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

<table>
<thead>
<tr>
<th>Helping Britain Prosper Plan targets achieved in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 / 22</td>
</tr>
</tbody>
</table>

Significant achievements over the 2018 - 2020 Plan

- **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**
  - c.£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%**

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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.

1985
Independent charitable Foundations established

2008
- Adopted the Equator Principles

2002
- Investment in energy savings measures recognised by Carbon Trust Energy Efficiency Accreditation Scheme

2008
- Net-Zero Banking Alliance

2014
- Task Force on Nature-Related Financial Disclosures
- Institutional Investors Group on Climate Change
- UNEP FI Principles for Sustainable Insurance
- UNEP FI Principles for Responsible Banking
- Task Force on Climate-Related Financial Disclosures
- UN Principles for Responsible Investment
- The Equator Principles

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

note: More detail on our memberships, awards and index scores can be found in our 2020 ESG Report available [here](#).
Significant progress across our ESG ambitions in the past 12 months

**Environment**
- Announced ambitious goals to reach net zero emissions in our lending and investment portfolios by 2050 or sooner, with intermediate goals to
  - Help reduce carbon emissions we finance by >50% by 2030
  - Halve the carbon footprint of Scottish Widows investments by 2030
- 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
- Joined Net-Zero Banking Alliance as a founding member in April 2021
- Scottish Widows divesting c.£1.4bn from companies not meeting ESG standards

**Social**
- Announced new gender and ethnic diversity aspirations for colleagues in senior roles by 2025
- Marked 1st anniversary of our Race Action Plan, driving change across our culture, recruitment and progression, and supporting Black communities externally
- The first FTSE100 company to set a public goal for senior roles held by Black colleagues (3% by 2025)
- >£51m total community investment, including £25.5m for our four independent charitable Foundations

**Governance**
- Successful transition to new Chair with ongoing CEO leadership succession; new CEO starting in August
- Comprehensive shareholder engagement including Board Governance Event and retail investor briefings
- Employee engagement remains strong reflecting support to colleagues through pandemic
- New ESG Report (FY2020), including enhanced TCFD disclosures and new SASB index
Our purpose has guided our COVID-19 response to Help Britain Recover

**Supporting customers**
- Nearly **1.3m payment holidays** granted to retail customers
- **Dedicated telephone services** for vulnerable customers, over 70s and NHS workers with **2.4m customers supported**

**Supporting businesses**
- **>£13bn of approved lending** provided through Government-backed schemes
- **Proactive communication** with clients, supporting through different options, e.g. Pay As You Grow

**Supporting communities**
- Provided **£25.5m** for our charitable Foundations in 2021, following the same funding in 2020
- Supported the most vulnerable in society with **practical and emotional support**, e.g. friendship services, mental health programmes

**Supporting colleagues**
- Providing colleague **training** including ‘Emerging Stronger’ focused on **building resilience** and ‘Ways of Working’ to **prepare our people** for the reopening of the offices
- **Emergency paid leave** policy for all colleagues, **bookable desks** for those finding it hard to work from home, and cautious **office reopening plans** prioritising health and wellbeing
Helping Britain Recover is central to our Strategic Review 2021

Our strategy – Building the UK’s preferred financial partner

Our customer ambitions
- Preferred financial partner for personal customers
- Best bank for business

Our enhanced capabilities
- Modernised technology architecture
- Integrated payments
- 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.
Clear Helping Britain Recover focus areas and commitments for 2021

<table>
<thead>
<tr>
<th>Focused where we can make a difference</th>
<th>Strong H1 progress vs 2021 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expand availability of affordable and quality homes</strong></td>
<td><strong>c. £9bn lent to first-time buyers</strong>; almost reaching FY target of £10bn</td>
</tr>
<tr>
<td><strong>Support businesses to recover, adapt and grow</strong></td>
<td><strong>&gt;£2bn of social housing sector</strong> funding, exceeding FY target</td>
</tr>
<tr>
<td><strong>Help rebuild households’ financial health and wellbeing</strong></td>
<td>Supported <strong>&gt;48k</strong> businesses to <strong>start up</strong> as part of 75k commitment</td>
</tr>
<tr>
<td><strong>Accelerate the transition to a low carbon economy</strong></td>
<td>Helped <strong>75k</strong> small businesses boost their <strong>digital capabilities</strong></td>
</tr>
<tr>
<td><strong>Build an inclusive society and organisation</strong></td>
<td>Directed customers to free <strong>independent debt advice</strong> for <strong>&gt;130k</strong> accounts</td>
</tr>
</tbody>
</table>

- **c.£9bn of total green finance**^6 since 2016, with funding available under discounted green finance initiatives expanded from **£3bn to £5bn** in 2021
- On track to achieve own operations emissions target, ranking **6th** in FT’s inaugural listing of **Europe’s Climate Leaders**
- Progress towards **diversity goals** of 50% women, 13% Black, Asian, Minority Ethnic and 3% Black colleagues in senior roles by 2025

Note: Please see further detail on the Helping Britain Recover commitments for 2021 in our Annual Report and Accounts 2020 available here.
Case study: Supporting the full value-chain of the UK housing sector

**First-time buyers**
- Supporting nearly 1 in 4 first-time home buyers to get on the housing ladder
- Lent £49bn to first-time buyers since 2018; innovative solutions, e.g., Lend a Hand mortgage
- Provide £10bn of lending to first-time buyers in 2021; H1: £9bn

**Homebuilders**
- Working with Homes England, invested £200m in regional housebuilders through the Housing Growth Partnership (HGP) to address shortage of housing
- HGP has financed the building of >4,300 homes since 2016
- Plan to launch ‘Regional Housing Growth Initiative’ in 2021 to create more homes

**Social housing**
- Delivered £11bn of funding to social housing associations since 2018
- Led every new public bond issue in the social housing sector in H1 2021
- To provide £1.5bn funding, incl. £500m of ESG-linked funding, in support of social housing sector in 2021: H1: £2.1bn of which £1.4bn ESG-linked

**Rental sector**
- Launched Citra Living in July 2021 to directly support the private rental sector
- Plan to buy and rent c.400 good quality newly built properties by YE and double in 2022; 45 new apartments available for rent from August
- 1 in 5 UK households rent privately

**Sustainability of homes**
- Developed energy-saving tools for personal and business customers to help them understand how to make their homes/buildings more environmentally friendly
- Supporting creation of national sustainability standards for house-building finance in 2021
- Assessing energy retrofit requirements for >200k homes in social housing sector in 2021; H1: c.240k
Environmental matters

HBR Accelerate the transition to a low carbon economy
Key highlights (since 2018)

- Significant progress since first publishing our sustainability strategy in 2018
- Published ambitious net zero goals for lending, investments (Scottish Widows) and own operations, with interim goals
- Joined Net-Zero Banking Alliance in April 2021
- Continually enhanced our TCFD disclosures since 2018
- Achieved our 2030 carbon emission reduction goal for own operations 11 years early in 2019 – new operational climate pledges published
- One of the first businesses globally to sign up to all three of The Climate Group’s campaigns in 2019 (RE100, EP100, EV100)
- Delivered >£8.6bn in total green finance since 2016

Strong progress on our own footprint

- 40% Total operational carbon reduction in 2018 - Q1 2021
- 13% Energy consumption reduction in 2018 - Q1 2021
- 40% Water consumption reduction in 2009 - Q1 2021
- 71% Operational waste reduction in 2014 - Q1 2021
Our environmental 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 environmental commitments

- Reduce power sector portfolio emission intensity to <75gCO₂e/kWh by 2030
- 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

Managing risk and leveraging opportunities from climate change are of strategic importance to us
Significant progress in first six months of 2021 towards our climate goals

Environmental matters

Progress towards net zero in lending and investments

- Provided c.£1.3bn of total green finance in H1 2021; >£8.6bn since 2016
- Continued growth in sustainability linked loans with c.£1.3bn delivered since YE 2020; >£3.2bn delivered since 2017
- Created new, client facing sustainability team to support Large Corporate clients on their transition to low carbon
- Disclosed emissions from Scottish Widows policyholder funds; baseline measures to be published later this year
- Scottish Widows divesting c.£1.4bn from companies not meeting ESG standards (up from prior commitment of £440m)
- Further developed climate scenario analysis framework, supported by work on BoE Climate Biennial Exploratory Scenario
- Joined Net-Zero Banking Alliance

Progress towards net zero in own operations

- On track to deliver plans to achieve our own operational climate pledges
- Improved energy efficiencies in >175 branches; on track for >120 more this year
- Infrastructure improvements in 20 offices, with c.25 more planned for this year
- Strong progress partially driven by COVID-19 - reduced office / branch usage, lower business travel and commuting

HBR  Accelerate the transition to a low carbon economy

Help reduce the emissions we finance by >50% by 2030 on path to net zero by 2050 or sooner

Target halving the carbon footprint of Scottish Widows investments by 2030 on path to net zero by 2050

Ensure our own operations are net zero by 2030
Reduce our total energy consumption by 50% by 2030 (vs 2018/19)
Maintain travel carbon emissions below 50% pre-COVID (2018/9) levels
Several green propositions supporting our climate and business ambitions

- **Clean Growth Finance Initiative** providing discounted lending for green purpose financing
- **Green Buildings Tool** helping businesses identify energy efficiency improvements to their buildings
- **Energy Saving Tool** developed with Energy Saving Trust to help improve energy efficiency of homes
  - Piloting a **green mortgage** product with a cashback incentive for more energy efficient properties
- **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
- £2bn investment in **BlackRock ACS Climate World Transition Equity Fund** from our default pension offering
- Provide **direct loans for renewable energy/infrastructure projects** through shareholder investments
- 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)
- Raised around **£3.5bn** funding in green and sustainable bonds for our clients since 2016
ESG considerations integrated into our lending and investment activities

**Lending activities**

- In Commercial Banking, **sustainability risk** must be considered for all new and renewal credit applications.

- **ESG tool** piloted in Commercial Banking to help qualitatively assess clients’ climate risks and identify their transition plans.

- Sustainability risks and opportunities continue to be embedded into all sector and policy reviews.

- In Retail, **physical risks** (e.g. flooding) considered in mortgages origination and new **sustainability criteria** in motor finance.

**Investment activities (Scottish Widows)**

- **Responsible Investment Framework** and Stewardship and **Exclusions Policies** launched in 2020 with central objectives to:
  - Offer customers sustainable investment opportunities
  - Challenge the companies Scottish Widows invests in to become the sustainable businesses of the future

- Exclusions Policy focusses on companies that have **failed to meet our ESG standards**:  
  - Manufacturers of controversial weapons
  - UN Global Compact violators
  - Companies deriving >10% of revenue from thermal coal and tar sands extraction

- Successful **engagement with partner asset managers** driving further exclusion policies in funds.

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**All our sector statements are available here**
Climate risk further integrated into the Group’s risk management framework

Climate risk established as a principal risk

- Board approved Risk Appetite Statement for Climate Risk
- Assessed financed emissions baseline at \( \text{c.25.4 MtCO}_2^e \)
- **Power sector** ambition to reduce emission intensity to \(<75\text{gCO}_2^e/\text{kWh}\) by 2030\(^8\)
- New team focusing on **Climate Risk Analytics**; expanded ESG team within Chief Credit Office
- Work on BoE’s **Climate Biennial Exploratory Scenario (CBES)** on track; building new scenario analysis capabilities
- Further **high carbon sector** deep dive work underway to identify risks & opportunities and refine financed emissions baseline

Initial estimated financed emissions baseline\(^9\)

(excl. Insurance & Wealth)

<table>
<thead>
<tr>
<th>Asset class</th>
<th>MtCO(_2^e)</th>
<th>Equivalent % of UK total(^{15})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicle loans(^{12})</td>
<td>3.2</td>
<td>(\text{c.4%})</td>
</tr>
<tr>
<td>Mortgages(^{13})</td>
<td>6.3</td>
<td>(\text{c.6%})</td>
</tr>
<tr>
<td>Business loans(^{14})</td>
<td>15.9</td>
<td>(\text{c.6%})</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25.4(^{10,11})</td>
<td>(\text{c.5.6%})</td>
</tr>
</tbody>
</table>

Lending\(^{16}\) to sectors at higher risk from climate change

<table>
<thead>
<tr>
<th>Commercial Banking (% of total Group loans, Dec-20)(^{17})</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate (incl. housing associations)</td>
<td>5.04%</td>
</tr>
<tr>
<td>Agriculture, forestry &amp; fishing(^{18})</td>
<td>1.48%</td>
</tr>
<tr>
<td>Transport(^{19})</td>
<td>0.78%</td>
</tr>
<tr>
<td>Housebuilders</td>
<td>0.17%</td>
</tr>
<tr>
<td>Construction(^{20})</td>
<td>0.24%</td>
</tr>
<tr>
<td>Cement, chemicals &amp; steel manufacture</td>
<td>0.06%</td>
</tr>
<tr>
<td>General manufacturing</td>
<td>0.26%</td>
</tr>
<tr>
<td>Food manufacturing and wholesalers</td>
<td>0.26%</td>
</tr>
<tr>
<td>Oil &amp; Gas(^{21})</td>
<td>0.22%</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.32%</td>
</tr>
<tr>
<td>Coal mining</td>
<td>0.002%</td>
</tr>
<tr>
<td><strong>Total ((\£45\text{bn}))</strong></td>
<td>8.85%</td>
</tr>
</tbody>
</table>

Retail (% of total Group loans, Dec-20)\(^{22}\)

<table>
<thead>
<tr>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK mortgages</td>
</tr>
<tr>
<td>UK motor finance</td>
</tr>
<tr>
<td><strong>Total ((\£310\text{bn}))</strong></td>
</tr>
</tbody>
</table>
Building scenario analysis capabilities through Bank of England’s CBES

BoE’s Climate Biennial Exploratory Scenario (CBES)

- Designed to test the resilience of banks’ and insurers’ business models and understand better the system-wide implications of climate risk

- An exploratory exercise; will not be used by the BoE to set capital requirements; may inform future supervisory approach

- 3 scenarios against which banks need to size their risks and responses to those risks

- The BoE intends the CBES to be a learning exercise – will develop the capabilities of both the BoE and the CBES participants

- Submission deadline of October 2021; the BoE expects to publish results in May 2022

Our progress

- Continuing to develop climate modelling and scenario analysis capabilities to quantify climate risk, supported by third party consultancy, Baringa Partners

- Gathered client and other novel data for climate models; embedding climate risk in data management frameworks

- Engaged with the BoE on the CBES and actively taking part in supporting industry initiatives

- CBES response creating a foundation capability that the Group is extending further as we embed climate into risk management and other processes

Note: Please refer to the Bank of England webpage for more detail on the CBES.
Social matters

- Help rebuild households’ financial health and wellbeing
- Support businesses to recover, adapt and grow
- Expand availability of affordable and quality homes
- Build an inclusive society and organisation
Key social achievements

Examples of social impact

- **Senior roles** held by women YE2020, up from 28% in 2014
- **Senior roles** held by Black, Asian and Minority Ethnic colleagues YE2020, up from 6.4% in 2018
- **New start-ups** supported since 2018
- **Colleague volunteering** hours supporting community projects since 2018
- **Years supporting our four independent charitable Foundations**
- **Lent to first-time buyers** since 2018
- **Organisations supported in gaining digital skills** since 2018
- **Funding delivered to social housing sector** since 2018

Key highlights

- First FTSE 100 company to set public goals for gender (2014) and ethnic diversity (2018)
- Featured in the Times Top 50 Employers for Women for 10 consecutive years
- One of the largest corporate donors in the UK through our independent charitable Foundations
- Lloyds Bank became the first ever firm to receive ‘Mental health Accessible’ accreditation from The Money and Mental Health Policy Institute

Organisations supported in gaining digital skills since 2018

Funding delivered to social housing sector since 2018

First FTSE 100 company to set public goals for gender (2014) and ethnic diversity (2018)

Featured in the Times Top 50 Employers for Women for 10 consecutive years

One of the largest corporate donors in the UK through our independent charitable Foundations

Lloyds Bank became the first ever firm to receive ‘Mental health Accessible’ accreditation from The Money and Mental Health Policy Institute
Our social 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 funding support for social housing, 
  including £500m in ESG-linked funding

- 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

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
- Continue to meet Parker Review recommendation of at least one board member from ethnic background
- Published our annual Gender and Ethnicity Pay Gap Reports
- Co-published ‘Mental Health and Race at Work’ research report; insights and recommended actions

Our Inclusion and Diversity data YE2020 (vs when target was set)

<table>
<thead>
<tr>
<th>Gender (% of female representation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Members</td>
</tr>
<tr>
<td>GEC &amp; GEC Direct Reports</td>
</tr>
<tr>
<td>Senior Managers</td>
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</table>

<table>
<thead>
<tr>
<th>Ethnicity (% from an Ethnic Minority Background)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Members</td>
</tr>
<tr>
<td>Senior Managers</td>
</tr>
<tr>
<td>Colleagues</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Disability (% who disclose that they have a disability)</th>
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</thead>
<tbody>
<tr>
<td>Colleagues</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sexual Orientation (% who disclose they are LGBT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colleagues</td>
</tr>
</tbody>
</table>

Attracting and retaining top talent from diverse backgrounds is key to our business success
Race Action Plan is driving cultural change, recruitment and progression

Significant action since launch in July 2020

- Set up a **new race advisory panel** made up of 23 Black, Asian & Minority Ethnic colleagues
- Developed a **race education programme** for all colleagues; nearly 10k line managers registered to attend
- Published our first **ethnicity pay gap report** in December 2020
- All **recruitment shortlists** at senior executive level now have a Black, Asian & Minority Ethnic candidate
- Launched a **Talent Identification and Sponsorship Programme** for Black senior managers
- Widened the plan to support **Black communities**, beginning with partnerships to support Black entrepreneurs
- Co-commissioned a report on **Mental Health and Race at Work**, making key recommendations for actions for UK businesses

Examples of next steps

- Review diversity at every stage of **senior recruitment** to accelerate diverse appointments at leadership level
- Launch our proposition to address **inappropriate behaviour** internally, building trust for all our people to speak up
- Introduction of ‘Checkpoint and Talent Brokering Forums’ to identify internal ethnically diverse talented colleagues
- Publish findings from our customer research looking at **inclusivity in our customer interactions**

“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

Note: Please find our ethnicity pay gap report and further detail on our Race Action Plan here.
Assisting our customers

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

**Progress in H1 2021**

- >6,500 colleagues trained and supporting customers in **building financial resilience**
- Have built referrals to **free independent debt advice** into our digital journeys and colleague tools 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

Social matters

Expand availability of affordable and quality homes

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
- Increasing the ways first-time buyers can access the market e.g. by welcoming applications from the new Scottish First Homes Fund

Progress in H1 2021

- Lent £9bn to first-time buyers; almost reaching FY target of £10bn
- Delivered £2.1bn of social housing sector funding, exceeding FY target of £1.5bn
- Joined NextGeneration’s Executive Committee to support UK housebuilders and housing associations with their sustainability performance on new build properties
- Assessed energy retrofit requirements of c.240k homes in social housing sector
- Launched Citra Living, expanding the Group’s support to the private rental market

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

£2.1bn
Finance to the social housing sector in H1 2021

£9bn
Lending to first-time home buyers in H1 2021
Supporting businesses and SMEs

Supporting businesses during the crisis and beyond

- Supported >300k businesses to start up since 2018
- Trained >1,500 manufacturing apprentices, graduates and engineers through Lloyds Bank Advanced Manufacturing Training Centre since 2018
- Support businesses by improving productivity and resilience through digital activation and skills

Progress in H1 2021

- Supporting the UK recovery through investing in 1,100 business specialists to help business customers develop appropriate plans
- Supported >48k UK businesses to start up
- Helped 75k small businesses to boost their digital capability

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

>£13bn
Approved lending through Government-backed schemes to support businesses beyond the pandemic

C.£9bn
Total green finance delivered since 2016 to support businesses transition to a low carbon economy

NEW

Support businesses to recover, adapt and grow

HBR

4 Energy 8 Enterprise 13 Climate 17 Future

Social matters
Building financial resilience

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

Progress in H1 2021

- Piloting a scheme to strengthen **free access to cash** in underserved areas, with >400 retail sites to date agreeing to provide cashback (NEW)
- Partnered on “**Nobody in the Dark**” campaign, relaunched in summer 2021, to offer immediate support to digitally and financially excluded people in the UK (NEW)

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

>12.5k

**IT devices** delivered to customers in 2020

1.8m

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

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

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

**Progress in H1 2021**

- Donated **£25.5m** to support our four charitable Foundations in 2020 and in 2021

- Launched the **Bank of Scotland Academy** for customers and communities in Scotland

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

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**c.2,800**

Charities supported in 2020 through our Foundations

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**>£51m**

Total community investment in 2020

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5th year of our Mental Health UK partnership; >£13m raised over 4 years
Governance matters
Strong corporate governance

Recent board focus areas

- Customers
- Colleagues and culture
- Strategy
- Purpose and Helping Britain Recover
- Digital, data, technology
- External operating environment
- Cloud insights, Sustainability, Payments, and Fraud and financial crime training; Board cyber incident exercise

Leadership succession

- Successful transition to new Chair with Robin Budenberg Group Chair from January 2021
- Charlie Nunn will start as Group Chief Executive in August 2021
- William Chalmers, Group CFO, acting as Interim Group Chief Executive until new CEO joins
- Arrangements in place to support William in his interim role and to manage his wider responsibilities appropriately
Committed to a diverse Board with a strong skills set

Board skills matrix

<table>
<thead>
<tr>
<th>Skill Area</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail/Commercial banking</td>
<td>7 out of 8</td>
</tr>
<tr>
<td>Financial markets/wholesale banking</td>
<td>7 out of 8</td>
</tr>
<tr>
<td>Insurance</td>
<td>7 out of 8</td>
</tr>
<tr>
<td>Prudential and conduct risk in financial institutions</td>
<td>8 out of 8</td>
</tr>
<tr>
<td>Core technology operations</td>
<td>4 out of 8</td>
</tr>
<tr>
<td>Government/regulatory</td>
<td>8 out of 8</td>
</tr>
<tr>
<td>Consumer/marketing/distribution</td>
<td>4 out of 8</td>
</tr>
<tr>
<td>Strategic thinking</td>
<td>8 out of 8</td>
</tr>
<tr>
<td>Digital impact</td>
<td>7 out of 8</td>
</tr>
<tr>
<td>Major change programmes</td>
<td>7 out of 8</td>
</tr>
</tbody>
</table>

Board diversity

<table>
<thead>
<tr>
<th>Gender</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>A (6)</td>
</tr>
<tr>
<td>Female</td>
<td>B (3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>A (8)</td>
</tr>
<tr>
<td>Black, Asian, Minority Ethnic</td>
<td>B (1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>45-55 yr</td>
<td>A (2)</td>
</tr>
<tr>
<td>56-65 yr</td>
<td>B (4)</td>
</tr>
<tr>
<td>66-75 yr</td>
<td>C (3)</td>
</tr>
</tbody>
</table>

Board composition as of July 2021. Charlie Nunn to join the Board in August 2021 and Harmeen Mehta as an independent Non-Executive Director from November 2021

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 (RBC)

<table>
<thead>
<tr>
<th>Committee Members</th>
<th>Board member representation</th>
<th>NEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robin Budenberg</td>
<td>Amanda Mackenzie</td>
<td>Alan Dickinson</td>
</tr>
<tr>
<td>Group Chair</td>
<td>NED, RBC Chair</td>
<td>SID</td>
</tr>
<tr>
<td>Lord Lupton</td>
<td>Stuart Sinclair</td>
<td>Sarah Legg</td>
</tr>
<tr>
<td>NED</td>
<td>NED</td>
<td>NED</td>
</tr>
</tbody>
</table>

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

- **Helping Britain Recover** and 2021 commitments
- **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
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
ESG investor engagement calendar

Recent ESG roadshows and conferences

HSBC Virtual Financials ESG Conference – June 2021
BNY Mellon Future First ESG Investor Conference – June 2021
Credit Suisse ESG Roadshow – May 2021
Deutsche Bank ESG Engagement Series – March 2021
Morgan Stanley European ESG Roadshow – December 2020
Societe Generale European ESG-SRI Virtual Conference – November 2020
Lloyds Banking Group Board Corporate Governance event – November 2020

Upcoming ESG roadshows and conferences

Societe Generale European ESG-SRI Conference – October 2021
Morgan Stanley ESG Roadshow – November 2021

To set up an ESG focused investor meeting, please contact us on investor.relations@lloydsbanking.com
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 up to 31 March 2021.


5. Data as at 02 July 2021.


7. Figures are impacted by reduced activity driven by COVID-19 restrictions; some reversal is expected when our colleagues return to offices.

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

9. 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).

10. Includes nil emissions for cash balances, which accounted for 8% of the Group’s balance sheet.

11. 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.

12. 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.

13. 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.
Footnotes

14. 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.

15. Total UK emissions in 2018 were: 88 MtCO2e from cars and vans; c.100 MtCO2e from homes, including emissions from both electricity and heating; and 263 MtCO2e 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.

16. 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.

17. 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.

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

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

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


22. 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).

23. Including our colleagues’ time, direct donations and a share of the Group’s profits given annually to the Foundations.
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 or current facts, including statements about the Group's or its directors' and/or management's beliefs is, 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', 'probable', 'goal', 'objective', 'endeavour', 'prospects', 'optimistic' 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, profit ratios, 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; the Group's ESG targets and/or commitments; 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, without limitation, as a result of any acquisitions, disposals and other strategic transactions; potential changes in dividend policy; the ability to achieve strategic objectives; 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 of the UK from the European Union (EU) 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.

Lloyds Banking Group plc may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the SEC, Lloyds Banking Group plc 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 employee of Lloyds Banking Group plc 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.