ESG Investor Presentation

Investor Relations, February 2021

Our Lloyds Banking Group ESG Report 2020 is available on our Group webpage here

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Lloyds Banking Group is a unique integrated UK financial services leader

- **Multi-brand**, **multi-channel** proposition with the UK's largest digital bank and branch network
- Comprehensive product range with **all financial needs served in one place**; banking, insurance and wealth management
- **Differentiated and sustainable customer franchise** with integrated propositions; 25m customers, >17m digitally active
- **Market leading efficiency** through **tech-enabled productivity improvements**, enabling us to invest more
- **Prudent**, **low-risk** business with **strong capital position**
- **Purpose-driven company** with clear focus on supporting the UK, through an **inclusive** and **diverse organisation**

Customer focused, sustainable, efficient and low risk UK financial services leader

Committed to the UK's success with our purpose of Helping Britain Prosper

Our Purpose

- Clear purpose of **Helping Britain Prosper**
- Focus evolving in response to the **pandemic**
- In the near term this will be to **Help Britain Recover**
- **Embedded** in our business and in the best interest of all **stakeholders**

Our Approach to ESG

- Embracing our responsibility to help address some of the UK's **social**, **economic** and **environmental** challenges
- ESG performance integral to delivery of our **purpose**, **strategy** and **societal goals**
- Support the **UN Sustainable Development Goals**
- ESG metrics included in the Group **balanced scorecard**

Our Helping Britain Prosper Plan has underpinned our ESG priorities

Launched Helping Britain Prosper Plan in 2014

- The **first bank** to launch such a plan
- Addressing some of the **environmental, economic** and **social** challenges the UK faces is the foundation of the Plan
- Focus on key identified areas of societal benefit **where we can make the biggest difference**
- The Plan's performance areas incorporated into the **Group balanced scorecard** since 2018

17 / 22

Helping Britain Prosper Plan **targets achieved** in 2020

Significant achievements over the 2018 - 2020 Plan[1]

Helping Britain get a home
c.£40bn of lending to first time buyers

Helping the transition to a sustainable low carbon economy
>10m homes that could be powered as a result of our support of UK renewable energy projects

Helping people save for the future
£46bn increase in AUA in retirement and investment products

Supporting businesses to start up and grow
>£6bn increase in net lending to start-ups/SME/MM businesses

Building capability and digital skills
1.8m individuals, charities and SMEs trained in digital skills

Tackling social disadvantage across Britain
c.2,800 charities supported

Championing Britain's diversity
Women in senior roles increased to **37.0%**
Black, Asian and Minority Ethnic in senior roles increased to **7.7%**

Note: Detailed Helping Britain Prosper Plan performance 2018 – 2020 can be found in our 2020 ESG Report available here.

Our long-term ESG focus is supported by memberships, awards and ratings

LLOYDS BANKING GROUP

- **1985** Independent charitable Foundations established
- **2002** Investment in energy savings measures recognised by Carbon Trust Energy Efficiency Accreditation Scheme
- **2008** Adopted the Equator Principles
- **2014** Launched our Helping Britain Prosper Plan
- **2018** Launched our Sustainability strategy
- **2019** Signed up to all 3 of The Climate Group initiatives
- **2020** Launched our Race Action Plan
- **2021** Announced Helping Britain Recover

Memberships

- The Equator Principles
- Principles for Responsible Investment
- Task Force on Climate-Related Financial Disclosures
- UNEP FI Principles for Responsible Banking
- UNEP FI Principles for Sustainable Insurance
- Task Force on Nature-Related Financial Disclosures

Awards and recognition in 2020

FTSE4Good

THE TIMES TOP 50 EMPLOYERS FOR WOMEN 2020

2020 Bloomberg Gender-Equality Index

ETHNICITY AWARDS

TOP 10 EMPLOYER for Working Families 2020

iwfm IMPACT AWARDS 2020

ESG index scores 2020

MSCI	AA
Sustainalytics	23.3
ISS ESG Corporate rating	C (Prime)
CDP	A-
Workforce Disclosure Initiative	85%

Note: More detail on our memberships, awards and index scores can be found in our 2020 ESG Report available here.

2020 highlights show significant progress across our ESG ambitions

Environmental

- Ambitious goal to help reduce emissions we finance by **>50% by 2030**, **on path to net zero by 2050 or sooner**
- Developed three new operational climate pledges including **net zero carbon operations by 2030**
- Calculated initial estimate of our **2018 financed emissions baseline** covering c.70% of Group's balance sheet[2]
- Through Scottish Widows announced **£440m divestment** from companies that fail to meet our ESG standards

Social

- Launched our **Race Action Plan** to help drive cultural change, recruitment and progression across the Group
- **First FTSE100 company** to set a public goal for **senior roles held by Black colleagues** (3% by 2025)
- Developed **new gender and ethnic diversity aspirations** for colleagues in senior roles
- **>£51m total community investment**, including **£25.5m** for our **four independent charitable Foundations**

Governance

- **Leadership succession** confirmed with Board approving appointment of new Group Chair and new Group CEO
- Comprehensive **shareholder engagement** incl. Board Governance Event and retail investor briefing
- **Employee engagement** at all-time high at **81%** reflecting continued support to colleagues through the pandemic
- New **ESG Report**, including **enhanced TCFD disclosures** and **new SASB index**

Our purpose has guided our COVID-19 response to Help Britain Recover

Supporting customers

- **Around 1.3m** payment holidays granted to retail customers[3]
- Dedicated telephone services for the over 70s and NHS workers with around **880,000** calls taken[4]
- Proactively made **>750,000** calls to check on the wellbeing of customers[4]

Supporting businesses

- **>£12bn** of lending provided through Government-backed schemes, representing c.17% share of total[5]
- Around **34,000** capital repayment holidays to alleviate temporary financial pressures[5]
- Agreed around **22,000** fee free overdrafts to businesses[5]

Supporting communities

- Provided **£25.5m** for our charitable Foundations in 2020 and guaranteed the same funding for 2021
- **Practical** and **emotional support** for the most vulnerable in society
- Through partnerships providing extra capacity e.g. in **friendship services**, **mental health programmes**

Supporting colleagues

- **>50,000** colleagues worked from home for most of 2020, up from 15,000 before the pandemic
- **Social distancing rules** in call centres and branches to keep colleagues and customers safe
- **Mental health support**, incl. wellbeing desks in offices for colleagues who cannot work from home

Helping Britain Recover is central to our Strategic Review 2021

Our strategy – Building the UK's preferred financial partner

Our customer ambitions		Our enhanced capabilities
Helping Britain Recover	**Preferred financial partner for personal customers**	**Modernised technology architecture**
		Integrated payments
	Best bank for business	**Data-driven organisation**
		Reimagined ways of working

Our business model

Customer focused, sustainable, efficient and low risk UK financial services leader

Note: Please see further detail on Strategic Review 2021 in our Annual Report and Accounts 2020 available here.

We will focus on five priority areas to Help Britain Recover

Focused on areas where we can make a difference

Help rebuild households' financial health and wellbeing

Support businesses to recover, adapt and grow

Expand availability of affordable and quality homes

Accelerate the transition to a low carbon economy

Build an inclusive society and organisation

Supporting our enhanced ambitions

- **>6,500 colleagues** trained to support customers build their financial resilience
- **£10bn lending to first time buyers**; continuing to support **good quality social housing**
- Supporting **UK's transition to a low carbon economy** with expanded Group target of **net zero by 2050, or sooner**:
  - Help reduce carbon emissions we finance by **>50% by 2030**
  - **Halve** the carbon footprint of Scottish Widows investments **by 2030**
  - Own operations carbon emissions **net zero by 2030**
  - Expand the funding available under our **green finance initiatives** from **£3bn** to **£5bn** in 2021
- Leadership team **reflecting the society we serve**; aspiration of **50%** women, **3%** Black and **13%** Black, Asian and Minority Ethnic colleagues in senior roles **by 2025**

These priorities will enable us to build a sustainable and inclusive business which will also benefit our shareholders

Environmental matters

HBR ***Accelerate the transition to a low carbon economy***

Our commitments

Helping Britain Recover commitments (2021) HBR

- Help reduce the **emissions we finance** by **>50% by 2030** on path to **net zero by 2050** or sooner
- Expand the funding available under our **green finance initiatives** from **£3bn** to **£5bn**
- Ensure our **own operations** are **net zero by 2030**
- Target halving the **carbon footprint** of Scottish Widows **investments by 2030** on path to **net zero by 2050**
- Introduce a flagship **fossil fuel-free fund**

Further sustainability commitments

- Reduce **power sector portfolio emission intensity** to <75gCO_2e/kWh by 2030[6]
- Reduce our total **energy consumption** by **50% by 2030** (vs 2018/19)
- Maintain **travel carbon emissions below 50%** pre-COVID (2018/9) levels
- Implement **TCFD recommendations by early 2022** in line with industry guidelines and regulatory reporting requirements

Helping the transition to a sustainable low carbon economy

HBR **Accelerate the transition to a low carbon economy**

Continued progress against our climate ambitions

- Our ambition is to help reduce the **emissions we finance by >50% by 2030, on path to net zero by 2050 or sooner** HBR
    - ✓ Established initial estimated **financed emissions baseline**
    - ✓ Developed **power sector** emission intensity reduction ambition
    - ✓ Provided >**£2.3bn** of green finance in 2020; **>£7.3bn** since 2016
    - ✓ Launched **several new green propositions**
    - ✓ Further developed our **climate scenario analysis framework**
- In 2021, will expand the funding available under our **green finance initiatives** from **£3bn** to **£5bn** HBR
- Target **halving the carbon footprint** of Scottish Widows investments **by 2030** on path to **net zero by 2050** HBR
- Continued evolution of disclosures in line with **TCFD** recommendations

New climate pledges across our own operations

- Achieve **net zero carbon operations by 2030**; ≥75% reduction in Scope 1 & 2 emissions (vs 2018/19) HBR
- Reduce our total **energy consumption** by **50% by 2030** (vs 2018/19)
- Maintain **travel carbon emissions below 50% of pre-COVID** (2018/9) levels

Managing risk and leveraging opportunities from climate change are of strategic importance to us

Several green propositions supporting our climate and business ambitions

HBR Accelerate the transition to a low carbon economy

Business	▪ **Clean Growth Finance Initiative** providing discounted lending for green purpose financing ▪ **Green Buildings Tool** helping businesses identify energy efficiency improvements to their buildings
Homes	▪ **Energy Saving Tool** developed with Energy Saving Trust to help improve energy efficiency of homes ▪ **Green Living Reward** towards green refurbishment of homes
Vehicles	▪ **Fuel Decision Tree tool** helping customers understand if their driving is suited to electric or hybrid car ▪ **Electric vehicle salary sacrifice** proposition to incentivise usage of electric vehicles
Pensions & Investments	▪ £2bn investment in **BlackRock ACS Climate Transition Equity Fund** from our default pension offering ▪ Provide **direct loans for renewable energy/infrastructure projects** through shareholder investments
Insurance	▪ Partnering with RedArc to offer a **trauma helpline** aiding customers after a traumatic claim like a fire ▪ Investing in ways to **minimise impact of flooding** on clients (e.g. Rapid Response Vehicle)
Green Bonds	▪ Raised around **£2.9bn** funding in **green and sustainable bonds** for our clients since 2016

Climate risk further integrated into the Group's risk management framework

HBR **Accelerate the transition to a low carbon economy**

Climate risk established as a principle risk

- Board approved **Risk Appetite Statement** for **Climate Risk**
- Assessed financed emissions baseline at **c.25.4 $MtCO_2e$**
- New **Power sector** ambition to reduce emission intensity to **<75gCO_2e/kWh by 2030**[6]
- We will continue to develop **additional sector specific ambitions** throughout 2021

Initial estimated financed emissions baseline[7]

(excl. Insurance & Wealth)

Asset class	$MtCO_2e$	Equivalent % of UK total[13]
Motor vehicle loans[10]	3.2	c.4%
Mortgages[11]	6.3	c.6%
Business loans[12]	15.9	c.6%
Total	**25.4**[8,9]	**c.5.6%**

Lending[14] to sectors at higher risk from climate change

Commercial Banking (% of total Group loans, Dec-20)[15]	
Real estate (incl. housing associations)	5.04%
Agriculture, forestry & fishing[16]	1.48%
Transport[17]	0.78%
Housebuilders	0.17%
Construction[18]	0.24%
Cement, chemicals & steel manufacture	0.06%
General manufacturing	0.26%
Food manufacturing and wholesalers	0.26%
Oil & Gas[19]	0.22%
Utilities	0.32%
Coal mining	0.002%
Total (£45bn)	**8.85%**
Retail (% of total Group loans, Dec-20)[20]	
UK mortgages	58.42%
UK motor finance	3.01%
Total (£310bn)	**61.44%**

ESG considerations integrated into our lending and investment activities

HBR **Accelerate the transition to a low carbon economy**

Lending activities

- Further **tightened** lending appetite for exposure in **coal**
- In Commercial Banking, **sustainability risk** must be considered for all new and renewal credit applications
- Developed and piloting a tool to help qualitatively assess Commercial Banking clients' **physical** and **transition risks**
- In Retail, **physical risks** (e.g. flooding) considered in mortgages origination and new **sustainability criteria** in motor finance

Agriculture	Animal welfare	Automotive	Coal
Defence	Fisheries	Forestry (incl. Palm Oil)	Manufacturing
Mining	Oil & Gas	Power	UNESCO sites

All our sector statements are available here

Investment activities

- In early 2021 announced our target to **halve the carbon footprint** of Scottish Widows investments **by 2030** on path to **net zero by 2050** HBR
- In 2020 launched our **Responsible Investment Framework** and **Stewardship and Exclusions Policies**
- **Divesting** an initial **£440m** from companies that have **failed to meet our ESG standards**
- In 2021 will introduce a flagship **fossil fuel-free pension fund** to support green growth HBR

Social matters

HBR ***Help rebuild households' financial health and wellbeing***

HBR ***Support businesses to recover, adapt and grow***

HBR ***Expand availability of affordable and quality homes***

HBR ***Build an inclusive society and organisation***

Our commitments

Helping Britain Recover commitments (2021) HBR

- **>6,500** colleagues trained to support customers build **financial resilience**
- Expand existing Lloyds Bank **'Mental Health Accessible' accreditation** across Halifax and Bank of Scotland
- Partner with independent debt advice organisations to ensure customers have access to **practical support**
- Develop appropriate **recovery plans** for business customers approaching the end of their COVID capital support
- Support **≥75k** UK businesses to **start up**
- Help **≥185k** small businesses boost their **digital capability**
- Provide **£1.5bn** of new support for **social housing**

- Provide **£10bn of lending to first time buyers** and lead a **national conversation** on access to the housing market
- Assess the **energy retrofit** requirements of **>200k homes** in the social housing sector
- Aspiration for **50% women**, **13% Black, Asian and Minority Ethnic** and **3% Black** colleagues in senior roles by 2025
- Maintain **£25.5m** contribution to our **charitable Foundations**
- Support **regional regeneration**, including launching the 'Regional Housing Growth Initiative'
- Support **financial inclusion** by providing banking to potentially excluded groups of people

Championing Britain's diversity

LLOYDS BANKING GROUP

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

HBR **Build an inclusive society and organisation**

The first FTSE 100 company to set targets to increase gender and ethnic diversity at senior levels

- Announced our **Race Action Plan in July 2020**
- First FTSE100 company to announce a public target to increase **Black representation in senior roles to 3% by 2025**
- New aspiration for 50% **women** and 13% **Black, Asian and Minority Ethnic** colleagues in senior roles by 2025 HBR
- Continue to meet the **Parker Review** goal of at least one board member from ethnic background
- Published our annual **Gender and Ethnicity Pay Gap Reports**

Our Inclusion and Diversity data YE2020 (vs when target was set)	
Gender (% of female representation)	
Board Members	33.3%
GEC & GEC Direct Reports	32.3%
Senior Managers	37.0% (vs 28.0% in 2014)
Ethnicity (% from an Ethnic Minority Background)	
Board Members	8.3%
Senior Managers	7.7% (vs 6.4% in 2018)
Colleagues	10.6%
Disability (% who disclose that they have a disability)	
Colleagues	3.2%
Sexual Orientation (% who disclose they are LGBT)	
Colleagues	2.3%

Attracting and retaining top talent from diverse backgrounds is key to our business success

Championing Britain's diversity – Race Action Plan

LLOYDS BANKING GROUP

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

HBR **Build an inclusive society and organisation**

Announced Race Action Plan to drive cultural change, recruitment and progression across the Group

- Aim to increase Black representation in senior roles from 0.6% to **3% by 2025**, aligning with the UK labour market HBR
- Set up a **new advisory board** made up of Black, Asian & Minority Ethnic colleagues
- Develop a **race education programme** for all colleagues to increase awareness
- Publish our first **ethnicity pay gap** report in 2020 – **Published Dec-20**
- Ensure that **all recruitment shortlists at senior executive level** have a Black, Asian & Minority Ethnic candidate
- **Nurture our talented Black colleagues** through programmes for both middle management and senior grades

Significant progress since the announcement of our Race Action Plan:

Culture	Recruitment	Progression
c.60% of senior managers attended race education sessions	Executive appointments now include at least one minority ethnic candidate	Launched a Talent Identification Programme for Black senior managers
Developing Race Education training for all colleagues – launch in Q1 2021	Upskilled our recruiters to ensure they understand our expectations	Converted ethnic career development programmes to a virtual offering

"The (Race Action Plan) measures are credit positive because they will improve staff diversity at all levels and reduce Lloyds' exposure to social risk." – Moody's, July 2020

Assisting our customers

3 GOOD HEALTH AND WELL-BEING | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

HBR **Help rebuild households' financial health and wellbeing**

1.3m

Payment holidays granted to retail customers during the pandemic[3]

>750k

Outbound **wellbeing calls** to customers[4]

Supporting our customers in challenging times

- Launched **financial**, **digital and mental health** support initiatives
- **Priority phone lines** set up for NHS workers and 70s+ to support customers
- Funding for **The Silverline** to support 55s+ who may be feeling lonely or isolated
- Together with **Mental Health UK** created mental health support for our website

In 2021 we will: HBR

- Have **>6,500 colleagues** trained to support customers to build their financial resilience
- Partner with independent debt advice organisations to ensure customers have access to **practical support**

Supporting our customers through the pandemic will help drive the national recovery and greater shareholder value

Helping Britain get a home

HBR **Expand availability of affordable and quality homes**

c.£9bn

Finance to the **social housing sector** in 2018 - 2020

c.£40bn

Lending to **first time home buyers** in 2018 – 2020, significantly above our £30bn commitment

Delivering affordable homes for everyone

- Partnering with initiatives such as The **Housing Growth Partnership**, which provides financial and mentoring to small and mid-sized housebuilders
- During the pandemic offered **mortgage product extensions** to support customers to complete on their home purchases in a challenging situation
- Increasing the ways **first time buyers can access the market** e.g. by welcoming applications from the new Scottish First Homes Fund

In 2021 we will: HBR

- Provide **£10bn of lending to first time buyers** and **lead a national conversation** on access to the housing market
- Provide **£1.5bn** of new support for social housing, incl. £500m in ESG-linked funding
- Assess the energy retrofit requirements of **>200k homes** in the social housing sector

Supporting the provision of high-quality, sustainable homes across the country is fully aligned to our strategy

Supporting businesses and SMEs

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 13 CLIMATE ACTION

HBR **Support businesses to recover, adapt and grow**

>£12bn

Lending through Government-backed schemes to support businesses beyond the pandemic[5]

c.34k

Capital repayment holidays to small businesses to alleviate temporary financial pressures during the pandemic[5]

Supporting businesses during the crisis and beyond

- Supported **>265k businesses to start up** in 2018 – 2020
- Trained **>1,200** manufacturing apprentices, graduates and engineers through **Lloyds Bank Advanced Manufacturing Training Centre** in 2018 – 2020
- Supported **>368k organisations** in gaining **digital skills** in 2018 – 2020

In 2021 we will: HBR

- Develop **recovery plans** for clients approaching end of COVID capital support
- Support **≥75k** UK businesses to **start up**
- Help **≥185k** small businesses boost their **digital capability**

Contributing to fast recovery of businesses is in the best interest of sustainable shareholder value creation

Building financial resilience

3 GOOD HEALTH AND WELL-BEING | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

HBR **Help rebuild households' financial health and wellbeing**

>12.5k

IT devices delivered to customers in 2020

1.8m

People trained in **digital skills** in 2018 – 2020

Improving financial wellbeing for customers and communities

- Building **digital skills** through provision of training through the Lloyds Bank Academy
- Building **financial capability** by helping young adults manage their money
- Combating **financial and domestic abuse** through dedicated team and charities

In 2021 we will: HBR

- Expand our existing **'Mental Health Accessible' accreditation** for Lloyds Bank across Halifax and Bank of Scotland

Providing financial and practical support to customers is in the best interest of all our stakeholders

Supporting our communities

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

HBR **Build an inclusive society and organisation**

c.2,800

Charities supported in 2020 through our Foundations

>£51m

Total **community investment** in 2020[21]

Mental Health UK

Entering the 5th year of our Mental Health UK partnership; **>£13m** raised over **4 years**

Our Foundations are instrumental to our support in communities

- As one of the **UK's largest corporate donors** we use our scale to help tackle social disadvantage in communities across the UK
- For **35 years** our four independent charitable Foundations have provided funding to charities across the UK and Channel Islands
- Donated **£25.5m** to support our four charitable Foundations in 2020

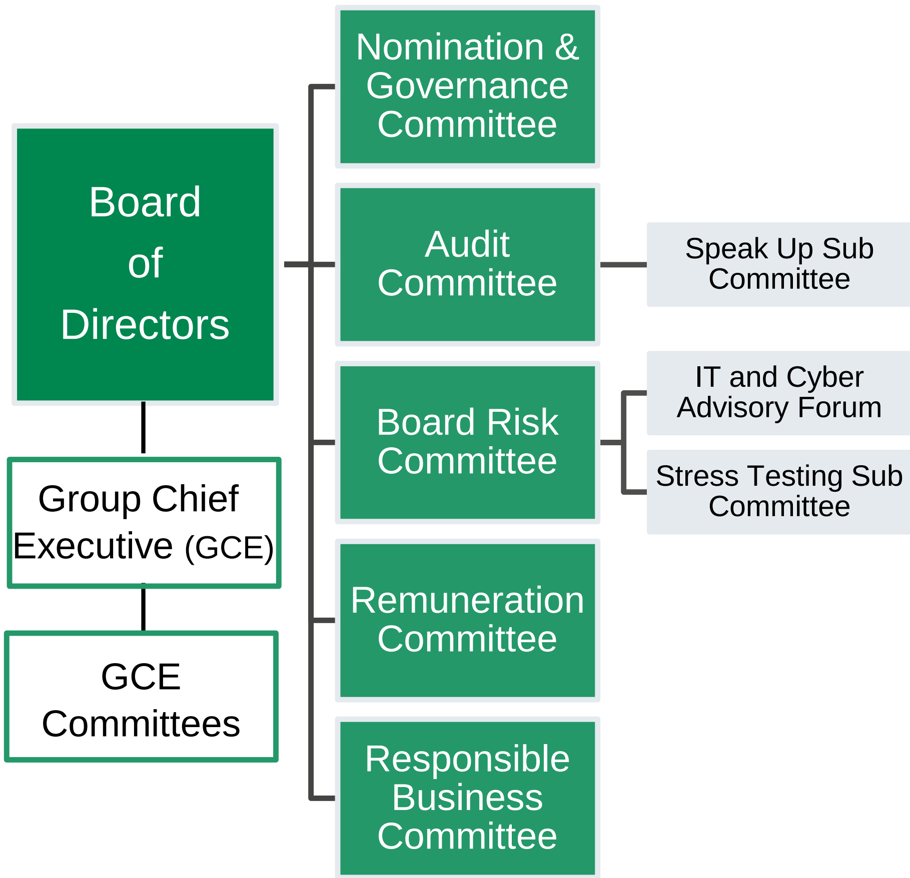
In 2021 we will: HBR

- Maintain our **£25.5m** contribution to our Foundations
- Support **regional regeneration**, incl. launching the 'Regional Housing Growth Initiative'
- Support **financial inclusion** by providing banking to potentially excluded people

Carrying wider societal responsibilities is fully aligned with longer term value creation of our business

Governance matters

Strong corporate governance



Co-ordinated leadership succession

- **Chair transition successfully completed**, with Robin Budenberg the Group Chair from the start of 2021
- Further to end of November 2020 announcement, subject to regulatory approval, Charlie Nunn will start as **Group Chief Executive** in **August 2021**
- António Horta-Osório to step down as Group Chief Executive at the **end of April 2021**
- William Chalmers, Group CFO, subject to regulatory approval, to take on role of **acting Group Chief Executive** in the interim
- He will maintain ongoing responsibility as Group CFO but arrangements will be made for **other colleagues to support** him in this role and to manage his wider responsibilities appropriately
- William Chalmers will also be supported by **Robin Budenberg and Alan Dickinson** in their roles as Chair and Deputy Chair

Committed to a diverse Board with a strong skills set

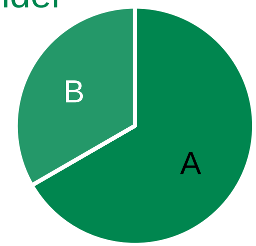
Board skills matrix[22]

(Skills and experience, non-executive directors only)

Retail/Commercial banking	9 out of 10
Financial markets/wholesale banking	8 out of 10
Insurance	8 out of 10
Prudential and conduct risk in financial institutions	10 out of 10
Core technology operations	4 out of 10
Government/regulatory	10 out of 10
Consumer/marketing/distribution	6 out of 10
Strategic thinking	10 out of 10
Digital impact	9 out of 10
Major change programmes	9 out of 10

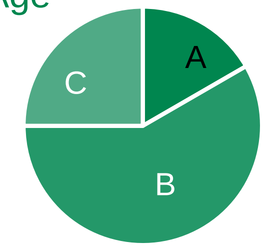
Board diversity[22]

Gender



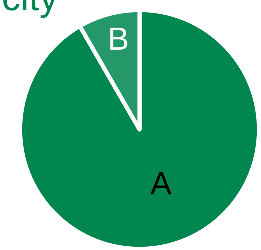
A: Male (8)
B: Female (4)

Age



A: 45-55 yr (2)
B: 56-65 yr (7)
C: 66-75 yr (3)

Ethnicity



A: White (11)
B: Black, Asian, Minority Ethnic (1)

We meet the **Hampton-Alexander** objective of 33% of female Board representation and the **Parker Review** objective of at least one Black, Asian or Minority Ethnic Board member

Note: During 2021 the Group will be reviewing its skills matrix to explicitly consider environmental and climate change skills and experience.

Responsible Business Committee oversees the Group's ESG priorities

Overview of Responsible Business Committee

Committee Members

Board member representation[23]

Robin Budenberg *Group Chair*	**Sara Weller** *NED, RBC Chair*	**Alan Dickinson** *NED*

Amanda Mackenzie *NED*	**Lord Lupton** *NED*	**Stuart Sinclair** *NED*	**Sarah Legg** *NED*

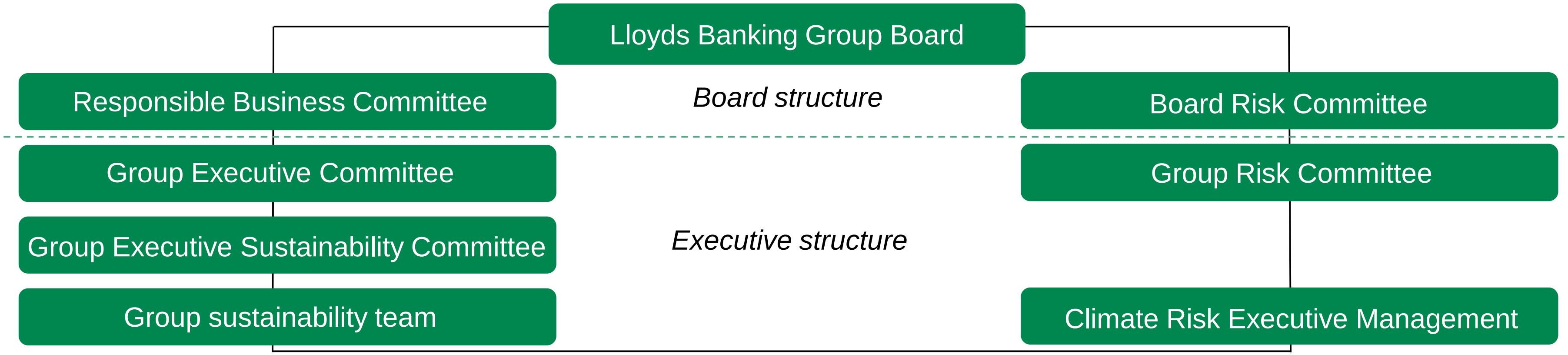
Purpose

- **Oversight** and **support** for the Group strategy / plans for delivering aspirations to be a trusted, responsible business
- **Challenge** on activities impacting the Group's behaviour and reputation as a trusted, responsible business
- **Recommend** to the Board for approval the ESG Report, HBP Plan and HBR commitments

Areas of focus in 2020

- Plans for **Helping Britain Prosper** and **Recover**, and 2021 priorities
- **Societal response to COVID-19 pandemic**, including our charitable Foundations
- **Culture** and **colleague** engagement
- **Environmental sustainability**
- **Inclusion & Diversity**, including our Race Action Plan
- Customer support through **Digital Skills Academies** and '**Money & Mental Health**' advice
- ESG reporting frameworks and standards (e.g. **TCFD**, **SASB**)

Clear oversight and ownership of climate change risks and opportunities



- The **Responsible Business Committee** provides oversight for the Group's **environmental sustainability strategy**
- Governance for **climate-related risks** is embedded into the Group's **existing risk governance structure**
- The **Group Executive Sustainability Committee**, a sub committee of the Group Executive Committee, acts as the **executive oversight body** for all sustainability activity

Remuneration update

COVID-19 and remuneration	▪ Continuing to **pay colleagues full salary** no matter how the pandemic affects what they do for the Group ▪ Given financial performance **no bonus payments** for 2020 ▪ **Protected total remuneration** for lowest paid colleagues; above inflation pay rise, £250 cash award in Jul-21 to customer-facing colleagues and £400 recognition share award to all eligible colleagues in spring 2021
Retaining key staff	▪ To ensure continued **long-term motivation and retention** of key staff Long Term Share Plan (LTSP) awards granted to a small number of senior colleagues in March 2021
Implementation of the new Remuneration Policy	▪ Shareholder **support gained** for the new Remuneration Policy and LTSP at last AGM ▪ However, recognised significant **shareholder dissent** and have **engaged extensively with shareholders** ▪ **Discount applied**: 150% normal max award under LTSP vs 300% under previous Group Ownership Plan ▪ **Simplified the balanced scorecard** in response to shareholder feedback ✓ Performance measures reduced from 15 to 7; 50% financial measures and 50% strategic measures ▪ **Enhanced remuneration disclosures** in the Annual Report & Accounts
ESG measures in the balanced scorecard	▪ Specific ESG measures on **operational carbon emissions** and **diversity** included in the scorecard ▪ **Quantitative measures** to ensure management held to account for delivery against these factors ▪ Measures **integral** to the Group's overall **business strategy**
New CEO pay	▪ Remuneration arrangements for the new CEO set in accordance with the **approved new Policy** ▪ **Pension contribution** of 15% of salary, **in line with the majority of the workforce** ▪ Maximum **LTSP award of 150%** of salary ▪ Total maximum **pay package reduced by approx. 20%** from the Policy maximum approved at last AGM

Note: Please see the Directors' Remuneration Report in the Annual Report and Accounts 2020 for more detail, available here.

For further information

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Footnotes

1. Impacts achieved against our 7 priority performance areas of the 2018 – 2020 Plan; the metrics are cumulative impact for 2018 – 2020 except the charities supported metric which is for 2020 and the diversity metrics which are as of year end 2020.

2. Excluding Insurance & Wealth.

3. Cumulative payment holidays granted as at 17 February 2021.

4. Since the end of March 2020.

5. Data as at 12 February 2021.

6. Covers Commercial Banking large corporate and project finance portfolio facilities.

7. Lloyds Banking Group believes it is appropriate to provide more financial information on our financed emissions, although we also recognise this is a rapidly developing area, with evolving and sometimes limiting data availability, data completeness and calculation methodologies. We expect these to continue to improve in 2021 and beyond, helping us to refine our approaches, estimates and understanding of the climate risk within Lloyds Banking Group's portfolios. However, in order to enhance disclosure, whilst recognising these limitations, we detail in this table an initial estimated view of the 2018 financed emissions baseline across the Group's own lending activity (excluding Insurance and Wealth). We have used the emerging industry standard for calculating financed emissions developed by the Partnership for Carbon Accounting Financials (PCAF).

8. Includes Nil emissions for cash balances, which accounted for 8% of the Group's balance sheet.

9. Examples of areas where there is no current method for calculating emissions include: Government securities, derivatives, personal loans, credit cards and reverse repos. Areas where data was not readily available, but coverage may be expanded in the future include: business banking, non-UK mortgages, loans and advances to banks and some assets at fair value through profit and loss.

10. Covers 95% of motor vehicle loans and operating lease assets. Excludes assets that do not have a motor, specialist vehicles and vehicles where mileage is difficult to estimate. Currently does not apply a loan-to-value ratio for emissions.

11. Covers 97% of mortgages. Excludes non-UK mortgages. Uses EPC emissions estimates for 45% of properties and average emission intensity profiles of EPC C to G properties to calculate emissions for the balance of properties where EPCs are not available. Property index value as at end 2018 is used for current property value in PCAF emission attribution calculations.

12. Includes 99% of Commercial Banking business loans, based on drawn lending. The PCAF sector-based approach has been used for the majority of the business loans baseline, using Office of National Statistics (ONS) UK emissions. The business loans method has been applied to project finance (excluding Power project finance) and commercial real estate assets, which will be refined in the future as better data becomes available.

Footnotes

13. Total UK emissions in 2018 were: 88 $MtCO_2e$ from cars and vans; c.100 $MtCO_2e$ from homes, including emissions from both electricity and heating; and 263 $MtCO_2e$ from business (excluding emissions from electricity used in residential property). Source: Department for Business, Energy and Industrial Strategy - 2018 UK Greenhouse Gas Emissions, Final Figures.

14. The Group has identified those sectors where we have lending to customers that may likely contribute a higher share of Lloyds Banking Group's financed emissions as shown in this table. Not all customers in these sectors have high emissions or are exposed to significant transition risks. We continue to enhance and refine this work at both counterparty and sector level, considering both risks and opportunities as we look to support our customers' responses to climate change. Commercial Banking and Retail divisions only. Excludes Insurance and Wealth division.

15. Commercial Banking division only, excludes Commercial Finance. Drawn lending is gross of significant risk transfers. Excludes Business Banking lending, which sits within Retail division. 2019 restated on a consistent basis with 2020. Percentages calculated using total Group loans and advances to customers on a statutory basis, before allowance for impairment losses (£504,603m at 31 December 2020). Commercial lending classified using ONS SIC codes at legal entity level.

16. Agriculture lending includes Agricultural Mortgage Corporation (AMC) based on loans and advances to customers £4,186m.

17. Includes Automotive manufacture, retail & wholesale trade, rentals and parts but excludes finance captives and securitisations.

18. Construction excludes 41100 Development of building projects (included within Real Estate) and 41202 Construction of domestic buildings (reported separately as Housebuilders).

19. Excludes commodity traders.

20. Based on loans and advances to customers within Retail Division. Percentages calculated using total Group loans and advances to customers on a statutory basis, before allowance for impairment losses (£504,603m at 31 December 2020).

21. Including our colleagues' time, direct donations and a share of the Group's profits given annually to the Foundations.

22. Board data as of 31 December 2020 and therefore includes Lord Blackwell who retired from the Board on 1 January 2021.

23. Sara Weller will have served nine years as a Non-Executive Director in February 2021, and accordingly plans to retire as Chair of the RBC and a Non-Executive Director at the AGM in May 2021. Amanda Mackenzie, a Non-Executive Director since October 2018, will take on the role of Chair of the RBC following Sara's retirement from the Board. Sarah Legg, a Non-Executive Director since December 2019 and Chair of the Audit Committee, has been appointed as a member of the RBC with effect from 1 February 2021.

Forward looking statements

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and section 27A of the US Securities Act of 1933, as amended, 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.

Words such as ‘believes’, ‘achieves’, ‘anticipates’, ‘estimates’, ‘expects’, ‘targets’, ‘should’, ‘intends’, ‘aims’, ‘projects’, ‘plans’, ‘potential’, ‘will’, ‘would’, ‘could’, ‘considered’, ‘likely’, ‘may’, ‘seek’, ‘estimate’ and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements.

Examples of such forward looking statements include, but are not limited to, statements or guidance relating to: projections or expectations of the Group’s future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group’s future financial performance; the level and extent of future impairments and write-downs; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such 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; the Group’s ESG targets and/or commitments; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality impacting the recoverability and value of balance sheet assets; concentration of financial exposure; management and monitoring of conduct risk; exposure to counterparty risk (including but not limited to third parties conducting illegal activities without the Group’s knowledge); 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), the EU-UK Trade and Cooperation Agreement, 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 and any further possible referendum on Scottish independence; 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 (including but not limited to the COVID-19 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, or other such events; geopolitical unpredictability; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the UK’s exit from the EU; changes to regulatory capital or liquidity requirements (including regulatory measures to restrict distributions to address potential capital and liquidity stress) 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 laws, 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 on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission for a discussion of certain factors and risks.

Lloyds Banking Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the US Securities and Exchange Commission, Lloyds Banking Group annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group to third parties, including financial analysts.

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.