td>
</tr>
<tr>
<td>Building capability and digital skills</td>
<td>Number of individuals, SMEs and charities trained in digital skills, including internet banking</td>
<td>700,232</td>
<td>738,504</td>
<td>1.8m</td>
</tr>
<tr>
<td>Championing Britain’s diversity</td>
<td>Percentage of senior roles to be held by women</td>
<td>35.3%</td>
<td>36.8%</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Percentage of roles held by Black, Asian and Minority Ethnic colleagues</td>
<td>9.5%</td>
<td>10.2%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Percentage of senior roles held by Black, Asian and Minority Ethnic colleagues</td>
<td>6.4%</td>
<td>6.7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

¹Figures are all cumulative 2018 to 2020 excluding Tackling social disadvantage across Britain and Championing Britain’s diversity. ²Figures are cumulative from 2018. ³Growth in assets under administration in our open book.
Managing our risk appetite to a number of sectors is a critical part of our sustainability strategy. Our external sector statements set out our risk appetite for lending to these particularly sensitive sectors.

**Sector statements – existing**

Managing our risk appetite to a number of sectors is a critical part of our sustainability strategy. Our external sector statements set out our risk appetite for lending to these particularly sensitive sectors.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Lloyds Banking Group will not:</th>
</tr>
</thead>
</table>
| Coal   | • Finance new coal-fired power stations or thermal and metallurgical coal mines  
        • Provide general purpose banking or funding to new customers where >30% of their revenue comes from operating coal-fired power stations and/or thermal coal mines  
        • Finance any coal mine using mountaintop mining (MTM) techniques |
| Defence | • Support any businesses which engage in any activities prohibited by international conventions ratified by the UK Government  
         • Support any businesses involved in the manufacture, sale, trade, servicing or stockpiling of nuclear weapons¹ |
| Forestry (incl. Palm Oil) | • Support businesses directly involved in illegal logging, the purchase of illegally harvested timber or companies that use illegal and/or uncontrolled use of fire for land clearance  
                          • Support businesses involved in deforestation or the burning of natural ecosystems for the purpose of land clearance, removal of primary or High Conservation (HCV) forests, removing or harming peat lands or producing, processing and/or trading of palm oil by companies that are not a member of - or in the process of becoming a member of - the Round Table for Sustainable Palm Oil (RSPO) and/or the International Sustainability & Carbon Certification (ISCC) |
| Oil & Gas | • Support project specific finance involving oil or gas exploration and production operations in the Arctic region or Antarctic territories  
           • Support project specific finance involving the exploration, extraction or production of oil from oil sands  
           • Support project specific finance exclusively dedicated to the transport or storage of oil from oil sands, or coal liquefaction  
           • Support project specific finance involving Onshore shale fracking  
           • Support reserve based lending or borrowing based financing for oil and gas companies with exploration or production in the Arctic region or Antarctic territories |

<table>
<thead>
<tr>
<th>Sector</th>
<th>Lloyds Banking Group will not:</th>
</tr>
</thead>
</table>
| Power  | • Finance new large dams for hydro-electric projects that are inconsistent with the World Commission on Dams Framework  
        • Finance new customers that are lead contractors in the construction or design of nuclear plants/facilities or lead contractors involved with the transport, storage and disposal of nuclear waste in countries that have not ratified or acceded to the Nuclear Non-Proliferation Treaty  
        • Finance new nuclear projects in countries that are not members of the relevant agencies² |
| Mining | • Finance (whether for any new or existing customer) any mine using the mountaintop removal technique  
         • Support new customers involved in the extraction of asbestos  
         • Support new or existing customers involved in the disposal of tailings in rivers or shallow sea environments  
         • Support (new or existing) customers undertaking deep-sea mining  
         • Support new or existing customers engaged in gold mining that use cyanide or mercury in processing operations³ |

¹Other than when these activities are undertaken in connection with the national nuclear weapons programmes of UK, US or France.  
³Without adoption of the International Cyanide Management Code for cyanide (or equivalent) or appropriate chemical management controls (for mercury).
### Sector statements – new in 2020

*Managing our risk appetite to a number of sectors is a critical part of our sustainability strategy. Our external sector statements set out our risk appetite for lending to these particularly sensitive sectors.*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Lloyds Banking Group will:</th>
<th>Lloyds Banking Group will not:</th>
</tr>
</thead>
</table>
| **Automotive**       | • Continue to support the sector to identify cost savings through development, manufacture and operation of more efficient vehicles with a low environmental burden, and achieve CO₂ reduction targets  
                        • Change our internal car scheme and will only supply zero emission vehicles from 2021  
                        • Support customers in the sector as it transitions to a lower carbon environment through the development of new innovative products  
                        • Support customers in reducing the carbon output of their production in line with NFU’s target to render British farming carbon neutral by 2040 | • Support businesses without the relevant environmental licenses  
                        • Support businesses that persistently breach regulations |
| **Agriculture**      |                                                                                           | • Support businesses engaged in trade in wildlife or wildlife products, or trade involving endangered species for commercial purposes  
                        • Support businesses engaged in animal testing and biotechnology  
                        • Support new customers involved in fur activities (excludes leather and wool), or provide new or increased facilities to existing customers  
                        • Support businesses engaged in using animals for entertainment |
| **Manufacturing**    |                                                                                           | • Support fisheries which use damaging fishing methods¹  
                        • Support fisheries which have direct involvement in shark-finning or trading in shark fin; commercial whaling, illegal, Unreported or Unregulated (IUU) fishing activities or trade in IUU products |
| **Animal Welfare**   |                                                                                           | • Support projects which could result in a World Heritage Site being placed on the ‘In Danger’ list, unless the World Heritage Committee specifically agrees in advance to that project  
                        • Support projects which could result in the special characteristics of a Ramsar Wetland being threatened |
| **Fisheries**        |                                                                                           |                                                                                                  |
| **UNESCO World Heritage Sites** |                                                                                         |                                                                                                  |

Note – For further detail please find our sector statements online in our reporting centre: https://www.lloydsbankinggroup.com/our-group/responsible-business/reporting-centre/

¹ Including but not limited to the use of explosives and/or poison related to the catching of fish or shellfish, use of driftnets in excess of 2.5km or use of driftnets intended for the capture of species such as tuna, oceanic sea bream, marlin, sailfishes, saries, dolphin fishes, sharks, swordfish and cephalopods.
Governance at Lloyds Banking Group – Board of Directors

Our Board of Directors has a diverse mix of skills and experience to provide independent and robust oversight of management. They actively engage with a wide variety of stakeholders and are committed to being responsive to them.

Board focus areas

- Key focus areas for the Board in 2019 included: business strategy, culture and values, customers, ESG, financial performance, regulatory issues, risk management, cyber security, and the ring-fenced bank.
- Deep dive sessions were held on key areas of strategic focus, including open banking, strong customer authentication, fintech and data ethics.

Board oversight of succession planning

- The Board ensures that it has the desired mix of skills and experience now and in the future, through effective succession planning.
- The Board is committed to recognising and nurturing talent within the executive and management levels across the Group.
- This ensures the Group creates opportunities to develop leaders.
- The Group has a range of policies which promote the engagement of underrepresented groups within the business in order to build a diverse talent pipeline.

Board skills matrix¹

<table>
<thead>
<tr>
<th>Skills and experience (Non-Executive Directors only)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail/Commercial Banking</td>
<td>8 out of 10</td>
</tr>
<tr>
<td>Financial markets/wholesale banking/corporate clients</td>
<td>8 out of 10</td>
</tr>
<tr>
<td>Insurance</td>
<td>6 out of 10</td>
</tr>
<tr>
<td>Prudential and conduct risk in financial institutions</td>
<td>10 out of 10</td>
</tr>
<tr>
<td>Core technology operations</td>
<td>5 out of 10</td>
</tr>
<tr>
<td>Government/regulatory</td>
<td>10 out of 10</td>
</tr>
<tr>
<td>Consumer/marketing/distribution</td>
<td>7 out of 10</td>
</tr>
<tr>
<td>Strategic thinking</td>
<td>10 out of 10</td>
</tr>
<tr>
<td>Digital impact</td>
<td>8 out of 10</td>
</tr>
<tr>
<td>Major change programmes</td>
<td>9 out of 10</td>
</tr>
</tbody>
</table>

Gender diversity

- A. Male: 9
- B. Female: 4

Age

- A. 46-55: 3
- B. 56-65: 7
- C. 66-75: 3

Board tenure

- A. 0-2 years: 3
- B. 2-4 years: 2
- C. 4-6 years: 3
- D. 6-8 years: 3

¹Data as at 31 December 2019.
# Responsible Business Committee

A sub-committee of the Board established in 2015 that provides oversight for the Group’s Helping Britain Prosper Plan, and the plans for delivering the aspiration to be seen as a trusted and responsible business

<table>
<thead>
<tr>
<th>Committee members</th>
<th>Overview</th>
<th>Areas of focus in 2019</th>
</tr>
</thead>
</table>
| Lord Blackwell    | Sara Weller | Helping Britain Prosper Plan  
At each meeting, updates have been provided on the performance against the metrics of the Plan |
| Anita Frew        | Lord Lupton    | Digital Skills  
Reviewed the programme regularly with updates on the direction of and progress with the Lloyds Bank Academy, which successfully launched a second location in Bristol, and also considered ‘future.now’ launched by the Lord Mayor of London, bringing together organisations to boost digital skills in the UK |
| Amanda Mackenzie  | Stuart Sinclair | Sustainability  
Continually presented challenge on the Group’s strategy of developing new products and strategies to help and support customers in a sustainable way; a number of targets were achieved ahead of plan such as the EV1000 initiative of supporting 1,000 electric vehicles which was achieved during the third quarter of 2019 |
|                    |            | Charitable Foundations  
Reviewed the work done to support the charitable Foundations work in the charitable sector through strengthening skills-based volunteering across their supported charities |
|                    |            | Other activities  
Undertook an in-depth review of Inclusion and Diversity within the Group focusing on BAME colleagues, identified opportunities to strengthen the Group’s approach to attract and develop talent, and looked closely at the progress on mental health and resilience in conjunction with the launch of a Resilience portal for colleagues |

- Supports the Board in overseeing the Group’s performance as a responsible business, and delivery of our sustainability strategy, as part of the objective of Helping Britain Prosper
- Responsible for detailed consideration and recommendation to the Board for approval of the Group’s Responsible Business Report and Helping Britain Prosper plan
- Oversees and challenges management on the activities which impact the Group’s behaviour and reputation

## Purpose

- Supports the Board in overseeing the Group’s performance as a responsible business, and delivery of our sustainability strategy, as part of the objective of Helping Britain Prosper
- Responsible for detailed consideration and recommendation to the Board for approval of the Group’s Responsible Business Report and Helping Britain Prosper plan
- Oversees and challenges management on the activities which impact the Group’s behaviour and reputation
Governance case study – cyber security

Our Board and senior management provide robust oversight of key risks

### Governance

Robust governance structures focus on cyber security right up to Board level

- Accountability for cyber sits at the top of the Group
- Culture of security awareness with tone set at the top
- Three lines of defence oversight at every level
- Focus on protecting customers and their data

Cyber risk management is a top priority for LBG, with the Group Chief Security Officer reporting to the Group Chief Operating Officer

- The IT & Cyber Advisory Forum is a board-level forum dedicated to cyber security and IT resilience. It meets quarterly to assess the cyber-security threat and hot topics from both an internal and external perspective
- Scenario exercising the Board on cyber-security incidents

### Cyber Aware

Focus on protecting our customers and their data

- Significant and sustained investment to face into the cyber threat and mitigate material and emerging cyber risks
- Specialised training for specific colleagues and engaging awareness content for all LBG colleagues to encourage vigilance
- Helping our customers stay safe online
- Assuring the cyber capability and security culture of key suppliers
- Playbooks and regular scenario exercises to ensure there is a ready and tested capability to respond to and recover from incidents

### Building Partnerships

LBG sits at the forefront of industry collaboration

- Founding member of the Financial Services Cyber Collaboration Centre, working with the Government’s National Cyber Security Centre, and the Cross-Market Operational Resilience Group, where LBG both lead and participate in a number of initiatives
- Board member of the Cyber Defence Alliance (CDA), and member of the Joint Fraud Taskforce working with government
- Landmark partnership with the London Office of Rapid Cyber Security Advancement (LORCA) to support UK cyber innovation
- Working closely with Israeli incubators on new cyber technologies
### Group remuneration policy changes – 2020 policy year

| Pension contributions | • Reduce Executive Directors’ pension allowances to 15% of base salary, aligned with the majority of the workforce in a single step in 2020, with no offsetting adjustment in base salary or other fixed remuneration  
| | • Invested £20m in enhancing pension contributions for the wider workforce  
| Long-term variable remuneration | • Introduce long-term restricted share plan to replace LTIP. This will lead to lower and less volatile potential reward outcomes aligned to a stable long-term business model, whilst introducing a simpler, clearer structure with one set of annual metrics, and promoting fairness and consistency  
| | • Plan will include a pre-grant test based on the Balanced Scorecard, and a pre-vest test against defined underpins after three years  
| Balanced Scorecard | • Further simplification of Balanced Scorecard metrics  
| | • Measures are equally weighted across three blocks (Customer, Colleague and Conduct, and Financial)  
| Post-employment shareholding requirements | • No formal policy but existing reward structures in line with regulatory requirements mean that a substantial proportion of variable reward for Executive Directors and other senior employees takes the form of shares deferred and held over a period of up to eight years  

For full detail on remuneration policy changes, please see the Remuneration Report within the 2019 Annual Report and Accounts.
For further information

**Investor Relations**

**Douglas Radcliffe**  
Group Investor Relations Director  
020 7356 1571  
investor.relations@finance.lloydsbanking.com

**Corporate Affairs**

**Grant Ringshaw**  
External Relations Director  
020 7356 2362  
grant.ringshaw@lloydsbanking.com

**Matt Smith**  
Head of Media Relations  
020 7356 3522  
matt.smith@lloydsbanking.com

**Useful links**

Investor Relations  
https://www.lloydsbankinggroup.com/investors/

Annual Report  

Responsible Business  
https://www.lloydsbankinggroup.com/our-group/responsible-business/

Helping Britain Prosper  

Sector Statements  
Forward looking statements

This document contains certain forward looking statements with respect to the business, strategy, plans and/or results of Lloyds Banking Group plc together with its subsidiaries (the Group) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group’s or its directors and/or management’s beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group’s credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic and other disasters, adverse weather and similar contingencies outside the Group’s control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the exit by the UK from the EU, or a further possible referendum on Scottish independence; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group’s control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group’s directors, management or employees including industrial action; changes to the Group’s post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report or Form 20-F filed with the US Securities and Exchange Commission for a discussion of certain factors and risks together with examples of forward looking statements. Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of today’s date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.