



# Sustainable financing framework

Lloyds Banking Group  
Sustainable financing framework 2025



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## Overview

# → Executive summary

This document sets out the Lloyds Banking Group Sustainable Financing Framework (the ‘Framework’) which has been designed as a methodology for classifying whether certain financial products offered by Lloyds Banking Group (the ‘Group’) may be described as sustainable for the purpose of tracking and disclosing the Group’s progress against its sustainable financing targets ([Sustainability downloads →](#))

The Framework is used as the basis to support the reporting and assurance of the Group’s progress against its sustainable financing targets and will be used when developing sustainable finance products. It can also act as a way to promote new environmental and social financing opportunities. This structured and consistent methodology enhances the Group’s risk management and reporting, which can encourage both innovation in financing, and the development of new financial products and services that align with the Group’s sustainability objectives and ambitions.



Eligible types of finance to which this Framework applies include lending and/or third-party bond issuances arranged by the Group, which fall into one of the following categories:

- Use of Proceeds (UoP) products (finance and/or refinance provided exclusively for Eligible Green Activities and/or Eligible Social Activities);
- Sustainability-linked products (Sustainability-Linked Bonds and Sustainability-Linked Loans that incentivise improved sustainability performance);
- Sustainable Business Financing products (finance and/or refinance provided to a business which has 90 per cent or more of its revenue generated from Eligible Green Activities and/or Eligible Social Activities).

The Framework covers the Group’s Consumer Lending<sup>1</sup>, Business and Commercial Banking and Corporate and Institutional Banking eligible products. It sits alongside the [Group’s Sustainable Bond Framework →](#) and now incorporates the Group’s Housebuilding Sustainability Finance Framework as part of the information appearing under the heading ‘Built environment’ on [page 11](#).

The Group has appointed DNV to provide an independent Second-Party Opinion (SPO) on the Framework’s alignment to the LMA’s GLP 2025, the SLP 2025 and the SLLP 2025.

An Operating Model Framework has been developed in parallel to this document to set out: i) the controls and processes in the Group to ensure that the Framework is being adhered to; and ii) the associated review process which explains how the Framework will be kept up to date.

The Group reviews the Framework at least annually, especially considering emerging standards and legislation.

The Framework has been developed using references from a range of industry standards, market principles and good practice, including:

- **International Capital Market Association (ICMA)**
  - Green Bond Principles (GBP)
  - Social Bond Principles (SBP)
  - Sustainability Bond Guidelines (SBG)
  - Sustainability-Linked Bond Principles (SLBP)
- **Loan Market Association (LMA)**
  - Green Loan Principles (GLP)
  - Social Loan Principles (SLP)
  - Sustainability-Linked Loan Principles (SLLP)
- **The EU Taxonomy for Sustainable Activities**
- **Climate Bonds Initiative (CBI)**
  - Climate Bonds Standard V4.3
  - CBI Taxonomy
- **Green Finance Institute (GFI)**
  - Green Home Finance Principles
- **United Nations Sustainable Development Goals (SDGs)**

<sup>1</sup> The Group’s Retail business includes Consumer Lending which comprises mortgages, credit cards, personal loans and motor finance, and Consumer Relationships which comprises current accounts, savings accounts and the mass affluent proposition.

## Overview continued

# → Introduction

### Purpose of the Framework

This Framework has been designed both as a methodology for classifying, in conjunction with the decisions of the Green Asset Eligibility Forum, whether certain financial products offered by Lloyds Banking Group may be described as sustainable and to be the basis to support the reporting and assurance of the Group's progress against its sustainable financing ([Sustainability downloads](#)) → It can also act as a way to promote new environmental and social financing opportunities.

This structured and consistent methodology enhances the Group's risk management and reporting, which can encourage both innovation in financing, and the development of new financial products and services that align with the Group's sustainability objectives and ambitions going forward. Targets will be set with reference to the Eligibility Criteria outlined in the Framework.

The Framework does not prevent the Group offering products and/or financing activities that do not meet the Eligibility Criteria or constitute an Eligible Green Activity or Eligible Social Activity.

In the development of the Framework we have mapped the UN Sustainable Development Goals (SDGs) to the financing objectives of the sub-themes within the Green Eligibility Criteria and the Social Eligibility Criteria to show how our activities are aiming to support contribution to the specific SDG sub-targets.

### The global goals for sustainable development (SDGs)



We have set several sustainability ambitions across the Group to support the decarbonisation of our business. The Group's annual Sustainability Report outlines our sustainable lending and investment targets and the progress against these. It also includes the steps we are taking to reduce emissions to net zero for our operations and supply chain and how we consider aspects such as nature, just transition, engagement and data considerations at Group level. You can read more about our purpose and strategy on the Group's website or in our Sustainability Report:

[ESG policies and downloads](#) →

### Scope of the Framework

The Framework applies to the Group's Consumer Lending<sup>2</sup>, Business and Commercial Banking and Corporate and Institutional Banking eligible products as specified in 'Product scope and reporting basis' on **page 27**.

Scottish Widows direct lending is not currently in scope of the Framework. This position is under review and it is anticipated that they may be included as part of a future update.

Also under review for future incorporation is the classification of transition finance. This will draw on the work of the Loan Market Association's Guide to Transition Loans, published in October 2025, on the Transition Finance Council and other UK Government and global guidelines.

### Legal entities

The legal entities in scope for this Framework are set out below, in line with the eligible products specified in 'Product scope and reporting basis':

- Lloyds Bank Corporate Markets plc
- Black Horse Offshore Limited

### Consumer Lending:

- Bank of Scotland plc (Halifax, Bank of Scotland Birmingham Midlands, Intelligent Finance),
- Lloyds Bank plc (Lloyds Bank, Scottish Widows Bank)
- Lex Autolease Ltd
- Black Horse Ltd
- Tusker Ltd
- Lloyds Bank GmbH

### Business and Commercial Banking and Corporate and Institutional Banking:

- Bank of Scotland plc.
- Lloyds Bank plc
- Lloyds Bank Corporate Markets plc
- Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH
- Lloyds Bank GmbH,
- The Agricultural Mortgage Corporation plc
- Lloyds Securities Inc.

<sup>2</sup> The Framework currently applies to Homes and Motor lending but may cover a wider range of Consumer products in the future.

## Overview continued

### Other frameworks

The Framework sits alongside the [Group's Sustainable Bond Framework \(SBF\)](#) →

Debt issuances by or sponsored by the Group, including all issuing entities with debt issuance programmes, are not within the scope of this Framework. Debt issuances issued by the Group, including Lloyds Banking Group, Lloyds Bank and Lloyds Bank Corporate Markets, are covered in the Group's SBF. The Eligibility Criteria of this Framework and the SBF are aligned where feasible. However, the categories, sub-themes, eligible activities and exclusions may differ within each category due to the broader scope of products, and more extensive range of activities and exclusions to which this Framework relates.

### Framework updates

The Sustainable Financing Framework published in February 2026 (the 2025 Framework) supersedes previous Sustainable Financing Frameworks. Some of the changes made since the inaugural issuance of the Framework in February 2024 are:

- The Green Eligibility Criteria was updated to be more specific regarding what qualifies in respect of Energy Storage, Carbon capture and storage, Climate change and Adaptation and Sustainable Agriculture. The threshold was tightened for the inclusion of clean transportation for cars and light commercial vehicles from zero direct (tailpipe) Co<sub>2</sub> emissions and Plug-In Hybrids to zero direct Co<sub>2</sub> emission only from 1st January 2025 (updated for the 2024 edition)
- The Social Eligibility Criteria was updated to be more specific regarding what qualifies in respect of Healthcare, Education and Access to Financing for SMEs (updated for the 2024 edition)
- The Group's Housebuilding Sustainability Finance Framework was incorporated into this Framework (as part of the information appearing under 'Built environment' on **page 10**) to improve transparency and simplicity (updated for the 2024 edition)

- The addition of nuclear energy generation as an eligible green activity (updated for the 2025 edition) follows the UK Government's position in the UK Government Green Financing Framework November 2025<sup>3</sup> and further supported by the Clean Power 2030 Action Plan<sup>4</sup>
- A subset of sustainability-linked facilities – real estate transition-linked loans – were named for clarity (updated for the 2025 edition)

### General exclusions

Any financing may be considered eligible as sustainable under the methodology set out in this Framework where it meets all of the following criteria:

- The financing falls outside the general exclusions as summarised in this section below, which are listed within the Group's External Sector Statements
- The financing falls within the eligible types of financing set out on **page 05** 'Qualifying criteria' in the Framework and
- The financing meets the Eligibility Criteria for the relevant eligible type of financing

General exclusions will apply as listed within the Group's External Sector Statements. The Group's External Sector Statements are not exclusive to this Framework and apply to the specific entities and customers that have a direct lending relationship with the Group. These External Sector Statements and other associated policies and statements are in the public domain and can be found on the Group's website: [ESG policies and downloads](#) →

<sup>3</sup> HM Treasury, November 2025. UK Government Green Financing Framework 2025

<sup>4</sup> Clean Power 2030: "nuclear will play an important role in our future energy system, providing low-carbon, baseload power," ensuring grid stability and enabling renewables to grow alongside



## Qualifying criteria continued

# → Qualifying criteria

### Approach

The Framework has been developed using references from a range of industry standards, market principles and good practice. Sources include, but are not limited to:

- International Capital Market Association (ICMA)
  - Green Bond Principles (GBP)
  - Social Bond Principles (SBP)
  - Sustainability Bond Guidelines (SBG)
  - Sustainability-Linked Bond Principles (SLBP)
- Loan Market Association (LMA)
  - Green Loan Principles (GLP)
  - Social Loan Principles (SLP)
  - Sustainability-Linked Loan Principles (SLLP)
- The EU Taxonomy for Sustainable Activities
- Climate Bonds Initiative (CBI)
  - Climate Bonds Standard V4.3
  - CBI Taxonomy
- Green Finance Institute (GFI)
  - Green Home Finance Principles
- UN Sustainable Development Goals (SDGs)

The Group will continue to monitor regulatory developments and their implications on future iterations of this Framework. Given this is a rapidly evolving market, the Framework may be updated to ensure alignment with any regulatory changes.

### Eligible types of financing

This Framework describes the types of financing by the Group which are considered eligible for the purpose of classifying the Group's activities as 'sustainable' including, but not limited to, for the purpose of tracking and disclosing progress against the Group's sustainable financing targets.

The reporting basis for each product type can be found in 'Product scope and reporting basis' on **page 27**.

There are three categories of sustainable finance products considered under this Framework:

- Use of Proceeds
- Sustainability-linked
- Sustainable Business Financing

In respect of third-party bond issuances arranged by the Group for our clients, provision of an SPO is recommended for Sustainability-Linked bonds and green/social Use of Proceeds bonds.

Any financing may be considered eligible as sustainable under the methodology set out in this Framework where it meets all of the following criteria:

- a. The financing falls outside the general exclusions as outlined in 'General exclusions' on **page 04**, and as listed within the Group's External Sector Statements
- b. The financing falls within the eligible types of financing set out on page 05 'Qualifying criteria' in the Framework and
- c. The financing meets the Eligibility Criteria for the relevant eligible type of financing

The Eligible Green and Social Activities listed in the Eligibility Criteria are not exhaustive, and are expected to evolve over time. Additional activities that are subsequently added in future iterations of this Framework will have the same level of diligence applied to them to ensure consistency. The Eligibility Criteria will be reviewed on at least an annual basis.

### Eligible types of financing: Definitions (see also terms within the Glossary)

#### Use of Proceeds financing is eligible for classification as sustainable if:

- The proceeds are used exclusively to finance and/or refinance Eligible Green Activities and / or Eligible Social Activities comprising activities which meet the Green Eligibility Criteria and/or Social Eligibility Criteria as set out in this Framework; or



- Such financing comprises labelled green, social or sustainability bonds where they have been reviewed and approved internally on a case-by-case basis against the relevant industry principles and criteria set out in 'Qualifying criteria'. In addition, we note the evolving nature of labelled bond categories beyond those listed, for example Sustainability-Linked Loans financing bonds which are defined under ICMA's Sustainability-Linked Loans financing Bond Guidelines. New eligible categories of labelled bond issuances may therefore be reviewed and considered on a case-by-case basis against the relevant industry principles and criteria set out in 'Qualifying criteria'; or
- Such financing comprises labelled green, social or sustainability bonds that may not align with the above criteria, but where they have been reviewed and approved internally on a case-by-case basis (as part of the Group's enhanced sustainability bond underwriting approval process) against other credible green, social or sustainability-recognised taxonomies, or industry standards.

### General purpose: Sustainability-linked

Sustainability-linked financing is where the economic characteristics of the financing activity can vary depending on whether the borrower/issuer achieves ambitious, material and quantifiable predetermined sustainability performance objectives. These objectives are assessed by applying predefined Sustainability Performance Targets (SPTs) to predefined Key Performance Indicators (KPIs)<sup>5</sup>, which are required to be ambitious and material to the

business of the borrower/issuer. The use of proceeds in relation to sustainability-linked financing is not a determinant in its categorisation and, in most instances, the financing will be used for general purposes.

The Group does not include SLL ready transactions (i.e. where the loan agreement allows environmental, social and governance (ESG) KPIs to be added at a later date, but no ESG KPIs have been documented at deal completion) within our reported SLL numbers for wider sustainable finance reporting.

For Sustainability-Linked Bonds, these are reviewed and approved internally on a case-by-case basis (as part of the Group's enhanced sustainability bond underwriting approval process) against other credible green, social or sustainability-recognised taxonomies or industry standards.

Innovation to meet evolving customer financing needs whilst also maintaining rigorous standards is key to promoting new environmental and social financing opportunities. Recognising this, in 2025 the Group extended its sustainability-linked product set with a new Real Estate Transition-linked Loan for Corporate and Institutional Banking clients in the Real Estate sector. The Group will continue to explore new sustainability-linked structures to support our clients whilst maintaining robust eligibility standards.

<sup>5</sup> Predefined here means that the KPIs and SPTs are determined and agreed upon prior to the transaction closing.

## Qualifying criteria continued

### General purpose: Sustainable Business Financing

Subject to certain exceptions as outlined below, this type of financing requires 90 per cent or more of an entity's revenue to be generated from:

1. Eligible Green Activities; and/or
2. Eligible Social Activities

The 90 per cent revenues test will require some commercial interpretation by the Group as some entities do not report on this basis<sup>6</sup>.

To be classified as Sustainable Business Financing, none of an entity's revenue can be generated from activities listed in the exclusions on page 08 'Green Eligibility Criteria' and on page 18 'Social Eligibility Criteria' outlined in the Eligibility Criteria within this Framework or within the Group's External Sector Statements → as described in 'General exclusions' on page 04.

By way of exception, we may include general purpose lending as Sustainable Business Financing outside of the 90 per cent revenues test where there is an objective and robust deal transaction or sector specific rationale to justify this. There are three clearly defined areas where we currently apply this exception:

- UK registered social housing providers, recognising the clearly defined purpose of their activities and the social housing regulatory standards that they operate within, with the controls on business purpose that this entails
- UK publicly funded universities (i.e. excluding private universities) where the Tuition Fee Loans and means tested Maintenance Loans are available for UK students (or free tuition fees for Scottish undergraduates) therefore providing access and affordability for degree level education
- NHS GP surgeries

For each of these three areas the category specific exclusions within 'Green Eligibility Criteria' on **page 08** and on **page 19** 'Social Eligibility Criteria' still apply.

<sup>6</sup> Using Social Housing as an example, the sale of properties in any year by a Registered Provider of Social Housing could be >10 per cent of revenues. In such circumstances we would not exclude (as Sustainable Business Financing) a loan to said Registered Provider of Social Housing providing revenues were otherwise >90 per cent generated from Eligible Social Activities.

### 3.2.2 Process for finance assessment and approval

For financing to be approved and considered as sustainable under this Framework, it must follow the processes set out in this Framework. There are four key steps associated with the Group's approval process:

01

#### Type of financing

An evaluation is conducted with reference to stages set out in the decision tree (see below), to determine whether the proposed transaction constitutes one of the three eligible types of financing under this Framework:

- Use of Proceeds
- Sustainability-linked
- Sustainable Business Financing

02

#### Eligibility criteria

Use of Proceeds financing is eligible for classification as sustainable if:

- i. the proceeds are used exclusively to finance and/or refinance Eligible Green Activities and/or Eligible Social Activities that align with the comprising activities which meet the Green Eligibility Criteria and/or Social Eligibility Criteria as set out on **page 08** 'Green Eligibility Criteria' and on **page 19** 'Social Eligibility Criteria' in this Framework; or
- ii. Such financing comprises labelled green, social or sustainability bonds where they have been reviewed and approved internally on a case-by-case basis against the relevant industry principles and criteria set out on **page 05** 'Qualifying criteria' or
- iii. Such financing comprises labelled green, social or sustainability bonds that may not align with the above criteria, but where they have been reviewed and approved internally on

a case-by-case basis (as part of the Group's enhanced sustainability bond underwriting approval process) against other credible green, social or sustainability-recognised taxonomies, or industry standards. In addition, we note the evolving nature of labelled bond categories beyond those listed, for example Sustainability-Linked Loans financing bonds which are defined under ICMA's Sustainability-Linked Loans financing Bond Guidelines. New eligible categories of labelled bond issuances may therefore be reviewed and considered on a case-by-case basis.

- iv. Sustainability-linked finance is structured in line with the Group's understanding and practical application of the LMA SLLP and ICMA SLBP.
- v. Sustainable Business Financing must meet the eligibility criteria as set out on **page 05** 'Eligible types of financing: Definitions' in the Framework.

03

#### Review process

All Sustainability-Linked Loans are reviewed by the Group's Green Asset Eligibility Forum which is independent from the deal teams.

All sustainability-linked bonds that fall within the scope of this Framework are required to be reviewed externally from the deal teams.

All potential sustainable financing that falls within the Use of Proceeds and Sustainable Business Financing categories is reviewed by central business teams and eligibility is considered in accordance with the provisions of the Framework.

04

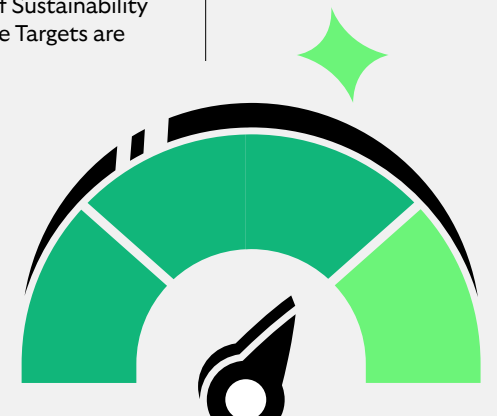
#### Identify financial mechanisms

For SLLs and SLBs, the financial benefits (Sustainability Performance Targets) to the borrower or issuer used to incentivise their delivery of sustainability performance, and any associated penalties are guided by market practice.

These financial benefits are generally in the form of a margin or fee discount which reduces the cost of debt to the client, if Sustainability Performance Targets are achieved (although sometimes an associated downside penalty might be applied if Sustainability Performance Targets are not met).

In all cases, Use of Proceeds and Sustainable Business financing is assessed by the Group's relevant functions to ensure it contributes to one of more of the Green Eligibility Criteria and/or Social Eligibility Criteria and does not fall within the exclusions noted in this Framework.

For all Use of Proceeds financing, GBP, GLP and SLP will be used as guidance where appropriate when assessing the inclusion of an activity as a Use of Proceeds financing under this Framework.



## Qualifying criteria continued

The decision tree, right, sets out part of the Group's methodology for determining Step 1 of the process for internal assessment and approval (see [page 06](#)). An evaluation is conducted with reference to factors including those set out in the decision tree to determine whether the financing constitutes one of the eligible types of financing. In addition, all requests for prospective sustainable financing are subject to the Group's usual credit processes and associated considerations.

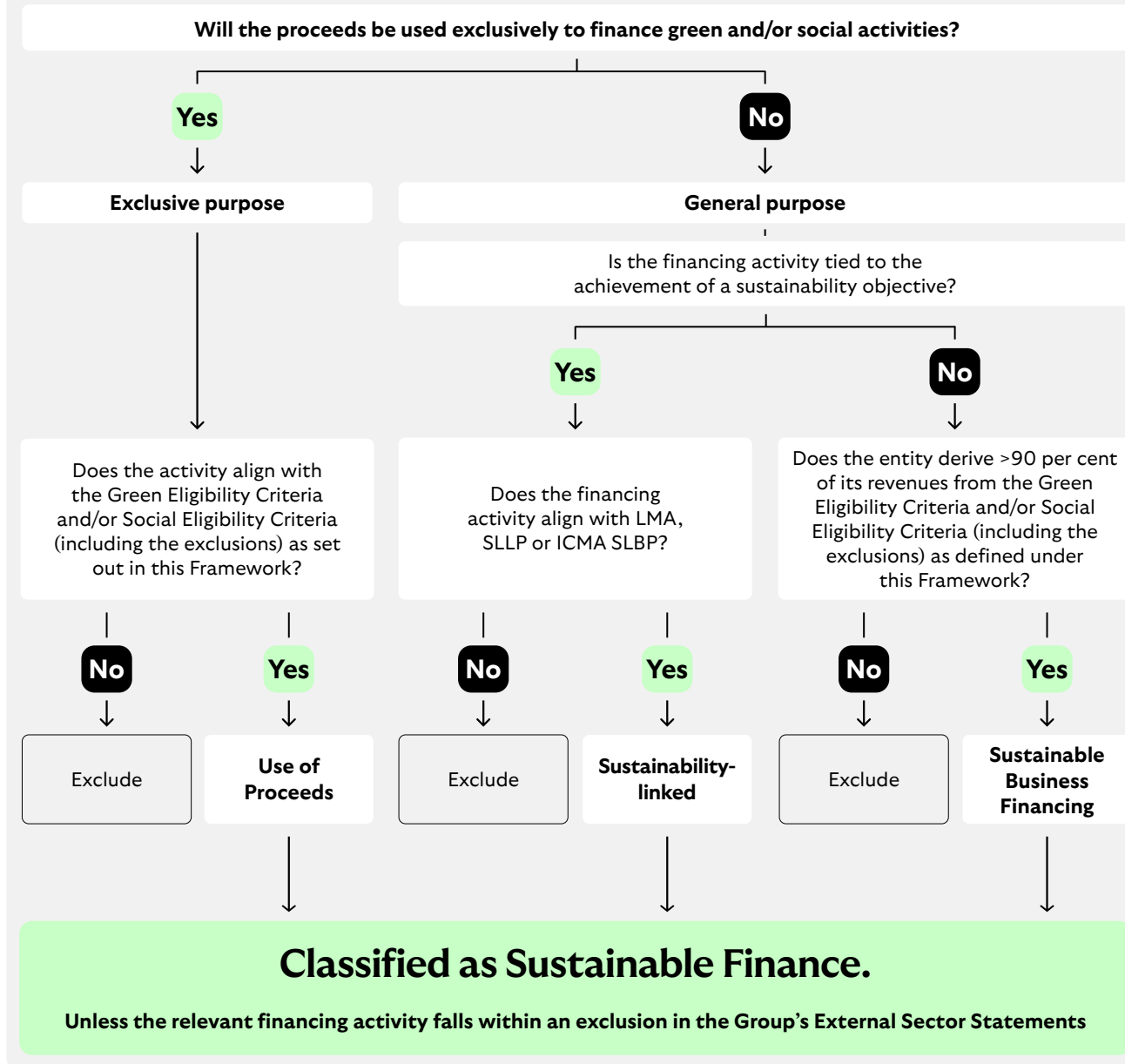
### Combination of categories

It is possible for a transaction to fall into more than one category of Sustainable Financing as set out above. In this instance, the Group will classify and report a transaction under only one of the three types of eligible financing to avoid double counting.

The decision tree, right, will aid the process for such classification: for example, a loan provided exclusively for financing green and/or social activities will be classed as 'Use of Proceeds' even if it also meets certain sustainability-linked criteria and/or is provided to an entity with over 90 per cent revenues from green and/or social activities.



### The Group's decision tree for classifying activities as sustainable finance activities



### Climate transition financing

In line with the Group's commitment to support the global transition to net zero, we acknowledge the critical role that transition finance plays in supporting the shift towards a low-carbon economy.

The Group recognises the importance of supporting clients on their transition journeys, and the Group is committed to continuing its engagement with its stakeholders to refine our position in time as part of our dedication to be a responsible and purpose-driven business.

### Nature financing

The Group recognises that there is an increasing need to protect and restore our natural ecosystems and the Group continues to seek new ways of financing nature-related activities. The Group has therefore incorporated nature and/or biodiversity activities into the Green Eligibility Criteria under the 'Environmentally sustainable management of living natural resources and land use' and 'Terrestrial and aquatic biodiversity conservation' categories.



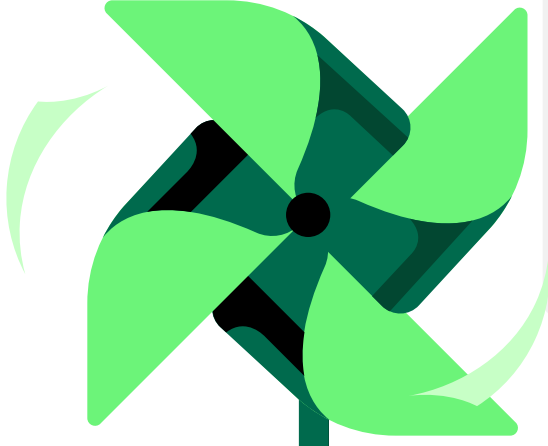
Green eligibility criteria




→ Green eligibility criteria

Eligible Green Activities under this Framework are those activities that contribute to providing clear environmental benefits and / or outcomes, aligned to the Loan Market Association’s Green Loan Principles’ eligible Green Projects categories.<sup>7</sup> The section below sets out the criteria for classifying an activity as a green activity, the related exclusions for the activity, as well as the primary SDG aligned with each activity.






For Consumer Lending, the Group uses source data to confirm the type of activity and its alignment with the Eligibility Criteria, for example recognisable data metrics relevant to the sector.

7 LMA, March 2025. Green Loan Principles




Energy generation, transmission, distribution and storage			
Sub-theme	Eligible activities	Exclusions	UN SDG
Electricity generation	Renewable energy generation from the following technologies: <ul style="list-style-type: none"><li>• Wind power (onshore and offshore)</li><li>• Solar photovoltaic (PV)</li><li>• Concentrated solar heat &amp; power generation (CSP), and other solar thermals where the large majority<sup>8</sup> of the electricity generated from the facility is derived from solar energy sources</li><li>• Geothermal: Lifecycle GHG emissions from the generation of electricity from geothermal energy are lower than 100 gCO<sub>2</sub>e/kWh</li><li>• Ocean energy (wave and tidal)</li><li>• Electricity generation from biomass certified as being from sustainable sources<sup>9</sup> (e.g. FSC, ISCC, RSPO, SBP, PEFC<sup>10</sup>). Lifecycle GHG emissions should be at least 80 per cent<sup>11</sup> lower for electricity generation from biomass when compared to a fossil fuel baseline<sup>12</sup></li><li>• Hydropower/hydroelectric generation that complies with either of the following criteria:<ul style="list-style-type: none"><li>– The electricity generation facility is a run-of-river plant</li><li>– <b>Operation before 2020:</b> 1) The power density of the electricity generation facility is above 5 W/m<sup>2</sup>; 2) The life cycle GHG emissions from the generation of electricity from hydropower is less than 100 gCO<sub>2</sub>e/kWh</li><li>– <b>Operation on or after 2020:</b> 1) The power density of the electricity generation facility is above 10 W/m<sup>2</sup>; 2) The life cycle GHG emissions from the generation of electricity from hydropower is less than 50 gCO<sub>2</sub>e/kWh</li><li>– Any generation from an artificial reservoir would be subject to the Group's criteria for hydrogeneration above</li><li>– The construction and operation of facilities used for cogeneration of heating/cooling and power from renewable energy, in line with the eligibility criteria as defined in this Framework</li></ul></li><li>• Improvements to output of existing renewable energy assets, e.g. larger turbines for old wind farms</li><li>• The development or construction of district heating or cooling generation and distribution networks including transmission infrastructure directly connected to a power generation plant primarily powered by renewables, waste heat or both</li><li>• The development or construction of Combined Heat and Power (CHP) Plants where the generator combined with equipment for recovering and using the heat produced is powered primarily by renewables, waste heat or both</li></ul>	<ul style="list-style-type: none"><li>• Biomass or biogas from peat and non-sustainably produced crops</li><li>• In dedicated bio-waste treatment plants, the share of food and feed crops used as input feedstock cannot be more than 10 per cent of the input feedstock<sup>13</sup></li><li>• New biomass electricity generation with a total rated thermal input exceeding 20MW without carbon capture and storage or credible transition plans to fit it<sup>14</sup></li><li>• Large-scale hydropower (&gt;25MW installed capacity) subject to review in line with the Equator Principles</li><li>• Projects with waste heat from fossil fuel production and operations</li><li>• Investment into fossil fuel powered plants</li></ul>	<div>SDG 7: Affordable and clean energy</div> <div></div> <div>SDG 9: Industry innovation and infrastructure</div> <div></div> <div>SDG 13: Climate action</div> <div></div>
	<div><div><div>8</div><div>Facilities shall have no more than 15 per cent of electricity generated from non-renewable sources.</div></div><div><div>9</div><div>The Group may consider additional certification schemes so long as such schemes are considered to be equivalent to internationally recognised certification schemes. For micro-generation or smaller landowner clients who are unable to attain certification, the Group may also consider bespoke data to show 100 per cent of woody biomass feedstocks are sustainable.</div></div><div><div>10</div><div>Forest Stewardship Council, International Sustainability and Carbon Certification, Roundtable on Sustainable Palm Oil, Sustainable Biomass Programme, Programme for the Endorsement of Forest Certification.</div></div><div><div>11</div><div>The GHG emissions savings from the use of biomass are at least 80 per cent in relation to the GHG saving methodology and the relative fossil fuel comparator.</div></div><div><div>12</div><div>Fossil fuel baselines for biofuel production facilities: (1) Biofuels (for transportation) – 94 gCO<sub>2</sub>e/MJ; (2) Bioliquids (production of electricity) – 183 gCO<sub>2</sub>e/MJ; and (3) Bioliquids (production of heat) – 80 gCO<sub>2</sub>e/MJ as per the EU Renewable Energy Directive II. For outermost regions and non-EU countries, the following baseline is applicable for electricity generation: 212 gCO<sub>2</sub>eq/MJ.</div></div><div><div>13</div><div>Measured in weight, as an annual average.</div></div><div><div>14</div><div>Credible transition plan which is in line with science-based pathways.</div></div></div>		





Green eligibility criteria continued

Energy generation, transmission, distribution and storage continued			
Sub-theme	Eligible activities	Exclusions	UN SDG
Nuclear energy generation	<p>Nuclear energy generation activities including:</p> <ul style="list-style-type: none"><li>Construction and safe operation of new nuclear energy, including electricity generation and associated facilities such as transmission infrastructure, industrial heat or co-generation</li><li>Acquisition, refurbishment and life extension of existing nuclear and associated facilities, while maintaining or improving energy efficiency and operational safety</li><li>Development and deployment of advanced nuclear technologies, including Small Modular Reactors (SMRs)</li></ul> <p>Activities must comply with:</p> <ul style="list-style-type: none"><li>International Atomic Energy Agency (IAEA) guidance and standards</li><li>Mandatory requirements of the host country's jurisdiction<ul style="list-style-type: none"><li>For example, for UK activities, this includes the UK's National Policy Statement for Nuclear Energy Generation, including social and environmental impact assessments<sup>15</sup>, and any other relevant UK legislation</li></ul></li></ul>	<ul style="list-style-type: none"><li>Projects that fail the relevant jurisdictional waste management, safety and environmental impact requirements of the host country</li><li>Life-cycle greenhouse gas emissions from electricity generation greater than 100gCO<sub>2</sub>e/kWh</li></ul>	<p>SDG 7: Affordable and clean energy</p> 
Manufacture of biogas, biofuels, hydrogen and other low carbon gases	<ul style="list-style-type: none"><li>Production of bioenergy (biogas and biofuels) certified as being from sustainable sources (e.g. FSC, ISCC, RSPO, RTRS, PEFC)<sup>16</sup>. Chain of custody is required if not already captured as part of certification requirements. Lifecycle GHG emissions should be at least 65 per cent<sup>17</sup> lower for the production of biofuels and biogas when compared to a fossil fuel baseline<sup>18</sup></li><li>Production of hydrogen with an emissions intensity of no more than 20 gCO<sub>2</sub>e/MJLHV of produced hydrogen up to the point of production (as per UK Low Carbon Hydrogen Standard)</li><li>Production of sustainable transport fuel, e.g. SAF where this meets national or international input standards</li></ul>	<ul style="list-style-type: none"><li>Any manufacturing associated with fossil fuel gases</li><li>In dedicated bio-waste treatment plants, the share of food and feed crops used as input feedstock, measured in weight, as an annual average, is less than or equal to 10 per cent of the input feedstock</li><li>Food and feed crops are not to be used for the manufacture of biofuels for use in transport and for the manufacture of bioliquids</li></ul>	<p>SDG 7: Affordable and clean energy</p> 
Electricity transmission and distribution	<ul style="list-style-type: none"><li>Infrastructure directly connecting renewable energy or integrating renewable energy into existing transmission networks</li><li>Assets supporting electricity transmission and distribution projects which facilitate the development of renewable energy projects by connecting them to the UK National Grid or European grid system</li><li>Installation of voltage/optimisation equipment/systems intended to reduce the curtailment of renewable energy from the grid</li><li>Activities that replace equipment or assets containing SF6 for a cleaner alternative</li></ul>	<ul style="list-style-type: none"><li>Transmission and distribution lines directly connected or dedicated to unabated (without Carbon Capture Usage and Storage (CCUS)) fossil fuel power</li></ul>	<p>SDG 7: Affordable and clean energy</p> 
Gas transmission and distribution	<p>The following transmission and distribution activities only where 0 per cent fossil fuel gas is being transported through the networks:</p> <ul style="list-style-type: none"><li>Construction or operation of new transmission and distribution networks dedicated to hydrogen, biogases or other low carbon gases</li><li>Retrofit of existing natural gas transmission and distribution networks to 100 per cent low carbon hydrogen (no more than 20 gCO<sub>2</sub>e/MJLHV</li></ul>	<ul style="list-style-type: none"><li>Gas network infrastructure associated with the transportation of fossil fuel gases</li><li>Infrastructure that connects to high-carbon sources of hydrogen and other gases (e.g. hydrogen produced from natural gas)</li></ul>	<p>SDG 7: Affordable and clean energy</p> 
Energy storage	<ul style="list-style-type: none"><li>Energy storage technologies including:<ul style="list-style-type: none"><li>Batteries</li><li>Thermal</li><li>Mechanical</li><li>Pumped hydro</li></ul></li><li>Manufacturing of EV batteries and battery technology</li></ul>	<ul style="list-style-type: none"><li>Energy storage dedicated to unabated (without CCUS) fossil fuel power</li><li>Hydropower plants that do not comply with the eligible activities defined in 'Electricity generation'</li></ul>	<p>SDG 7: Affordable and clean energy</p> 
<p><sup>15</sup> Department for Energy Security &amp; Net Zero National Policy Statement for Nuclear Energy Generation, EN-7</p> <p><sup>16</sup> Forest Stewardship Council, International Sustainability and Carbon Certification, Roundtable on Sustainable Palm Oil, Round Table on Responsible Soy, Programme for the Endorsement of Forest Certification.</p> <p><sup>17</sup> Pre-2021 installations with 60 per cent lifecycle emission reduction below the baseline and pre-2015 installations with 50 per cent lifecycle emissions reduction below the baseline.</p> <p><sup>18</sup> Fossil fuel baselines for biofuel production facilities: (1) Biofuels (for transportation) – 94 gCO<sub>2</sub>e/MJ; (2) Bioliquids (production of electricity) – 183 gCO<sub>2</sub>e/MJ; and (3) Bioliquids (production of heat) – 80 gCO<sub>2</sub>e/MJ as per the EU Renewable Energy Directive II. For outermost regions and non-EU countries, the following baseline is applicable for electricity generation: 212 gCO<sub>2</sub>eq/MJ.</p>			

Green eligibility criteria continued






Energy generation, transmission, distribution and storage continued			
Sub-theme	Eligible activities	Exclusions	UN SDG
Renewable energy technologies supply chain	<ul style="list-style-type: none"><li>Development and / or manufacture of renewable energy technologies, including equipment for renewable energy generation and energy storage connected to renewables as defined under the ‘Electricity Generation’ sub-theme</li></ul>		SDG 7: Affordable and clean energy 

Green eligibility criteria continued




Built environment			
Sub-theme	Eligible activities	Exclusions	UN SDG
Commercial and Residential Buildings <sup>19</sup>	Construction, acquisition or retrofitting of buildings: <b>Consumer lending for residential buildings:</b> <ul style="list-style-type: none"><li>Energy performance certificate (EPC) of B or better</li></ul> <b>Commercial lending for existing residential or commercial buildings:</b> <ul style="list-style-type: none"><li>EPC Rating B or better</li><li>Buildings identified as being in the top 15 per cent for primary energy demand</li><li>Buildings certified to an acceptable level under an internationally recognised green building certification scheme, such as:<ul style="list-style-type: none"><li>BREEAM: Excellent or Higher</li><li>LEED: Gold or higher</li><li>EDGE: Certified or higher</li><li>Home Quality Mark 4 or higher (residential buildings only)</li><li>NABERS 5 or above (commercial buildings only)</li></ul></li><li>Data centres: Alignment to the Climate Neutral Data Centre Pact (CNDCP) commitment targets for 2030<sup>20</sup></li></ul> <b>Commercial lending for development of new homes:</b> <ul style="list-style-type: none"><li>EPC rating B+ or better for the development (i.e. higher end SAP scores within the B rating) with an absolute floor of EPC rating B for each individual unit</li><li>Buildings meeting the NextGeneration Project criteria at a minimum bronze level</li><li>Buildings certified to an acceptable level under an internationally-recognised green building certification scheme – see certifications listed under ‘Commercial lending for existing residential or commercial buildings’</li></ul> <b>Commercial lending for development of new commercial buildings:</b> <ul style="list-style-type: none"><li>EPC rating B or better</li><li>Buildings certified to an acceptable level under an internationally-recognised green building certification scheme – see certifications listed under ‘Commercial lending for existing residential or commercial buildings’</li><li>Data centres: Alignment to the Climate Neutral Data Centre Pact (CNDCP) commitment targets for 2030</li></ul> <b>Retrofitting (commercial lending for residential or commercial property only):</b> <p>Retrofit of existing buildings (residential and commercial) which results in a 30 per cent reduction in energy use<sup>21</sup> or carbon emissions or to EPC B or better<sup>22</sup>. Loans or other credit provisions, the use of which is to deliver one or multiple eligible retrofitting activities. Retrofitting activities include, but are not limited to:</p> <ul style="list-style-type: none"><li>LED lighting</li><li>Heat pumps</li><li>Solar water heating</li><li>Water source heating</li><li>Replacement or refurbishment of existing heating/cooling systems in buildings with more efficient, non-fossil fuel powered systems</li><li>Refurbishment of heating, ventilation and air conditioning systems</li><li>Installation, maintenance and repair of insulation</li><li>Maintenance and repair of energy efficiency equipment</li><li>Installation of energy management systems</li><li>Devices or technology for measuring, regulation and controlling energy performance of buildings (e.g. installation of voltage optimisation equipment/systems)</li><li>Installation, maintenance and repair of on-site renewable energy technologies</li><li>Water efficiency improvements, e.g. water efficient toilets (dual flush devices/water displacement devices)</li><li>Double/triple glazing</li><li>Battery storage</li><li>Resilience measures e.g. products to enhance resistance to flooding such as flood doors and windows or demountable barriers</li></ul> <b>Eco-pods/sustainable camping:</b> <ul style="list-style-type: none"><li>Eco-pods demonstrating low impact construction, low ampage power and renewable energy and heating sources e.g. solar or sustainable biomass or 100% grid powered</li></ul>	<ul style="list-style-type: none"><li>Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuel or unabated (without CCUS) use of thermal coal</li><li>Investment into fossil fuel powered eco-pods</li></ul>	<div>SDG 7: Affordable and clean energy</div> <div></div> <div>SDG 9: Industry innovation and infrastructure</div> <div></div> <div>SDG 11: Sustainable cities and communities</div> <div></div> <div>SDG 13: Climate action</div> <div></div>
<div><div>19</div><div>The Group's pricing discount propositions may require higher standards than those listed in the eligibility criteria.</div></div> <div><div>20</div><div>This must be supported by external verification for the alignment to CNDCP.</div></div> <div><div>21</div><div>Measurement can be calculated using a EPC score.</div></div> <div><div>22</div><div>For the avoidance of doubt, this also includes retrofitting activities that move a rating from an EPC B to an EPC A.</div></div>			

## Green eligibility criteria continued






### Energy efficiency

Sub-theme	Eligible activities	Exclusions	UN SDG
<b>Transmission and distribution systems</b>	<ul style="list-style-type: none"> <li>The development, manufacture, installation of technologies or components designed for efficient transmission and distribution of renewables and low carbon gases</li> <li>Infrastructure for bioenergy sources as listed in ‘Energy generation, transmission, distribution and storage’, which includes the refining of eligible biofuels and transportation/pipelines</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency improvements to transmission lines connected or dedicated to fossil fuel unabated power</li> <li>Biofuel blending facilities</li> </ul>	<p>SDG 7: Affordable and clean energy</p> 
<b>Industrial processes and supply chains</b>	<ul style="list-style-type: none"> <li>Upgrades, improvement and installation of technologies and equipment which increases energy efficiency by at least 40 per cent for industrial and manufacturing processes and at least 50 per cent for agricultural processes</li> <li>Development, manufacture and distribution of technology, equipment and software that are specifically designed to increase the energy efficiency of industrial and manufacturing processes such as demand management technologies</li> <li>Industrial/utility energy efficiency improvements involving changes in processes, reduction of heat losses and/or increased waste heat recovery</li> <li>Assets used to manufacture products related to energy efficiency, sustainability or to support renewable energy production</li> </ul>	<ul style="list-style-type: none"> <li>Projects to improve energy efficiency of equipment or technologies used in fossil fuel production and/or distribution</li> <li>Projects using waste heat from fossil fuel production/operation</li> <li>Operations linked to deforestation or clearance within High Conservation Value Forests, UNESCO World Heritage Sites, International Union for the Conservation of Nature IUCN (I – IV) Protected Sites, Ramsar Sites, Man &amp; Biosphere Sites and High Conservation Value Areas</li> <li>Machinery directly powered by fossil fuel</li> </ul>	<p>SDG 7: Affordable and clean energy</p>  <p>SDG 9: Industry innovation and infrastructure</p> 
<b>Buildings and other infrastructure</b>	<ul style="list-style-type: none"> <li>Development of Information and Communications Technology solutions where the activities are predominantly aimed at the provision of data and analytics enabling greenhouse gas emission reductions</li> <li>Deployment of fibre broadband to households and commercial premises</li> </ul>	<ul style="list-style-type: none"> <li>Projects that improve the energy efficiency of fossil fuel-based energy generation (coal-fired power plants, oil, natural gas)</li> <li>Businesses or projects focussed on fossil fuel production, distribution or power generation</li> </ul>	<p>SDG 7: Affordable and clean energy</p>  <p>SDG 9: Industry innovation and infrastructure</p> 

Green eligibility criteria continued

Energy efficiency continued			
Sub-theme	Eligible activities	Exclusions	UN SDG
Energy efficiency technologies	Development, manufacture, repair, maintenance and/or installation of energy efficiency technologies, products and/or systems including: <ul style="list-style-type: none"><li>• Smart meters for electricity</li><li>• Energy efficient lighting</li><li>• Highly efficient heating, ventilation and air conditioning (HVAC) systems</li><li>• Distributed generation</li><li>• Peak demand management</li><li>• Devices measuring, regulating or controlling energy performance of buildings</li><li>• Deployment of fibre broadband to households and commercial premises</li></ul>	<ul style="list-style-type: none"><li>• Projects that improve the energy efficiency of fossil fuel-based energy generation (coal-fired power plants, oil, natural gas)</li><li>• Businesses or projects focussed on fossil fuel production, distribution or power generation</li></ul>	SDG 7: Affordable and clean energy
			
Equipment	Renewable powered (e.g. electric, biogas or hydrogen fuelled) equipment, access equipment and/or construction equipment (e.g. fork-lift trucks, scissor lifts and excavation machinery)		SDG 9: Industry innovation and infrastructure
			
			SDG 7: Affordable and clean energy
			

Green eligibility criteria continued





Environmentally sustainable management of living natural resources and land use			
Sub-theme	Eligible activities	Exclusions	UN SDG
Sustainable agriculture	<p>Investment in sustainable agriculture activities including:</p> <ul style="list-style-type: none"><li>• Agricultural activities and/or technology that results in environmental beneficial outcomes such as the reduction of energy, water use and/or greenhouse gas emissions during operations. Examples include: the promotion or implementation of sustainable agricultural techniques and practices including no-till farming systems, hydroponics, soil recovery and restoration of degraded pasture, agricultural practices that use no synthetic fertilizers and pesticides, crop rotation for carbon sequestration, slurry management, hedgerow planting and nitrogen accumulation purpose</li><li>• Certified sustainable farming (e.g. LEAF Marque certified)</li><li>• Regenerative farming as evidenced by certification and/or recognised principles and practices (e.g. minimal soil disturbance, maintaining living ground cover, implementing livestock in arable systems)</li><li>• Assets supporting sustainable agriculture which are compliant with organic farming legislation. These must be certified by ‘approved control bodies’ appointed by the UK government such as Organic Farmers &amp; Growers, Organic Food Federation, Soil Association Certification, Biodynamic Association Certification, Quality Welsh Food Certification and OF&amp;G Scotland<sup>23</sup></li><li>• Wildlife habitat management and restoration of degraded lands, including improving and restoring soil health</li><li>• The protection of nature through the collection and use of agricultural waste and/or the management of wastewater and pollution</li><li>• Sourcing and growing of alternative protein crops to replace non-certified soy for animal feed</li><li>• Research and development of lab grown proteins and alternative proteins</li><li>• Activities which enhance carbon sequestration and long-term storage of carbon from the atmosphere</li><li>• Finance contributing to practices or projects eligible for environmentally based subsidies or grants (e.g. ELMs, Countryside Stewardship, Higher Level Stewardship and devolved nations equivalents)</li><li>• Technology investments that achieve increased yields or reduced waste, with a reduction or no increase to CO<sub>2</sub>e inputs</li><li>• Investments in improved drainage systems for agricultural land which is linked to wider soil health improvement planning</li></ul>	<ul style="list-style-type: none"><li>• Systems powered by fossil fuel including diesel except where there are no alternative options available at scale</li><li>• Investment into machinery powered by any type of fossil fuel except where there are no alternative options available at scale</li><li>• Manufacture or distribution of inorganic, synthetic fertilizers, pesticides or herbicides</li></ul>	SDG 12: Responsible consumption and production
			
			SDG 13: Climate action
Sustainable fisheries	<ul style="list-style-type: none"><li>• Investment in activities which support sustainable fisheries with certification under the Marine Stewardship Council (MSC), the Aquaculture Stewardship Council (ASC) or the GLOBALG.A.P. Standards</li></ul>		
			SDG 15: Life on land
			
			SDG 12: Responsible consumption and production
			
			SDG 14: Life below water
			

<sup>23</sup> The Group may consider additional certification schemes so long as such schemes are considered to be equivalent to internationally-recognised certification schemes.

## Green eligibility criteria continued






Environmentally sustainable management of living natural resources and land use continued			
Sub-theme	Eligible activities	Exclusions	UN SDG
<b>Sustainable forestry</b>	<p>Investment in activities which support:</p> <ul style="list-style-type: none"> <li>Afforestation of previously non-forested land in compliance with sustainable forest management requirements. This includes using tree species that are suitable for the specific site</li> <li>Rehabilitation and restoration of forests, including reforestation and natural forest regeneration</li> <li>Forestry systems and agroforestry systems targeted at smallholder farmers with sustainable forestry management plan in place</li> <li>Sustainable forest management certified as meeting the UK Forestry Standard or UK Woodland Assurance Standard (UKWAS)</li> <li>Sustainable certified Forest products produced in compliance with UK Woodland Assurance Standard (UKWAS), Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or Woodland Carbon Code, or equivalent certifications or audits</li> </ul>	<ul style="list-style-type: none"> <li>Conversion from prime agricultural land (Grade 1 and Grade 2 per Agricultural Land Classification System) and conversion from a natural landscape</li> <li>Monocrop plantations that do not produce a certified sustainable end product</li> <li>Any forestry activities primarily related to production of biomass for power generation, unless deemed acceptable under the ‘Energy generation, transmission, distribution and storage’ category</li> </ul>	<p>SDG 15: Life on land</p>
Sustainable water & wastewater management			
<b>Sustainable water management</b>	<p>Activities that improve water scarcity and water quality issues. For example:</p> <ul style="list-style-type: none"> <li>Water treatment facilities</li> <li>Desalination plants where the average carbon intensity of the energy used to power the plant must be at or below 100 gCO<sub>2</sub>/kWh over the remaining lifetime of the asset</li> <li>Construction and operation of water reservoirs</li> <li>Natural wetlands for water purification</li> </ul> <p>Activities that improve water efficiency. For example, technologies and products that reduce, reuse or recycle water, such as:</p> <ul style="list-style-type: none"> <li>Smart irrigation systems (to reduce water usage), efficient irrigation (i.e. sprinkler and drip irrigation systems), rain water harvesting, creating or extending farm reservoirs</li> <li>Development, manufacture, purchase and deployment of products and technologies that reduce and/or monitor water use</li> <li>The front-to-end water collection, treatment and supply system is eligible provided that its performance in terms of energy consumption per cubic metre of final water supply is high or substantially improved</li> </ul>	<ul style="list-style-type: none"> <li>Water projects that increase greenhouse gas emissions, water stress or water pollution from a business-as-usual baseline over the operational lifetime of the water asset or project</li> </ul>	<p>SDG 6: Clean water and sanitation</p>
<b>Sustainable wastewater management</b>	<p>Development, expansion, upgrade or maintenance of infrastructure related to:</p> <ul style="list-style-type: none"> <li>Treatment of wastewater</li> <li>Activities that improve water scarcity and water quality issues, for example, construction or extension of centralised wastewater systems</li> <li>Solutions to remove process emissions created from the treatment of wastewater</li> </ul> <p>Products, services and projects that attempt to resolve water scarcity and water quality issues such as:</p> <ul style="list-style-type: none"> <li>Processes that facilitate treatment of wastewater, i.e. beyond compliance with legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater treatment for fossil fuel operations</li> <li>Businesses or projects focussed on fossil fuel production, distribution or power generation</li> </ul>	<p>SDG 6: Clean water and sanitation</p>

Green eligibility criteria continued






Climate change adaptation			
Sub-theme	Eligible activities	Exclusions	UN SDG
Climate change adaptation	<p>Activities which support climate change adaptation, including nature-based solutions. Each activity must substantially reduce climate physical risks that are material to that activity. For example:</p> <ul style="list-style-type: none"><li>Expenditures relating to the refurbishment or maintenance of existing infrastructure, which increases resilience against the physical impacts of climate change, e.g. extreme weather events such as floods, wind and wildfires</li><li>Data-driven climate monitoring solutions, such as climate observation, early warning systems for natural disasters and monitoring greenhouse gas emissions</li><li>Development and/or use of Information Communication Technology solutions for collecting, transmitting, storing and using data and analytics to facilitate GHG emission reductions</li></ul>	<ul style="list-style-type: none"><li>The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks<sup>24</sup> of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue (water-based) or green (trees, hedges etc.) infrastructure, i.e. do something that deals with the problem while simultaneously enhancing nature and with much lower embedded emissions</li></ul>	<p>SDG 13: Climate action</p> 
Terrestrial and aquatic biodiversity conservation			
Conservation, restoration and protection of land and aquatic environments and biodiversity	<ul style="list-style-type: none"><li>Activities dedicated to supporting conservation and protection of terrestrial, freshwater and marine environments</li><li>Activities dedicated to the restoration of terrestrial, freshwater and marine environments</li></ul> <p>Examples of terrestrial, freshwater and marine environments include:</p> <ul style="list-style-type: none"><li>Salt marshes</li><li>Seagrasses</li><li>Peatlands</li><li>Forests</li><li>Woodlands</li><li>Rainforests</li><li>Grasslands</li><li>Coral reefs</li></ul> <ul style="list-style-type: none"><li>Activities which enhance carbon sequestration and long-term storage of carbon from the atmosphere</li><li>Activities which eliminate, minimise, reduce and or mitigate the impacts of invasive alien species on biodiversity and ecosystem services</li></ul>	<ul style="list-style-type: none"><li>Activities which cause significant harm to any other environments</li></ul>	<p>SDG 6: Clean water and sanitation</p>  <p>SDG 14: Life below water</p>  <p>SDG 15: Life on land</p> 

24 As defined by the UK Climate Change Risk Assessment 2022.

Green eligibility criteria continued

Circular economy adapted products, production technologies and processes and/or certified eco-efficient products			
Sub-theme	Eligible activities	Exclusions	UN SDG
Circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"><li>Production of resource-efficient or low carbon products that are RSB<sup>25</sup>-certified (in case of bio-based materials)</li><li>Manufacture of aluminium through secondary aluminium recycling</li><li>Facilities which are used to increase the lifespan of existing products (e.g. repair, refurbish, recondition or predictive maintenance)</li><li>Sustainable and responsible sourcing of different raw materials and goods from certified sustainable sources (which may include Round Table on Responsible Soy Association, ISCC Europe, US SSAP)</li></ul>	<ul style="list-style-type: none"><li>Equipment and technologies designed or intended for businesses or projects focussed on fossil fuel production, distribution or power generation</li><li>Facilities increasing the lifespan of existing products must not require pre-processing to put products back together to their original use</li><li>Where goods cannot be traced back to source, e.g. mass balance or credits</li></ul>	<div>SDG 11: Sustainable cities and communities</div> <div></div> <div>SDG 12: Responsible consumption and production</div> <div></div>
Pollution, prevention and control			
Emissions management	<ul style="list-style-type: none"><li>Activities which contribute to reduction of air pollutant emissions, for example NO<sub>x</sub> and SO<sub>x</sub></li></ul>	<ul style="list-style-type: none"><li>Projects that are applied in fossil fuel production and/or distribution and/or unabated use (without CCUS)</li></ul>	<div>SDG 11: Sustainable cities and communities</div> <div></div>
Carbon capture and storage	<ul style="list-style-type: none"><li>Carbon capture applied to electricity generation (with a life-cycle emissions intensity lower than 100 gCO<sub>2</sub>e/kWh), to industrial facilities, for production of blue hydrogen, or for CO<sub>2</sub> removal, for example, through direct air capture</li><li>Transportation of captured CO<sub>2</sub> to a permanent CO<sub>2</sub> storage site<sup>26</sup></li><li>Storage infrastructure for captured CO<sub>2</sub><sup>27</sup></li></ul>	<ul style="list-style-type: none"><li>Facilities where CCUS is only applied to part of the facility, or where the share of emissions captured and permanently stored is below 90 per cent</li><li>Carbon capture that is applied in fossil fuel production or to the use of coal or fossil fuel gas for electricity generation</li></ul>	<div>SDG 13: Climate action</div> <div></div>
Sustainable waste management	<ul style="list-style-type: none"><li>Infrastructure to support more sustainable waste management, disposal, reuse and recycling of waste This includes, but is not limited to:<ul style="list-style-type: none"><li>Substituting virgin materials with recycled materials</li><li>Increasing the capacity utilisation of products or assets that encourages reuse of materials and therefore reduces waste, such as those encouraged by a sharing economy</li><li>Installation of recycling facilities</li></ul></li><li>Facilities processing bio-waste (e.g. biodegradable food and garden waste) to produce compost for agriculture, municipal or Consumer for individual customer applications</li><li>Activities involving the treatment of bio-waste (anaerobic digestion and composting) with the resulting production of biogas and digestate, as listed in 'Energy generation, transmission, distribution and storage'</li></ul>	<ul style="list-style-type: none"><li>Chemical recycling of plastic</li><li>Any expenditures related to fossil fuel</li><li>In dedicated bio-waste treatment plants, the share of food and feed crops used as input feedstock cannot be more than 10 per cent of the input feedstock<sup>28</sup></li></ul>	<div>SDG 12: Responsible consumption and production</div> <div></div>
<div><div>25</div>Roundtable on Sustainable Biomaterials.</div> <div><div>26</div>Provided transportation to injection point does not lead to CO<sub>2</sub> leakages above 0.5 per cent of the mass of CO<sub>2</sub> transported. Appropriate leak detection systems are applied and monitored with a report verified by an independent third party.</div> <div><div>27</div>CO<sub>2</sub> must be permanently stored, with appropriate leakage prevention and monitoring in place. Exploration and storage must comply with UK/national government standards for geological storage of CO<sub>2</sub>.</div> <div><div>28</div>Measured in weight, as an annual average.</div>			

Green eligibility criteria continued

Clean transportation			
Sub-theme	Eligible activities	Exclusions	UN SDG
Vehicles	Development, sale, leasing, <sup>29</sup> operation and upgrade of low carbon transportation for people and materials (excluding freight) including: <ul style="list-style-type: none"><li>Vehicles (including electric motorbikes) and commercial vans with zero direct (tailpipe) CO<sub>2</sub> emissions, or plug-in hybrids (PHEV) until 31 December 2024 (with only zero direct tailpipe CO<sub>2</sub> emissions thereafter)</li><li>Trains and passenger coaches with zero direct (tailpipe) CO<sub>2</sub> emissions, or trains with zero direct (tailpipe) CO<sub>2</sub> emissions when operated on a track with the necessary infrastructure, but use a conventional engine where such infrastructure is not available (bi-mode)</li><li>Buses and coaches: Any zero direct (tailpipe) CO<sub>2</sub> emission vehicles<sup>30</sup> or biogas buses which meet Renewable Transport Fuel Obligation (RTFO) or European Union Renewable Energy Directive (RED)</li><li>Sea and coastal passenger water transport<sup>31</sup> with zero direct (tailpipe) emission vehicles</li></ul>	<ul style="list-style-type: none"><li>Efficiency improvements involving conventional fossil fuel combustion engines</li><li>Vehicles dedicated to transportation of fossil fuel</li></ul>	SDG 11: Sustainable cities and communities 
	Infrastructure	<ul style="list-style-type: none"><li>Infrastructure used for the transportation or storage of fossil fuel</li><li>Development and improvement of transport links to airports</li><li>New construction and existing road infrastructure retrofits, including roads, road bridges and parking facilities</li></ul>	SDG 9: Industry innovation and infrastructure  SDG 11: Sustainable cities and communities 
Freight transport	Development, sale, leasing, operation and upgrade of low carbon transportation for freight, which includes: Rail freight: <ul style="list-style-type: none"><li>Trains and wagons with zero direct (tailpipe) CO<sub>2</sub> emissions</li><li>Trains and wagons with zero direct (tailpipe) CO<sub>2</sub> emission when operated on a track with the necessary infrastructure, but use a conventional engine where such infrastructure is not available (bi-mode)</li></ul> Road freight: <ul style="list-style-type: none"><li>Vehicles with zero direct (tailpipe) CO<sub>2</sub> emissions</li><li>Low emission<sup>32</sup> heavy duty vehicles<sup>33</sup> where it is not technologically and economically feasible to comply with zero direct (tailpipe) CO<sub>2</sub> emissions</li></ul>	<ul style="list-style-type: none"><li>Efficiency improvements involving conventional fossil fuel combustion engines</li><li>Vehicles dedicated to transportation of fossil fuel</li></ul>	SDG 9: Industry innovation and infrastructure  SDG 11: Sustainable cities and communities 

<sup>29</sup> Or other asset-specific financing.  
<sup>30</sup> All buses require a Zero Emission Bus (ZEB) certification.  
<sup>31</sup> Vessels designed and equipped for performing passenger transport, on sea or coastal waters, whether scheduled or not. This includes operation of ferries, water taxis and excursions, cruise or sightseeing boats.  
<sup>32</sup> A vehicle is considered a Low Emission Vehicle (LEV) if its CO<sub>2</sub> emissions are less than half of the baseline CO<sub>2</sub> emissions of its respective sub-group or comply with the Renewable Transport Fuel Obligation (RTFO) or European Union Renewable Energy Directive (RED).  
<sup>33</sup> Vehicles that have a permissible maximum laden mass exceeding 7.5 tonnes must meet one of the following: i) zero emissions heavy duty vehicles, or ii) where technologically and economically not feasible to comply with the criterion in point (i), 'low emission heavy duty vehicles' as defined in Article 3, point (12) of Regulation (EU) 2019/1242.

Social eligibility criteria

→




Social eligibility criteria

Eligible Social Activities under this Framework are those activities that aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes for a target population(s).






Target populations include but are not limited to:

- Those living below the poverty line
- Excluded and/or marginalised populations and/or communities
- People with disabilities
- Migrants and/or displaced persons
- Undereducated (including illiteracy/digital illiteracy)
- Underserved, owing to a lack of quality access to essential goods and services
- Unemployed
- Women and/or sexual and gender minorities
- Aging populations and/or vulnerable youths
- Other vulnerable groups, including as a result of natural disasters






This section sets out the criteria for classifying an activity as a social activity, the related exclusions for the activity as well as the primary SDG aligned with each activity.

Affordable housing			
Sub-theme	Eligible activities	Exclusions	UN SDG
Affordable housing	<ul style="list-style-type: none"><li>• Eligible assets to UK accredited or registered Housing Associations, which support the provision of affordable housing in the UK and contribute to enhanced access for low-income residents or marginalised communities</li><li>• The Housing Associations, and not-for-profit organisations offer social rented, affordable rented and intermediate housing to specified eligible households whose needs are not met by the private market.</li><li>• To be classified as an Eligible Social activity, the Housing Association must be involved in the construction, management, and/or refurbishment of properties for at least one of the following:<ul style="list-style-type: none"><li>– Social Rent<sup>36</sup></li><li>– Affordable Rent<sup>37</sup></li><li>– Shared Ownership<sup>38</sup></li><li>– Supported Housing<sup>39</sup></li></ul></li><li>• In addition to lending directly to UK accredited and registered Housing Associations, Eligible Social activities also include mortgages to individuals/families purchasing their home under government-backed schemes:<ul style="list-style-type: none"><li>– Shared Ownership, with an annual household income less than the national median<sup>40</sup></li><li>– Right to Buy<sup>41</sup> schemes</li></ul></li><li>• Social benefit and target population: Supports universal access to decent housing which ultimately benefits individuals or families needing sheltered housing, individuals or families on low incomes and/or on income allowances or benefits, and homeless individuals</li></ul>		<div>SDG 1: No poverty</div> <div></div> <div>SDG 10: Reduced inequalities</div> <div></div> <div>SDG 11: Sustainable cities and communities</div> <div></div>
<div><div>36</div><div>Social Rent – Involves homes provided by local authorities and Housing Associations. Rent levels are around 50-60 per cent of market rents for the local area and rent increases are limited by government. This usually results in a more secure, long-term tenancy than private renting.</div></div> <div><div>37</div><div>A scheme open to a broader range of household incomes than social rent and involves homes provided by local authorities and Housing Associations with controls that ensure rents charged are no higher than 80 per cent of local market rent. This scheme is also sometimes known as Intermediate Rent.</div></div> <div><div>38</div><div>A scheme which allows applicants to purchase a share of a property (between 25 per cent and 75 per cent) from a Housing Association, paying an affordable rent on the part still owned by the Housing Association. An individual's eligibility to access shared ownership housing is subject to certain criteria and conditions including a household income cap. Shared ownership is capped at market value of the property.</div></div> <div><div>39</div><div>A scheme where housing, support and sometimes care services are provided to help people to live as independently as possible in the community. Examples include care, nursing, and sheltered housing.</div></div> <div><div>40</div><div>The median household income in the UK at FYE 2023 was £34,500, based on estimates from the Office for National Statistics (ONS) Household Finances Survey (HFS).</div></div> <div><div>41</div><div>A scheme designed to allow long-standing tenants of Housing Association-owned property to purchase the property at a discount to the market.</div></div>			

## Social eligibility criteria continued




Affordable basic infrastructure			
Sub-theme	Eligible activities	Exclusions	UN SDG
Telecommunication infrastructure and services	<ul style="list-style-type: none"> <li>Development of Information and Communications Technology (i.e. telecommunication services and related infrastructure) that improves connectivity for an underserved target population</li> <li>Activities which support digital inclusion for target populations</li> </ul>		SDG 9: Industry innovation and infrastructure 
Transportation and transport infrastructure	<ul style="list-style-type: none"> <li>Development and maintenance of transportation and transport infrastructure that improves connectivity and/or accessibility in underdeveloped, low or middle income markets</li> <li>This includes development and maintenance of rural roads to enable access to essential services, e.g. education/health/food/water</li> </ul>	<ul style="list-style-type: none"> <li>Development of highways in urban areas</li> <li>Upgrade of highways and major roads, including in rural areas where there is no evidence of enabling access to essential services e.g. education/health/food/water</li> <li>Development of airports</li> <li>Privatisation of highways</li> <li>Construction of toll booths</li> <li>Infrastructure which falls under the Group’s general exclusions/External Sector Statements</li> </ul>	SDG 11: Sustainable cities and communities 
Energy infrastructure	<ul style="list-style-type: none"> <li>Development and expansion of transmission and distribution infrastructure that provides access to renewable energy in underserved and emerging markets</li> </ul>		SDG 7: Affordable and clean energy 
Water and sanitation infrastructure	<ul style="list-style-type: none"> <li>Development, operation, refurbishment and maintenance of water, sewer and sanitation-related infrastructure to ensure access to safe and affordable drinking water and equitable sanitation and hygiene to the target population</li> </ul>	<ul style="list-style-type: none"> <li>Desalination projects without appropriate waste management plan for brine disposal or with dedicated on-site fossil fuel power</li> </ul>	SDG 6: Clean water and sanitation 
Access to essential services			
Healthcare	<ul style="list-style-type: none"> <li>Operation, development, expansion or acquisition of any buildings or facilities at any hospital, clinic, mental health facility or healthcare facility, including community-based healthcare that improves access to safe and affordable healthcare to the target population</li> <li>Healthcare facilities that enhance access to healthcare services that are affiliated with the UK National Health Service</li> <li>Non-profit healthcare services and facilities that improve access to care home and nursing provision</li> <li>Research and development of new medicines, treatments, vaccines or health equipment to provide access to medicines that will be affordably priced or subsidised to the target population</li> <li>Development, provision or distribution of medical equipment that improves access to safe and affordable healthcare to the target population</li> <li>Provision of affordably priced or subsidised medicines on the World Health Organization (WHO) essential medicines list to target populations</li> <li>Infrastructure, equipment, training or financing to address a public health crisis emergency response (including COVID-19)</li> </ul>	<ul style="list-style-type: none"> <li>Private healthcare facilities</li> </ul>	SDG 3: Good health and wellbeing 

## Social eligibility criteria continued

Access to essential services continued			
Sub-theme	Eligible activities	Exclusions	UN SDG
Education	<ul style="list-style-type: none"> <li>Lending to UK publicly funded universities where the Tuition Fee Loans and means tested Maintenance Loans are available for UK students (or free tuition fees for Scottish undergraduates), therefore providing access and affordability for degree level education</li> <li>Projects to train educational professionals, for example sponsorship or apprenticeship programmes, in skills which are currently/expected to be in demand in the UK</li> </ul>	<ul style="list-style-type: none"> <li>Private Schools</li> </ul>	SDG 4: Quality education 
Access to financing	Financing/advisory services for micro, small and medium-sized enterprises (SMEs) including: <ul style="list-style-type: none"> <li>Community banking programmes which provide wholesale finance to community lenders to deprived regions</li> <li>SMEs located in the most socioeconomically disadvantaged areas in the UK, defined as areas ranking in the bottom 20th percentile in terms of the UK Indices of Deprivation</li> <li>Financing to business classified as underserved, defined by those who do not receive the same resources as their equivalent others in the market, typically including those from low-income backgrounds, racial/ethnic groups and first-generation migrants<sup>42</sup></li> </ul>	<ul style="list-style-type: none"> <li>Payday loans</li> <li>High interest Monetary Financial Institution (MFI) loans</li> </ul>	SDG 8: Decent work and economic growth 
Employment generation			
Employment generation	<ul style="list-style-type: none"> <li>Capability building and services aimed at improving the employability and upskilling a target population to achieve productive employment and decent work for occupations that are currently/expected to be in shortage in the UK</li> <li>Support micro, small and medium-sized enterprises that qualify on the basis of credible job creation, entrepreneurship and innovation programmes for target populations and which will provide real economy impacts for the region in which they operate</li> <li>Creation of specialist economic infrastructure to support the growth of high-quality, high-productivity jobs that contribute to economic growth to include but not be limited to: Science parks (including inter alia, Innovation hubs, Knowledge Quarters) Advanced Manufacturing facilities, Media Assets, University facilities, Regional infrastructure facilities (e.g. Maritime, Freeports, Transport etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Access to financing:               <ul style="list-style-type: none"> <li>Payday loans</li> <li>High interest MFI loans</li> </ul> </li> <li>Businesses or projects focussed on fossil fuel production, distribution or power generation</li> <li>Specialist infrastructure in investment locations outside the UK's 12 priority investment zones</li> </ul>	SDG 8: Decent work and economic growth 
Food security and sustainable food systems			
Food and water security	<ul style="list-style-type: none"> <li>The manufacture, logistics, provision and distribution of nutrition (food and potable water) that address malnutrition and food security for a target population</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of agricultural products that are forbidden under WHO Class I and II hazardous products</li> <li>Projects involving livestock for industrial-scale meat processors or producers</li> </ul>	SDG 2: Zero hunger 
Sustainable food systems	<ul style="list-style-type: none"> <li>Infrastructure to reduce food losses along the production and supply lines including efficient farming practices, adequate storage facilities and improved food conservation and connectivity</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of agricultural products that are forbidden under WHO Class I and II hazardous products</li> <li>Projects involving livestock for industrial-scale meat processors or producers</li> </ul>	SDG 2: Zero hunger 

42 Underserved definition taken from ‘Sustainability and the Future of Work and Entrepreneurship for the Underserved’ by JoAnn D. Rolle and Micah Crump 2022.

Social eligibility criteria continued

Socioeconomic advancement and empowerment			
Sub-theme	Eligible activities	Exclusions	UN SDG
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"><li>Financing to organisations that enable socioeconomic advancement and empowerment to minority ethnic background and female-led businesses</li></ul>		SDG 5: Gender equality
			
Community development financial institutions	<ul style="list-style-type: none"><li>Financial support to small regional community banks who lend to micro SMEs, including minority ethnic and female-led entrepreneurs in deprived regions<sup>43</sup></li></ul>	<ul style="list-style-type: none"><li>Religious and political institutions</li></ul>	SDG 10: Reduced inequalities
			
Financing charities and non-profit institutions			
Financing registered charities	<ul style="list-style-type: none"><li>Financial support for the activities of registered charities, and other philanthropic organisations with the specific purpose of supporting programmes aimed at benefitting vulnerable populations including:<ul style="list-style-type: none"><li>Beneficiaries living below the poverty line</li><li>People with disabilities</li><li>Migrants/displaced persons</li><li>The unemployed</li><li>The homeless and those who lack access to housing</li><li>Victims of financial and domestic abuse</li><li>Victims of modern slavery and human trafficking</li><li>Groups affected as a result of natural disasters</li></ul>or</li><li>Have the specific purpose to advance the green/social activities defined in this Framework</li></ul>	<ul style="list-style-type: none"><li>Religious and political institutions</li><li>Private Schools</li></ul>	SDG 17: Partnerships for the goals
			

<sup>43</sup> The most socioeconomically disadvantaged areas in the UK, defined as areas ranking in the bottom 20th percentile in terms of the UK Indices of Deprivation.







## Governance

### → Governance

**The Group has established governance to support the Group's ability to deliver against this Framework, leveraging established roles and responsibilities, and committees for the management of risk, and integrating the Group's Framework criteria into the management and oversight of the Group's sustainable financing activities.**

Our [External Sector Statements](#) → also outline our approach to considering ESG risks for our clients and additional requirements as part of new and renewal credit applications.

To ensure management actions are aligned to the Framework, the Group follows the principles of its Three Lines of Defence model, in particular:

- Structured oversight by BAU governance bodies at the Executive and Board level
- First Line of Defence accountability at the executive level for compliance and reporting in accordance with the Framework criteria along with annual review of Framework suitability
- Independent review, challenge and assurance provided by second and third Lines of Defence

#### The Group's Three Lines of Defence

Business units and functional areas (first line) have primary responsibility for sustainable financing decisions as well as the capabilities to identify, measure, monitor and control the application of the Framework within their areas of accountability. They are required to establish effective

governance and control frameworks for their business to be compliant with the Framework requirements, to maintain appropriate capabilities, mechanisms and toolkits, and to act within the Group risk appetite parameters set and approved by the Board.

Risk division (second line) is a centralised function, headed by the Group's Chief Risk Officer, engaging with the first line, providing oversight and constructive challenge to the effectiveness of risk decisions taken by business management, providing proactive advice and guidance, reviewing, challenging and reporting on the risk profile of the Group and ensuring that mitigating actions are appropriate.

It also has a key role in promoting the implementation of a strategic approach to risk management reflecting the risk appetite and Enterprise Risk Management Framework (ERMF) agreed by the Board that encompasses:

- Overseeing embedding of effective risk management processes
- Transparent, focused risk monitoring and reporting
- Provision of specialist risk advice and guidance to the Board, executives and management on strategic issues and horizon scanning, including pending regulatory changes
- A constructive dialogue with the first line through provision of advice, development of common methodologies, understanding, education, training, and development of new risk management tools

The primary role of the Group Audit (third line) is to help the Board and executive management protect the assets, reputation and sustainability of the Group.

Group Audit provides independent assurance to the Audit Committee and the Board through performing reviews and engaging with committees and executive management, providing opinion, challenge on risk and the state of the control environment.

Group Audit is a single independent internal audit function, reporting to the Group Audit Committee, and the Board or Board Audit Committees of the sub-groups, subsidiaries and legal entities where applicable.

## Environmental and social risk management

### → Environmental and social risk management

**The Group has identified relevant risks and controls to ensure that the Group is correctly classifying and reporting sustainable finance products and propositions in accordance with this Framework.**

Risks are managed in established risk systems, ensuring that controls are embedded into the Group's existing Risk Management Framework and are regularly reviewed and attested to by risk owners. These controls are embedded within existing documented business processes, including appropriate allocation of roles and responsibilities for reviewing and validating sustainable financing.

At client and transactional level, ESG related risks, including environmental, social, and governance factors which may present financial implications for both the client and the Group, are assessed and embedded into our credit risk management framework in line with regulatory expectations and best practice. All lending decisions are based on a comprehensive credit risk assessment of potential borrowers which includes credit, financial and other factors as part of our broad multi-factor risk assessment framework.

The Group's sector external statements detail our cross-sector and sector-specific criteria for managing environmental and social risks. These criteria are, guided by international conventions, national legislation and leading industry standards and are embedded into the overall credit risk assessments. Clients and transactions are reviewed individually as part of a broad multi-factor risk assessment, ensuring decisions reflect both ESG related risks and their financial implications. The Group's external sector statements can be found on our [Group webpage](#) →



## Product scope and reporting basis

# → Product scope and reporting basis

The table on the right captures the list of products within the scope of this Framework and those products referred to in the ‘Scope of the Framework’ which contribute towards the sustainable financing targets as set out on **page 03** in the ‘Scope of the Framework’ as at the date of the most recent review.

Although the Group currently offers Use of Proceeds and sustainability-linked derivative products (Rates and FX), these are not included in the product scope table and will not therefore contribute towards the Group’s sustainable financing targets under this Framework. Further details on Framework reporting are set out in the ‘Disclaimer’ on **page 29**.

The Group will, however, continue to develop these products in line with market standards and consider including them in future iterations of the Framework. These products are also required to undergo the same assessment process as set out on **page 26** in the ‘Governance’ section of this Framework.

Product scope and reporting basis				
Business entity	Business area	Product	Product description	Reporting basis
Business & Commercial Banking Commercial & Institutional Banking	Capital markets	Green bonds including private placements	Use of Proceeds bonds	Where the Group is the Bookrunner, the Group will include our pro-rata share of the bond size £'m <sup>43</sup>
		Social bonds including private placements		
		Sustainability bonds including private placements		
		Sustainability-linked bonds including private placements	Sustainability-linked bonds	
	Lending and working capital	Green lending and working capital – Use of Proceeds	See definition as per ‘Use of Proceeds’ on <b>page 23</b>	<ul style="list-style-type: none"> <li>The Group includes gross lending (limits) of new lending. Lending includes Term Loans, Revolving Credit Facilities, Overdrafts, Invoice Financing/Factoring and Committed Contingent Liabilities</li> <li>The Group includes refinance lending to clients where the maturity date is extended (but would not include within reported numbers again if a loan was only extended by 12 months) The Group includes the incremental lending amount where an existing loan/facility is being increased</li> <li>The Group includes the day one limit booked for loan underwriting</li> <li>Where the Group has structured, arranged and ‘placed’ lending for a third-party non-bank (a private placement) the Group includes the Day 1 commitment</li> </ul> <b>Exclusions</b> <ul style="list-style-type: none"> <li>The Group excludes uncommitted facilities until they become committed/issued/drawn</li> <li>For loans with ESG KPIs: 1) the Group will exclude oil and gas upstream and super-major clients on a sector exclusion basis 2) The Group will exclude loans with ESG KPIs where, in the Group’s opinion, these do not fully meet the LMA Sustainability Linked Loan Principles</li> <li>Exceptions will be reviewed via the Group’s Green Asset Eligibility Forum and noted as exceptions for year-end Divisional and/or Group governance sign-off and explicitly flagged for review to the Group’s limited assurance provider. Derivatives are excluded</li> </ul>
		Social lending and working capital – Use of Proceeds	See definition as per ‘Use of Proceeds’ on <b>page 23</b>	
		Sustainability-linked lending and working capital	See definition for ‘Sustainability-linked Financing’ on <b>page 24</b>	
		Sustainable Business Financing	See definition for ‘Sustainable Business Financing’ on <b>page 25</b>	
Consumer Lending	Homes	Green lending – Use of Proceeds	See definition as per ‘Use of Proceeds’ on <b>page 23</b>	New mortgage lending on new and existing residential property that meets an Energy Performance Certificate (EPC) rating of B or higher, reported as £billion
	Transport	Green lending – Use of Proceeds	See definition as per ‘Use of Proceeds’ on <b>page 23</b>	New lending advances for Black Horse and operating leases for Lex Autolease (gross); includes cars and vans and Tusker

<sup>43</sup> We do not include deals in our reporting where the Group is acting as co-manager.

## Review process

# → Review process

### Framework review process

The Framework will be reviewed at least annually to ensure it stays aligned with industry standards, regulatory requirements and good practice.

The Group will endeavour to keep up to date with any changes to industry standards, regulatory requirements and market practice via internal 'horizon scanning' activities. In addition, the Group will engage with external partners to assist in an annual assessment to ensure that the Group stays up to date in respect of external activity including any changes to taxonomy or sustainable finance regulation.

Materiality of any such changes will be assessed by, and recommendations made to, the Group's established Group Net Zero Committee which will be responsible for deciding whether an update to the Framework is required.

The Group's externally reported sustainable finance progress at each year end will be subject to limited assurance as part of the annual external auditor engagement.

Given that this is an evolving market, the Group business units, which are responsible for approving transactions to be eligible under this Framework, have the right to exclude a transaction from the sustainable finance reporting figures, should regulatory requirements change prior to the Framework being updated.

### External review

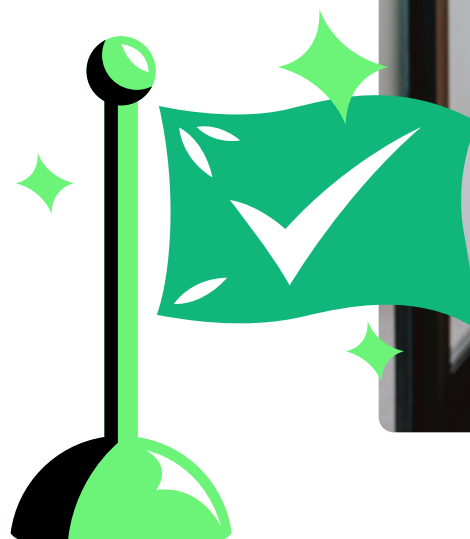
For certain transactions, the Group may decide to use an external provider to support a review process. This will be carried out on a case-by-case basis when deemed appropriate, or as stated as a requirement of financing in this Framework.

### Second-Party Opinion

The Group appointed DNV to provide an independent Second-Party Opinion (SPO) on the Framework. The SPO confirms the Framework's alignment to the GLP 2025, the SLP 2025 and the SLLP 2025, as published by the LMA.

Bond issuances may also be covered within the scope of the Framework. DNV was not commissioned to provide an eligibility assessment of the Framework against bond principles.

A copy of the SPO can be found on the Group's website: [ESG policies and downloads](#) →



## Reporting overview

### → Reporting overview

Each product or activity to which this Framework applies will be assessed to ensure there is accurate reporting of eligible activities as documented under this Framework. Tracking of this information will be actioned using the Group's internal systems and external data where appropriate (e.g. for public capital market transactions).

The Group's sustainable financing is tracked and monitored regularly with quarterly updates provided to the Group Executive Committee and Group Net Zero Committee.

The Group's current sustainable finance targets are set with reference to various sectors based on the definitions set out in this Framework and these may be subject to change over time. Should these definitions be materially revised, the Group will consider the implications for the Group's targets, while ensuring the implied level of ambition is either maintained or increased.

The Group has committed to the principle to report to the best of its ability at all times using the best available data. It is likely that, over time, this will mean that the Group may need to restate targets as new data becomes available and processes and systems are updated to ensure more reliable data capture. The Group's ambition is to periodically review the Group's ability to collect data and report on allocations, and green and social impacts from the financing under the Framework on an aggregated basis.

The Group will externally report progress of sustainable financing under this Framework as part of the annual sustainability reporting alongside its annual report and accounts, available on the Group's [website](#) → Reporting against sustainable financing targets will be subject to external limited assurance as detailed within the annual report. Where possible, the Group may publish case studies on green and social impacts of its sustainable financing under the Framework as part of its annual sustainability reporting.

### → Disclaimer

The Group notes that there is currently no global framework or taxonomy, or consistently applied legal or regulatory definition, as to what constitutes an 'ESG' (Environmental, Social, or Governance), 'Green', 'Social', 'Sustainable' or equivalent labelled product, or as to what precise attributes are required for a particular product, investment, or asset to be defined as 'ESG', 'Green', 'Social', 'Sustainable', or with an equivalent label, nor can any assurance be given that such a clear global definition or consensus will develop over time.

The Group is providing this Framework to assist its customers, potential customers, and other third parties regarding the Group's own current position in view of the possibility of different interpretations of these terms, as they develop over time.

Any information contained or referred to herein, in relation to any actual or potential ESG objective, issue or consideration is not intended to be relied upon for the classification purposes of the EU Sustainable Finance Disclosures Regulation, EU Taxonomy Regulation, or equivalent classification regimes (Classification Regimes). While the Group has obtained information from sources considered to be reliable, the Group provides no representation that any third-party ESG information or data is accurate or complete, or that it has (itself or via a third party) taken any steps to verify such information or data. Accordingly, the Group does not accept any liability whatsoever for any direct, indirect or consequential loss arising from any actions or inactions undertaken in reliance on third-party information or any other content contained herein or in relation to determinations made under the Classification Regimes by investors, users and other relevant persons.

Investors, users and other relevant persons are reminded that differences in interpretation are possible. Different persons (including third-party data providers, investors and other financial institutions) may apply different interpretations, standards and criteria, including through use of internal methodologies, and arrive at different conclusions. Investors, users and other relevant persons are advised to obtain their own independent financial, legal, regulatory, tax or other advice as necessary to make their own investment decision as to whether a product, investment or asset meets their ESG needs, including ESG performance, ESG alignment and alignment to or compliance with any regulatory regime (including, without limitation, the Classification Regimes).

#### No offer of securities or investments

The information, statements and disclosure herein do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments.

This Framework, the information, statements and disclosure included in this Framework are not formally part of any offering documents and are not contractually binding. The Framework is not intended to form part of any communication of any offering issued under this Framework and it is not intended to be an advertisement for the purposes of the UK Prospectus Regulation and investors should not make any investment decisions based on the information included in this Framework.

## Reporting overview continued

# → Glossary of terms

In the main body of this document, terms can be both singular and plural, regardless of whether the definition here refers to the singular or plural term.

### Glossary of terms

Term	Description
<b>Business and Commercial Banking (BCB)</b>	Business and Commercial Banking is a business unit within the Group that serves the financial needs of small and medium-sized businesses that support the Group's ability to help Britain prosper. This is achieved through a portfolio of specialised products that cover business loans, transactional banking and working capital.
<b>Carbon Capture, Usage and Storage (CCUS)</b>	A technology that can capture and make effective use of the high concentrations of CO <sub>2</sub> emitted by industrial activities.
<b>CBI Taxonomy</b>	Identifies the assets and projects needed to deliver a low carbon economy and gives GHG emissions screening criteria consistent with a 2-degree global warming target set by the COP21 Paris Agreement.
<b>Clean Growth Financing Initiative (CGFI)</b>	CGFI is an initiative within the BCB and CIB businesses within the Group to provide discounted lending for new/additional green investment and capital expenditure and help British businesses reduce environmental impacts including water, waste and energy usage/greenhouse gas emissions.
<b>Climate Bonds Initiative (CBI)</b>	Climate Bonds Initiative (CBI) is an international organisation working to mobilise global capital for climate action through the development of the Climate Bonds Standard and Certification Scheme, policy engagement and market intelligence work.
<b>Climate Bonds Standard (CBS)</b>	The Climate Bonds Standard (CBS) is a Paris-aligned certification of debt instruments, entities and assets designed for bond issuers, governments, investors and the financial markets to prioritise investments which genuinely contribute to addressing climate change.
<b>Consumer Lending</b>	Consumer Lending is the business unit within the Retail division of the Group that serves the financial needs of our personal customers with mortgages, credit cards, personal loans and motor finance.
<b>Corporate and Institutional Banking (CIB)</b>	Corporate and Institutional Banking is a business unit within the Group which looks after the financial needs of clients with a turnover of £100m or higher.
<b>Eligibility Criteria</b>	The criteria for classifying financial transactions as sustainable finance as outlined in 'Qualifying criteria' on <b>page 05</b> .
<b>Eligible Green Activity/Activities</b>	A development activity/activities where the activity/activities meet the relevant eligibility criteria as detailed in 'Qualifying Criteria' on <b>page 05</b> and 'Green Eligibility Criteria' on <b>page 08</b> .
<b>Eligible Social Activity/Activities</b>	A development activity/activities where the activity/activities meet the relevant eligibility criteria as detailed in 'Qualifying Criteria' on <b>page 05</b> and 'Social Eligibility Criteria' on <b>page 19</b> .
<b>Energy Performance Certificate (EPC)</b>	<p>An EPC measures how energy efficient a property is on a scale of A-G (with 'A' being the most efficient grade).</p> <p>A Commercial EPC is required for a commercial building when it is constructed, sold or let. The EPC Certificate gives information about the energy efficiency of the building to owners, prospective buyers and tenants.</p>

Reporting overview continued

Glossary of terms continued

Term	Description
<b>Environmental, Social and Governance (ESG)</b>	ESG stands for Environmental, Social and Governance factors which are considered by investors and other stakeholders in measuring and evaluating a business’ non-financial, ethical and sustainability performance and impact. <ul style="list-style-type: none"><li>• Environmental factors consider the quality and functioning of the natural environment</li><li>• Social factors consider the rights, wellbeing and interests of people and communities</li><li>• Governance factors consider the policies or practices by which a company is directed or controlled</li></ul>
<b>EU Taxonomy for Sustainable Activities</b>	The EU Taxonomy Regulation which sets out a taxonomy i.e. classification system for economic activities to be classified as environmentally sustainable.
<b>External Sector Statements</b>	External Sector Statements outline what types of activities the Group will and will not support and reflect the approach the Group takes to the risk assessment of the Group’s customers. The Group’s External Sector Statements are publicly available on the Responsible Business downloads centre: <a href="#">ESG policies and downloads</a> →
<b>Framework</b>	This document which sets out Lloyds Banking Group’s Sustainable Financing Framework. This Framework has been designed as a methodology for classifying whether certain financial products and services offered by the Group may be described as sustainable for the purpose of tracking and disclosing the Group’s progress against its sustainable financing targets.
<b>GHG</b>	Greenhouse gas.
<b>Green Asset Eligibility Forum (GAEF)</b>	The Green Asset Eligibility Forum is a forum within the Group which is comprised of senior colleagues from across the Business and Commercial Banking and Corporate and Institutional Banking business units including Portfolio Analytics, Lending Products, Risk, Coverage and Sustainability & Responsible Business. This forum sets the eligibility criteria for loans propositions with these business units and convenes meetings to consider client transactions.
<b>Green Bond Principles (GBP)</b>	The Green Bond Principles (GBP), defined by the International Capital Market Association (ICMA) in the link below, are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.
<b>Green Bonds (GBs)</b>	Green Bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green projects and which are aligned with the four core components of the GBP.
<b>Green Eligibility Criteria</b>	The criteria for classifying an eligible activity as green as set out in ‘Green Eligibility Criteria’ on <b>page 08</b> .
<b>Green Finance Institute (GFI)</b>	Independent advisor to governments.
<b>Green Home Finance Principles</b>	Green Homes Finance Principles are an industry recognised framework of market standards and guidelines.
<b>Green Loans</b>	Green Loans are loans where the proceeds of the loan are exclusively applied to finance or refinance eligible green projects and which are aligned to core components of the Green Loan Principles.
<b>Green Loan Principles (GLP)</b>	The Green Loan Principles are a high-level framework of market standards and guidelines, published by the LMA together with the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association and with the support of the International Capital Market Association, providing a consistent methodology for use across the Green Loan market.
<b>Group</b>	Group means the group of companies including Lloyds Banking Group plc and all of its direct and indirect subsidiaries.

# Reporting overview continued

Glossary of terms continued	
Term	Description
<b>Group’s Sustainable Bond Framework (SBF)</b>	The Group’s Sustainable Bond Framework is a separate document which defines the eligibility criteria for bonds issued by the Group to be described and reported as sustainable: <a href="#">Sustainable, green, and social bonds – Lloyds Banking Group plc</a> →
<b>International Capital Market Association (ICMA)</b>	The International Capital Market Association (ICMA) is a trade association for the international capital market with over 600 member firms from 66 jurisdictions globally, including issuers, banks, asset managers, central banks, infrastructure providers and law firms.
<b>Key Performance Indicator (KPI)</b>	Key performance indicators (KPIs) are quantifiable measures that gauge a product’s, individual’s or company’s performance against a set of targets, objectives or industry peers.
<b>Limited Assurance</b>	<p>Limited assurance is the baseline level of assurance, wherein an independent auditor obtains ‘sufficient and appropriate evidence’, limiting assurance to specific aspects of the Group’s Sustainability Report.</p> <p>Limited assurance provides a lower level of assurance than reasonable assurance, is usually less costly, and is the most common type of assurance that large companies voluntarily get for ESG data, including climate-related information.</p> <p>Limited assurance is most appropriate in situations where the risk of a material misstatement would be low and the cost of obtaining reasonable assurance too high.</p>
<b>Loan Market Association (LMA)</b>	The Loan Market Association (LMA) is a market-led body that promotes growth in sustainable lending practices and supports the syndicated loan market as new sustainable finance regulations emerge.
<b>Operating Model Framework</b>	Internal document outlining roles, responsibilities and controls supporting the operation and use of the Framework.
<b>Second-Party Opinion (SPO)</b>	A Second-Party Opinion (SPO) is an independent, point-in-time analysis of a sustainable finance instrument, programme or framework which provides investors with assurance that the instrument is aligned to accepted market principles and standards.
<b>Social Bonds (SBs)</b>	Social Bonds (SBs) are any type of bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or refinance in part or in full new and/or existing eligible social projects and which are aligned with the four core components of the SBP.
<b>Social Bond Principles (SBP)</b>	The Social Bond Principles (SBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Social Bond market by clarifying the approach for issuance of a Social Bond.
<b>Social Eligibility Criteria</b>	The criteria for classifying an eligible activity as social as set out in ‘Social Eligibility Criteria’ on <b>page 19</b> .
<b>Social Loan Principles (SLP)</b>	The Social Loan Principles (SLP), developed by the Loan Market Association (LMA), are voluntary recommended guidelines which aim to promote the development of the social loan product by providing a framework of market standards and guidelines for use across the social loan market, while allowing the loan product to retain its flexibility and preserving the integrity of the social loan market while it develops.
<b>Standard Assessment Procedure (SAP)</b>	Refers to the process of calculating and determining the energy performance of buildings and homes.
<b>Sustainability Bond Guidelines (SBG)</b>	The Sustainability Bond Guidelines (SBG) are voluntary process guidelines for issuance of Sustainability Bonds where the proceeds or an equivalent amount will be exclusively applied to finance or refinance a combination of both green and social projects.

Reporting overview continued

Glossary of terms continued

Term	Description
Sustainability Bonds	Sustainability Bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or refinance a combination of both green and social projects. Sustainability Bonds are aligned with the four core components of both the GBP and SBP with the former being especially relevant to underlying green projects and the latter to underlying social projects.
Sustainability-linked	Sustainability-linked products are Sustainability-Linked Bonds and Sustainability-Linked Loans that provide financing that incentivise improved sustainability performance.
Sustainability-Linked Bonds (SLBs)	Sustainability-Linked Bonds (SLBs) are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/ESG objectives.
Sustainability-Linked Bond Principles (SLBP)	The Sustainability-Linked Bond Principles (SLBP), developed by the International Capital Market Association (ICMA), that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance of SLBs.
Sustainability-Linked Loans (SLLs)	Sustainability-Linked Loans for the purposes of this Framework are types of loan instruments originated by BCB & CIB which incentivise the borrower’s achievement of ambitious, predetermined sustainability performance objectives subject to certain limited exceptions.
Sustainability-Linked Loan Principles (SLLP)	The Sustainability-Linked Loan Principles (SLLP) is a high-level framework of market standards and guidelines, published by the LMA, which aim to promote the development of the sustainability-linked loan product by providing a recommended framework to articulate the fundamental characteristics of SLLs.
Sustainability Performance Targets (SPTs)	Sustainability Performance Targets (SPTs) are the measures, typically annual, to be achieved by a client in respect of each KPI.
Sustainable Business Financing	Sustainable Business Financing products are products that provide financing and/or refinancing to a business which has 90 per cent or more of its revenue generated from Eligible Green Activities and/or Eligible Social Activities. Alternatively known as ‘Pure-Play’ subject to certain limited exceptions.
Sustainable Financing Targets	Targets set by Lloyds Banking Group in relation to sustainable lending and investments.
United Nations Sustainable Development Goals (SDGs)	Collection of 17 interlinked objectives designed to serve as a shared blueprint for peace and prosperity for people and the planet created by the United Nations General Assembly in 2015.
Use of Proceeds (UoP)	Use of Proceeds (UoP) products are financing products where the proceeds are used exclusively to finance or refinance Eligible Green Activities and/or Eligible Social Activities comprising activities that meet the Green Eligibility Criteria and/or Social Eligibility Criteria as set out in this Framework. Subject to certain limited exceptions.



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