ESG Investor Presentation

Investor Relations, July 2021

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

Contents

NEW *denotes updated or new information in H1 2021*

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

Strategic Review 2021

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

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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
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%**

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

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

- Net-Zero Banking Alliance NEW
- 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

Recent awards and recognition

Ranked 6th in **FT's** inaugural listing of Europe's Climate Leaders NEW

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

Latest ESG index scores

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.

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[2]
- Joined **Net-Zero Banking Alliance** as a founding member in April 2021 NEW
- Scottish Widows **divesting c.£1.4bn** from companies not meeting ESG standards NEW

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 NEW
- 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 NEW
- Comprehensive **shareholder engagement** including Board Governance Event and retail investor briefings
- **Employee engagement** remains strong reflecting support to colleagues through pandemic NEW
- 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[3] NEW
- Dedicated telephone services for vulnerable customers, over 70s and NHS workers with **2.4m customers** supported[4] NEW

Supporting businesses

- **>£13bn** of **approved lending** provided through Government-backed schemes[5] NEW
- **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 NEW
- **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 NEW

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.

Clear Helping Britain Recover focus areas and commitments for 2021

Focused where we can make a difference	Strong H1 progress vs 2021 targets NEW
Expand availability of affordable and quality homes	**c.£9bn** lent to **first-time buyers**; almost reaching FY target of £10bn **>£2bn** of **social housing sector** funding, exceeding FY target
Support businesses to recover, adapt and grow	Supported **>48k** businesses to **start up** as part of 75k commitment Helped **75k** small businesses boost their **digital capabilities**
Help rebuild households' financial health and wellbeing	Directed customers to free **independent debt advice** for **>130k** accounts **>6,500 colleagues** trained and supporting customers in **building financial resilience**
Accelerate the transition to a low carbon economy	**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**
Build an inclusive society and organisation	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

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NEW

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: **c.£9bn** HBR

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 HBR

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 HBR

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 HBR
- Supporting creation of **national sustainability standards** for house-building finance in 2021 HBR
- 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 environmental achievements

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

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**[6] since 2016

Strong progress on our own footprint[7] NEW

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

LLOYDS BANKING GROUP

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
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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 <75gCO_2e/kWh by 2030[8]
- 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

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

Progress towards net zero in lending and investments NEW

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**

- Provided **c.£1.3bn** of total **green finance**[6] 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 NEW

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

- 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

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
- Piloting a **green mortgage** product with a cashback incentive for more energy efficient properties NEW

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 World 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 **£3.5bn** funding in green and sustainable bonds for our clients since 2016 NEW

ESG considerations integrated into our lending and investment activities

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

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 NEW
- Sustainability risks and opportunities continue to be embedded into all **sector** and **policy reviews** NEW
- 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 (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 NEW

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

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

Climate risk established as a principal risk

- Board approved **Risk Appetite Statement** for **Climate Risk**
- Assessed financed emissions baseline at **c.25.4 $MtCO_2e$**
- **Power sector** ambition to reduce emission intensity to **<75gCO_2e/kWh by 2030**[8]
- New team focusing on **Climate Risk Analytics**; expanded ESG team within **Chief Credit Office** NEW
- Work on BoE's **Climate Biennial Exploratory Scenario** (CBES) on track; building new **scenario analysis capabilities** NEW
- Further **high carbon sector** deep dive work underway to identify risks & opportunities and refine financed emissions baseline NEW

Initial estimated financed emissions baseline[9]

(excl. Insurance & Wealth)

Asset class	$MtCO_2e$	Equivalent % of UK total[15]
Motor vehicle loans[12]	3.2	c.4%
Mortgages[13]	6.3	c.6%
Business loans[14]	15.9	c.6%
Total	**25.4**[10,11]	**c.5.6%**

Lending[16] to sectors at higher risk from climate change

Commercial Banking (% of total Group loans, Dec-20)[17]	
Real estate (incl. housing associations)	5.04%
Agriculture, forestry & fishing[18]	1.48%
Transport[19]	0.78%
Housebuilders	0.17%
Construction[20]	0.24%
Cement, chemicals & steel manufacture	0.06%
General manufacturing	0.26%
Food manufacturing and wholesalers	0.26%
Oil & Gas[21]	0.22%
Utilities	0.32%
Coal mining	0.002%
Total (£45bn)	**8.85%**

Retail (% of total Group loans, Dec-20)[22]	
UK mortgages	58.42%
UK motor finance	3.01%
Total (£310bn)	**61.44%**

Building scenario analysis capabilities through Bank of England's CBES

NEW

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

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

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***

Key social achievements

Examples of social impact

37% — **Senior roles** held by **women** YE2020, up from 28% in 2014

7.7% — Senior roles held by **Black**, **Asian** and **Minority Ethnic** colleagues YE 2020, up from 6.4% in 2018

>300k — New **start-ups** supported since 2018

>580k — **Colleague volunteering** hours supporting community projects since 2018

35+ — Years supporting our four **independent charitable Foundations**

£49bn — Lent to **first-time buyers** since 2018

>440k — Organisations supported in gaining **digital skills** since 2018

£11bn — 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

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

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** HBR
- New aspiration for 50% **women** and 13% **Black, Asian and Minority Ethnic** colleagues in senior roles by 2025 HBR
- 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 NEW

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

Race Action Plan is driving cultural change, recruitment and progression

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

HBR **Build an inclusive society and organisation**

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 NEW
- 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 NEW

Examples of next steps NEW

- 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

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

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

c.1.3m NEW

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

2.4m NEW

Customers supported through our dedicated lines for vulnerable customers, NHS workers and 70s+[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

Progress in H1 2021 HBR

- **>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 NEW

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

Helping Britain get a home

10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES

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

£2.1bn NEW

Finance to the **social housing sector** in H1 2021

c.£9bn NEW

Lending to **first-time home buyers** in H1 2021

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 HBR NEW

- Lent **c.£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

Supporting businesses and SMEs

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

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

>£13bn NEW

Approved lending through **Government-backed schemes** to support businesses beyond the pandemic[5]

c.£9bn NEW

Total **green finance**[6] delivered since 2016 to support businesses transition to a **low carbon economy**

Supporting businesses during the crisis and beyond

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

Progress in H1 2021 HBR

- 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** NEW
- Helped **75k** small businesses to boost their **digital capability** NEW

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

Building financial resilience

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

Progress in H1 2021 HBR

- 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

Supporting our communities

LLOYDS BANKING GROUP

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

HBR **Build an inclusive society and organisation**

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

c.2,800

Charities supported in 2020 through our Foundations

>£51m

Total **community investment** in 2020[23]

Mental Health UK

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

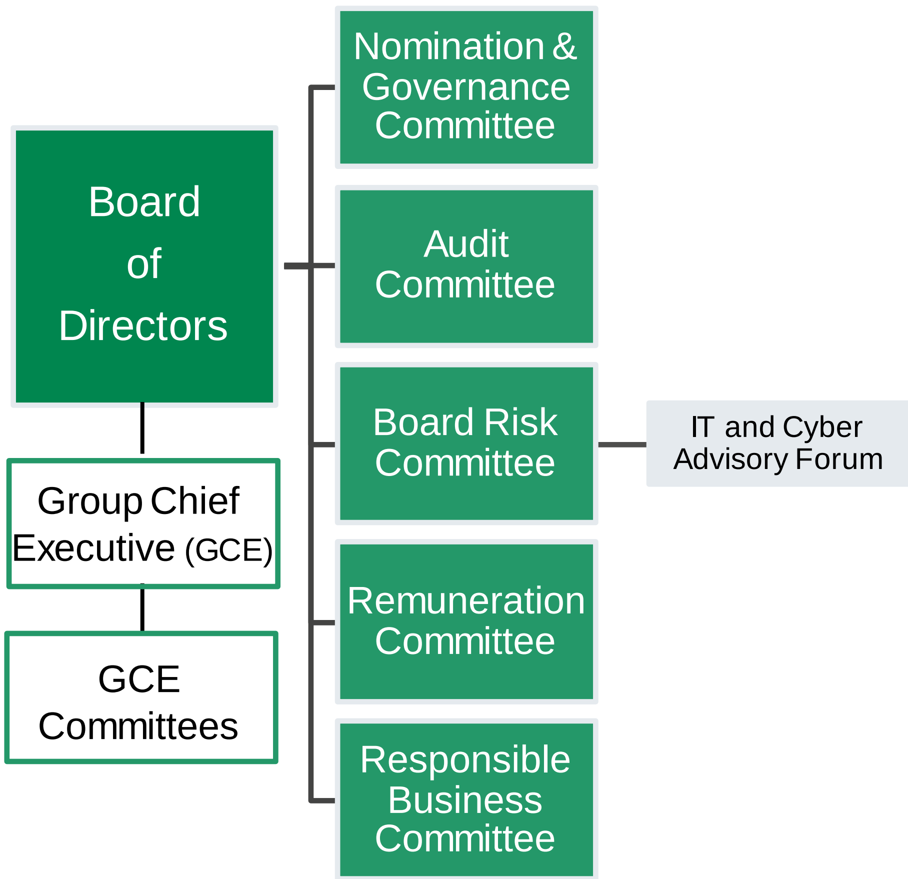
Progress in H1 2021 HBR

- 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 NEW

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

Governance matters

Strong corporate governance



Recent board focus areas NEW

- 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 NEW

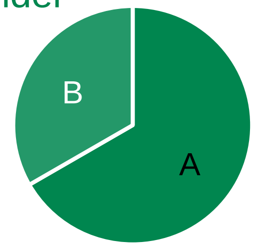
(Skills and experience, non-executive directors only)

Retail/Commercial banking	7 out of 8
Financial markets/wholesale banking	7 out of 8
Insurance	7 out of 8
Prudential and conduct risk in financial institutions	8 out of 8
Core technology operations	4 out of 8
Government/regulatory	8 out of 8
Consumer/marketing/distribution	4 out of 8
Strategic thinking	8 out of 8
Digital impact	7 out of 8
Major change programmes	7 out of 8

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

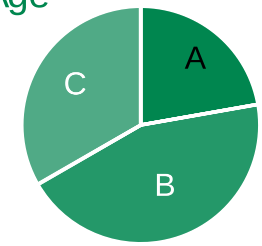
Board diversity NEW

Gender



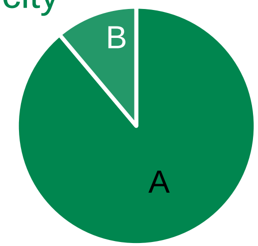
A: Male (6)
B: Female (3)

Age



A: 45-55 yr (2)
B: 56-65 yr (4)
C: 66-75 yr (3)

Ethnicity



A: White (8)
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 (RBC)

Committee Members

Board member representation NEW

Robin Budenberg *Group Chair*	**Amanda Mackenzie** *NED, RBC Chair*	**Alan Dickinson** *SID*
Lord Lupton *NED*	**Stuart Sinclair** *NED*	**Sarah Legg** *NED*

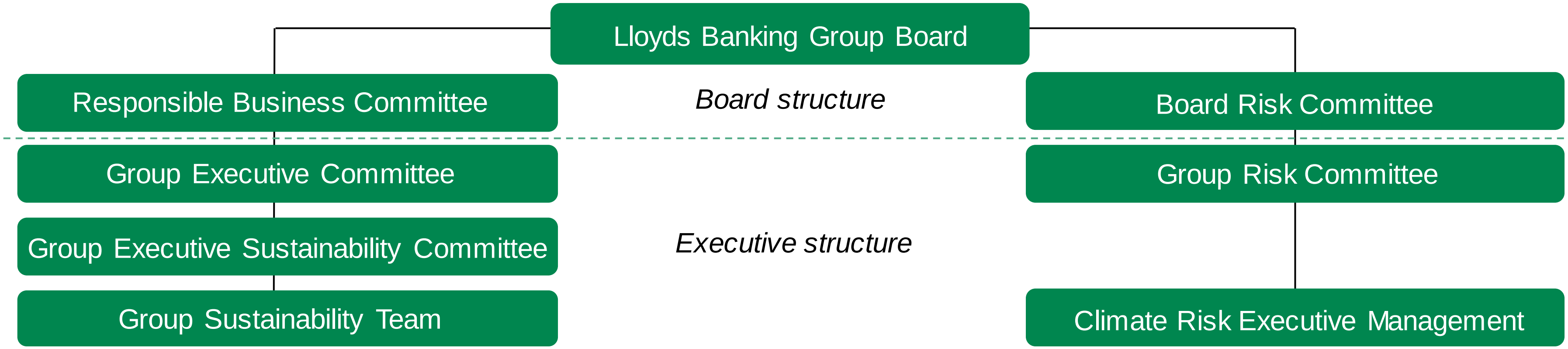
Purpose

- **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 NEW

- **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

NEW

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.

4. Data as at 14 July 2021.

5. Data as at 02 July 2021.

6. Includes Clean Growth Finance Initiative, Commercial Real Estate Green Finance, Renewable Energy Financing and Green/ESG Bondfacilitation.

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 wealso recognise this is a rapidly developing area, with evolving and sometimes limiting data availability, data completeness and calculation methodologies. Weexpect 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 atend 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).

21. Excludes commodity traders.

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 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', 'probability', '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, 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; 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, but 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 by the UK from the European Union (EU) and the EU-UK Trade and Cooperation Agreement, instability as a result of 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 sustainability and climate change, including the Group's ability along with the government and other stakeholders to manage and mitigate the impacts of climate change effectively; 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 in the Group's ability to develop sustainable finance products and the Group's capacity to measure the ESG impact from its financing activity, which may affect the Group's ability to achieve its climate ambition; 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 (the SEC), which is available on the SEC's website at www.sec.gov, for a discussion of certain factors and risks.

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 employees 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.