LLOYDS BANKING GROUP SUSTAINABLE AND TRANSITION FINANCING FRAMEWORK 2026 ASSESSMENT - SUMMARY

Document title: Second Party Opinion (SPO) Summary on Lloyds Banking Group Sustainable and Transition Financing Framework 2026
Prepared by: DNV Business Assurance Services UK Limited
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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures are provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not be detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence
DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 - Conformity Assessment – General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct during the assessment and maintain independence where required by relevant ethical requirements.

DNV

Summary

Scope:	**DNV Team Contact:**
DNV Business Assurance Services UK Limited ("DNV") has been commissioned by Lloyds Banking Group to provide an eligibility assessment of its Sustainable and Transition Financing Framework 2026 according to the criteria established within the Standards and Principles outlined below. Our outcomes and methodology to achieve this are described in detail in "DNV Eligibility Assessment". More detail about our methodology and the reasons for our opinion can be requested.	**Lavinia De Lucchi** Lead Verifier, DNV UK Lavinia.De.Lucchi@dnv.com **George Oakman** Quality Reviewer, DNV UK George.Oakman@dnv.com

Principles considered in our assessment:

- ☑ Loan Market Association ("LMA") – Green Loan Principles 2025 ("GLP")
- ☑ LMA – Social Loan Principles 2025 ("SLP")
- ☑ LMA – Sustainability-linked Loan Principles 2025 ("SLLP")
- ☑ LMA – Guide to Transition Loans 2025 Exposure Draft Transition Loan Principles ("TLP")
- ☑ International Capital Markets Association ("ICMA") – Climate Transition Bonds Guidelines 2025 ("CTBG")

Based on the assessment procedures conducted, no matters have come to the attention of DNV that causes us to believe that the Framework is not, in all material respects, where relevant and applicable (please note the exclusions and applicability assessments stated in the Basis of DNV's Opinion section), in accordance with the pre-issuance requirements of the LMA Principles and ICMA Guidelines listed above.

Green Use of Proceeds Categories

Energy generation, transmission, distribution, and storage	Activities are expected to deliver environmental benefits in line with the GLP with respect to renewable electricity generation, nuclear energy generation, manufacture of biogas, biofuels, hydrogen and other low-carbon gases, electricity transmission and distribution, gas transmission and distribution and energy storage, subject to further assessment at project/ asset level. Lloyds' classification of nuclear energy as a Green Use of Proceeds is considered aligned with the GLP due to the additional safeguards and exclusions put in place by Lloyds Banking Group. This is further supported by the UK Government's Net Zero strategy, long-term nuclear expansion plans, and the Government's own Green Finance Framework.
Built Environment	Activities are expected to deliver environmental benefits in line with the GLP with respect to commercial and residential buildings, subject to further assessment at project/ asset level.
Energy Efficiency	Activities are expected to deliver environmental benefits in line with the GLP with respect to industrial processes and supply chains, buildings and other infrastructure, subject to further assessment at project/ asset level.
Environmentally sustainable management of living natural resources and land use	Activities are expected to deliver environmental benefits in line with the GLP with respect to sustainable agriculture and food systems, food and water security, sustainable fisheries, sustainable forestry and sustainable water and wastewater management, subject to further assessment at project/ asset level.

	The Framework's inclusion of alternative protein crops as a Green Use of Proceeds is acknowledged by DNV as carrying potential environmental trade-offs, such as land-use change and biodiversity impacts, if adequate safeguards are not applied.
Climate Change Adaptation	Activities are expected to deliver environmental benefits in line with the GLP with respect to climate adaptation, subject to further assessment at project/ asset level.
Terrestrial and Aquatic Biodiversity Conservation	Activities are expected to deliver environmental benefits in line with the GLP with respect to conservation, restoration and protection of land and aquatic environments and biodiversity, subject to further assessment at project/ asset level.
Circular economy adapted products, production technologies and processes and/ or certified eco-efficient products	Activities are expected to deliver environmental benefits in line with the GLP with respect to circular economy adapted products, production technologies and processes, subject to further assessment at project/ asset level.
Pollution, prevention and control	Activities are expected to deliver environmental benefits in line with the GLP with respect to emissions management, carbon capture, utilisation and storage and sustainable waste management, subject to further assessment at project/ asset level.
Clean Transportation	Activities are expected to deliver environmental benefits in line with the GLP with respect to vehicles and transport infrastructure, subject to further assessment at project/ asset level.

Social Use of Proceeds Categories

Affordable Housing	Activities are expected to deliver social benefits in line with the SLP with respect to affordable housing, subject to further assessment at project/ asset level.
Affordable Basic Infrastructure	Activities are expected to deliver social benefits in line with the SLP with respect to telecommunication infrastructure and services, transportation and transport infrastructure, energy infrastructure, and water and sanitation infrastructure, subject to further assessment at project/ asset level.
Access to Essential Services	Activities are expected to deliver social benefits in line with the SLP with respect to healthcare, education and access to financing, subject to further assessment at project/ asset level.
Employment Generation	Activities are expected to deliver social benefits in line with the SLP with respect to employment generation, subject to further assessment at project/ asset level.
Food Security and Sustainable Food Systems	Activities are expected to deliver social benefits in line with the SLP with respect to food security and sustainable food systems, subject to further assessment at project/ asset level.
Socioeconomic Advancement and Empowerment	Activities are expected to deliver social benefits in line with the SLP with respect to socioeconomic advancement and empowerment, subject to further assessment at project/ asset level.
Financing Charities & Non-profit Institutions	Activities are expected to deliver social benefits in line with the SLP with respect to financing registered charities and non-profit institutions, subject to further assessment at project/ asset level.

Transition Use of Proceeds Categories

Energy generation, transmission,	Activities are expected to deliver environmental benefits in line with the TLP and CTBG with respect to electricity generation, manufacture of biogas, biofuels, hydrogen and other low-carbon gases, electricity transmission and distribution, gas

distribution, and storage	transmission and distribution and early decommissioning of fossil fuel infrastructure, subject to further assessment at entity and project/ asset level. DNV highlights that Transition Use of Proceeds activities linked to fossil-fuel-related assets require additional safeguards, including credible transition plans, sunset dates, reporting, investment shifts, asset limitations, and CCUS commitments. These were considered as adequately addressed in DNV's assessment of Lloyds' processes and procedures.
Built Environment	Activities are expected to deliver environmental benefits in line with the TLP and CTBG with respect to commercial and residential buildings, subject to further assessment at entity and project/ asset level.
Energy Efficiency	Activities are expected to deliver environmental benefits in line with the TLP and CTBG with respect to industrial processes and supply chains, subject to further assessment at entity and project/ asset level.
Pollution, prevention and control	Activities are expected to deliver environmental benefits in line with the TLP and CTBG with respect to carbon capture, utilisation and storage and sustainable waste management, subject to further assessment at entity and project/ asset level.
Clean Transportation	Activities are expected to deliver environmental benefits in line with the TLP and CTBG with respect to vehicles, aviation and transport infrastructure, subject to further assessment at entity and project/ asset level.

Entity-Level Transition Strategy
Lloyds has established requirements for Borrowers and clients to demonstrate appropriate entity-level transition plans aligned with the objectives of the Paris Agreement and informed by relevant science-based methodologies. Based on the documentation reviewed and interviews conducted, we consider the requirements to be credible and supported by an appropriate assessment methodology in line with the requirements of the TLP and CTBG.

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LLOYDS BANKING GROUP SUSTAINABLE AND TRANSITION FINANCING FRAMEWORK 2026

DNV ELIGIBILITY ASSESSMENT

Scope and objectives

Lloyds Banking Group ("Lloyds" or "the Group") is a leading UK financial services provider with more than 250 years of history, offering a broad range of banking, insurance, pensions and investment services through well-known brands including Lloyds, Halifax, Bank of Scotland and Scottish Widows. Guided by its purpose of *Helping Britain Prosper*, the Group focuses on five strategic pillars: access to quality and affordable housing, empowering a prosperous future, supporting regional development and communities, building an inclusive organisation, and supporting the UK's transition.

Lloyds has set ambitious decarbonisation and sustainable finance commitments aligned with limiting global warming to 1.5°C, including halving the carbon footprint of its investments by 2030 and achieving net zero by 2050. To measure and report progress against its Sustainable and Transition finance targets, the Group has published its Sustainable and Transition Financing Framework 2026 ("the Framework"), which supersedes the 2025 framework. The Framework provides the methodology for classifying eligible lending and investment activities as Sustainable or Transition and supports the issuance and reporting of eligible types of financing listed below. The eligible types of financing to which the Framework applies includes lending arranged by the Group, and fall under one of the following:

- **Use of Proceeds products** - finance and/or refinancing used exclusively for Eligible Green, Transition or Social Activities as defined under the Framework;
- **Sustainable Business Financing** - finance used for general corporate purposes to a business which has 90% or more of its revenue generated from Eligible Green and/or Social Activities, also known as "Pure Play" entities;
- **Transitioning Entity Financing** – finance used for general corporate purposes for an entity that is not yet considered Sustainable (or already aligned with a net-zero future) but has demonstrated a credible, science-based pathway toward a net-zero transition, consistent with the goals of the Paris Agreement and reflective of the company's sectoral and contextual considerations, in line with the Transition Finance Council ("TFC") Transition Finance Guidelines ("TFG");
- **Sustainability-Linked products** - finance used for general corporate purposes where the economic characteristics of the financing activity can vary depending on whether the borrower achieves ambitious, material, and quantifiable predetermined sustainability performance objectives.

The Framework covers Lloyds Banking Group's Consumer Lending, Business and Commercial Banking, and Corporate & Institutional Banking eligible products. It also sits alongside the Group's Sustainable Bond Framework[1] 2024.

DNV Business Assurance Services UK Limited ("DNV") has been commissioned by Lloyds to provide an eligibility assessment of the Framework. Our objective has been to provide an assessment of whether the Framework meets the criteria established within the Loan Market Association (LMA) Green Loan Principles 2025 ("GLP"), Social Loan

[1] Lloyds Banking Group | Sustainable Bond Framework (online).

Principles 2025 (“SLP”), Sustainability-Linked Loan Principles 2025 (“SLLP”), Transition Loan Guide 2025 Exposure Draft Transition Loan Principles (“TLP”) and the Exposure Draft Transition Loan Principles included therein (“TLP”) and the International Capital Markets Association (“ICMA”) Climate Transition Bond Guidelines 2025 (“CTBG”). Our methodology to achieve this is described under ‘Work Undertaken’ below.

DNV was not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of bonds or loans issued under the Group’s Framework, the value of any investments, or the long-term environmental and/or societal benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Lloyds and DNV

The management of Lloyds has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and intends to inform Lloyds management, and other stakeholders interested in the Framework, as to whether the established criteria have been met, based on the information provided to us.

In our work, we have relied on the information and the facts presented to us by Lloyds. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Lloyds management, and used as a basis for this assessment, were not correct or complete.

Basis of DNV’s opinion

We have adapted our eligibility assessment protocol which incorporates the requirements of the GLP, SLP, SLLP, TLP, and CTBG to create a Lloyds-specific Sustainable Finance Eligibility Assessment Protocol (henceforth referred to as “Protocol”). Our Protocol includes a set of suitable criteria that can be used to underpin DNV’s opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the following Principles split by type of financing:

Use of Proceeds Financing, Sustainable Business and Transitioning Entity Financing:

- **Principle One: Use of Proceeds (UoP).** The Use of Proceeds criteria are guided by the requirement that a borrower of funding instruments under the Framework must use the funds raised to finance eligible activities. The eligible activities should also produce clear environmental and/or social benefits, in the case of Green, Social or Sustainable labelled instruments. Or, in the case of Transition labelled instruments, credible and material decarbonisation benefits whilst being fully aligned with a net-zero economy.

- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that a borrower under the Framework should outline the process it follows when determining the eligibility of an investment using proceeds from Green, Social and/or Sustainability instruments, and outline any impact objectives it will consider. For Climate Transition activities, issuers should outline alignment with applicable taxonomies and/or transition pathways where available or other science-based trajectories and proxies where these are not.

- **Principle Three: Management of Proceeds**. The Management of Proceeds criteria are guided by the requirements that a funding instrument should be tracked within the issuing organisation, that separate portfolios should be created when necessary, and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting of the use of proceeds should be made to the lenders of the instrument, and that quantitative and/or qualitative performance indicators should be used, where feasible.
- **(Transition UoP and Transitioning Entity Financing only) Principle Five: Transition Strategy.** To ensure the integrity of Climate Transition activities, Issuers should meet, or demonstrate how they intend to meet, key safeguards, including the existence of an Issuer-level transition strategy, evidence that low-carbon alternatives are not technologically or economically feasible, show alignment with relevant taxonomies and decarbonisation pathways, demonstrable mitigation of GHG emissions beyond business-as-usual, and the identification and management of potential carbon lock-in risks.

Sustainability-Linked Financing

- **Principle One: Selection of Key Performance Indicators (KPIs).** The borrower of sustainability-linked loans (SLLs) should clearly communicate its overall sustainability objectives as set out in its sustainability strategy, and how these relate to its proposed Sustainability Performance Targets (SPTs). The KPI(s) should be relevant, core and material to the borrower's core sustainability and business strategy, measurable or quantifiable on a consistent methodological basis, externally verifiable, and able to be benchmarked externally.
- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful and realistic, using industry benchmarks where possible. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.
- **Principle Three: Financial Characteristics.** The loans will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The loan documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLLs' financial and/or structural characteristics. Any fallback mechanisms, in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** Borrowers should publish and keep readily available and easily accessible up-to-date information on the performance of the selected KPI(s), as well as a verification assurance report outlining the performance against the SPT(s) and the related impact and timing of such impact on the loan's financial and/or structural characteristics, with such information to be provided to lenders participating in the loan at least once per annum.
- **Principle Five: Verification (post-issuance).** The borrower should have its performance against its SPT(s) independently verified by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency, at least once a year. The verification of the performance against the SPT(s) should be shared with lenders in a timely manner and, where appropriate, be made publicly available.

Exclusions and Applicability Assessment

DNV notes that Lloyds may also consider Eligible activities which are not stated in the Eligibility Criteria set out in the Framework, subject to additional governance and review processes. For bonds, this includes labelled sustainability instruments that are assessed and approved on a case-by-case basis against recognised external standards (e.g. ICMA) through the Group's pre-issuance underwriting process. In these cases, a Second Party Opinion ("SPO") is recommended for client-facilitated transactions. For loans, eligibility may similarly be extended where the use of proceeds is governed by a client's sustainable or transition financing framework supported by a SPO which confirms alignment with relevant industry principles (e.g. LMA), with any material deviations from the Group's Framework subject to case-by-case review by the Sustainability Asset Eligibility Forum as part of the loan approval process.

The above labelled instruments have not been considered under the scope of DNV's assessment and are excluded from our Opinion.

We also note that due to the diversity of the financing types included in the Framework, the Principles applied above are not applicable for all types. Please see Table 1 below for our applicability assessment of the principles. We also note that all market-labelled instruments are expected to follow the relevant LMA principles and be assessed at a transaction level.

Table 1: Applicability Assessment

Principle		Use of Proceeds Financing	Sustainable Business Financing	Transitioning Entity Financing	Principle		Sustainability-linked Financing
1	**Use of Proceeds**	Yes	Yes	No	1	**Selection of KPIs**	Yes
2	**Process for Project Evaluation and Selection**	Yes	Yes	No	2	**Calibration of SPTs**	Yes
3	**Management of Proceeds**	Yes	No	No	3	**Financial Characteristics**	Yes
4	**Reporting**	Yes	Yes	No	4	**Reporting**	Yes
5	**Entity Level Transition Strategy**	Transition UoP only	No	Yes	5	**Verification**	Yes

Work undertaken

Our work constituted a high-level review of the available information based on the understanding that this information was provided to us by Lloyds in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

- The creation of a Lloyds-specific Protocol, adapted to the purpose of the Framework, as described above and outlined in "DNV Sustainable and Transition Financing Framework Assessment 2026 – LBG – Schedules" available upon request, inclusive of:

- DNV's proprietary protocol to assess Lloyds' Sustainable (Green and Social) Use of Proceeds products' alignment with the GLP and SLP.
    - DNV's proprietary protocol to assess Lloyds' Transition Use of Proceeds products and Transitioning Entity Financing alignment with the relevant and applicable TLP and CTBG.
    - DNV's proprietary protocol to assess Lloyds' Sustainable Business Financing alignment with the GLP and SLP.
    - DNV's proprietary protocol to assess Lloyds' Sustainability-linked products with the SLLP.
- An assessment of documentary evidence provided by Lloyds on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Lloyds management, as well as a review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's summary findings are listed below, split by type of financing, namely Use of Proceeds Financing, Transitioning Entity Financing, Sustainable Business Financing, and Sustainability-linked Financing. Further detail on our findings and conclusions can be found in "DNV Sustainable and Transition Financing Framework Assessment 2026 – LBG – Schedules".

1. Use of Proceeds Financing

Principle One: Use of Proceeds.

Lloyds intends to use the Framework to guide their lending with respect to Green, Social or Transition loans that are referred to as "Use of Proceeds products". These will be used to finance or refinance Eligible Green, Social or Transition activities across its Corporate and Institutional Banking, Business and Commercial Banking and Consumer Lending business units. Eligible products include, but are not limited to, bonds, private placements, loans and working capital where the Group acts as a bookrunner.

The Framework defines Eligible Green, Social or Transition activities as those that fall into one or more of the following categories, that are in line with the GLP and the SLP:

Eligible Green Categories:

- Energy Generation, Transmission, Distribution, and Storage (focusing on Renewable and Low Carbon Energy)
- Pollution Prevention and Control
- Energy Efficiency
- Built Environment (focusing on Green Buildings)
- Clean Transportation
- Sustainable Water and Wastewater Management
- Climate Change Adaptation
- Environmentally Sustainable Management of Living Natural Resources and Land Use
- Terrestrial and Aquatic Biodiversity Conservation

Eligible Social Categories:

- Affordable Housing
- Affordable Basic Infrastructure
- Access to Essential Services
- Food Security and Sustainable Food Systems.
- Employment Generation
- Socioeconomic Advancement and Empowerment
- Financing Charities & Non-Profit Institutions

Eligible Transition Categories:

- Energy Generation, Transmission, Distribution, and Storage
- Pollution Prevention and Control
- Energy Efficiency
- Built Environment
- Clean Transportation
- Environmentally Sustainable Management of Living Natural Resources and Land Use

For Eligible Green and Transition Categories, Lloyds has specified suitable eligibility criteria leaning on references such as the Climate Bonds Initiative Taxonomy and the EU Taxonomy for Sustainable Business Activities. In the case of Transition activities, Lloyds also relied on national sector decarbonisation roadmaps and science-based pathways. As part of the Group's Environmental and Social Risk management, the Group will also consider related social and environmental risks associated with these activities, such as the Just Transition.

Lloyds has also identified appropriate target populations for Social Use of Proceeds. DNV can confirm that the target populations, as identified within Lloyds' Framework, fall into the LMA categories.

DNV can conclude that the Eligible Green and Social activities as described in the Framework fall into the defined categories of the GLP and the SLP, and that they will deliver clear environmental and/or social benefits. We can also confirm that the Eligible Transition activities have been developed in alignment with the safeguards outlined in the TLP and CTBG and are expected to deliver decarbonisation opportunities.

Principle Two: Process for Project Evaluation and Selection.

DNV can confirm that Lloyds has appropriately specified the eligibility criteria for each type of Green, Social and Transition activity, as detailed in the Green, Social and Transition Eligibility Criteria tables of its Framework.

Lloyds has **separate business units** which will carry out their own process for evaluation and selection as described below and in detail in "DNV Sustainable and Transition Financing Framework Assessment 2026 – LBG – Schedules":

- The Corporate and Institutional Banking (CIB) business unit, which looks after the financial needs of clients in the UK and internationally, generally with a turnover of £500m or higher, as well as businesses in selected sectors;

- The Business and Commercial Banking (BCB) business unit, which serves the financial needs of small and medium-sized UK businesses (SMEs), as well as businesses in selected sectors; and
- The Consumer Lending business unit, which oversees Homes and Motor.

The Corporate and Institutional Banking (CIB) business unit:

The CIB business unit, which typically oversees substantial transactions, will expect clients to display three requirements as reasonably required by the Group, and as set out in the GLP, SLP, TLP and CTBG:

- Communicate the environmental and/or social sustainability objectives of the respective Green and/or Social, and/or Transition activity.
- The borrower is expected to display how the activities align with the Use of Proceeds section of the Framework. Lloyds will assess how the client's activities align with the Use of Proceeds section of the Framework, undertaking any additional engagement and seeking any further evidence, if necessary.
- Any additional and contextual information on the processes by which the borrower identifies and manages perceived, actual or potential environmental and/or social risks, that are associated with the relevant project(s), as required by Lloyds.

Borrowers will be expected to demonstrate alignment to these through either of the following: a Sustainable or Transition Financing Framework and a Second Party Opinion, or a business plan or regular engagement with the Group.

The Business and Commercial Banking (BCB) unit:

Lloyds has confirmed that, due to the smaller size of the loans provided by the BCB business unit, Lloyds will validate the type of activity and its alignment with the applicable eligibility criteria as per the Framework, through routinely obtained source data. This process is also supported by the Group's Three Lines of Defence model.

These three lines are as follows:

- First Line: The Group Sustainable Business team and divisional sustainability functions act as the first line, responsible for implementing the sustainability strategy and managing sustainability-related risks and opportunities, including emissions analysis, sector-level target setting and delivery against the transition plan.
- Second Line: The Risk function provides central oversight of sustainability-related risks, including climate risk. It challenges first-line decisions, sets climate risk appetite and develops methodologies to assess and quantify sustainability-related risks in line with regulatory expectations.
- Third Line: Group Audit provides independent assurance to the Board and committees on the effectiveness of governance, controls and risk management across the first and second lines, incorporating ESG-related risks into audits and ongoing monitoring activities.

The Consumer Lending business unit:

This business unit uses an automated system to determine the Green and/or Transition credentials of the use of proceeds products. Potential borrowers can apply for financing through the Lloyds website. The loan will be classified as 'eligible' under the Framework if the use of loan proceeds align with the eligibility criteria as outlined in the Framework, for the following Eligible Green and Transition Categories:

- Residential Buildings (i.e. as per applicable Green Buildings criteria) for Home lending.
- Vehicles (i.e. as per applicable Clean Transportation criteria) for Motor lending.

Due to the smaller values of the loans provided by the Consumer Lending business unit, Lloyds will use source data to validate the type of activity, and its alignment with the applicable eligibility criteria as per the Framework. This process is also supported by the Group's Three Lines of Defence model.

Lloyds has confirmed that, in order to be eligible for Green, Social, or Transition Use of Proceeds financing, all activities must be clearly aligned to the requirements as set out in the Use of Proceeds section of the Framework. This includes the Green, Social and Transition Eligibility Criteria tables, whilst also taking into account the exclusions that the Group has outlined.

DNV concludes that Lloyds has an appropriate process in place to evaluate and select eligible Green, Social and Transition UoP instruments, and that they meet the requirements under the GLP, SLP, TLP and CTBG.

Principle Three: Management of Proceeds.

Lloyds has confirmed that net proceeds from Sustainable or Transition transactions will be used to finance or re-finance eligible activities. The Group will work with each borrower to ensure proceeds are appropriately tracked. Requirements and procedures will vary depending on the nature, sector and size of the borrower.

CIB borrowers will be required to meet the requirements of the GLP, SLP, TLP and CTBG, ensuring proceeds are held in a sub-account or otherwise tracked via internal systems, where practical. CIB lending will typically have capital expenditure or investment milestones documented within the facility agreement or side letter. Similarly, BCB lending will be encouraged to align with this practice, where practical, or alternatively have a more ad-hoc approach to management of proceeds, whereby proceeds will be tracked through Lloyds' regular relationship management contacts with clients.

In the case of Consumer lending, where lending will be limited to residential building (mortgages and Green and/ or Transition home finance lending) and transport (motor finance), details of the property and vehicle are documented in the loan agreement.

Having reviewed the evidence provided and the Framework, DNV concludes that Lloyds has appropriate procedures in place to manage the use of proceeds and to track periodical disbursements from the Use of Proceeds products, and that this is in line with the requirements of the GLP, SLP, TLP and CTBG.

Principle Four: Reporting.

Lloyds has confirmed that the separate business units have different reporting requirements in place, which will depend on the size of the loan, the type of customer, and the type of eligible Green, Social or Transition activity.

Lloyds' CIB clients will be required to provide evidence that they have, and keep readily available, up-to-date information on the Use of Proceeds of the loan products provided to them. Where practical, CIB clients will also be required to report on the allocations of those proceeds for Lloyds to review annually until the Green/Social/Transition loan reaches maturity, or the loan proceeds have been fully drawn, whichever is sooner. In terms of Impact Reporting, for CIB clients, Lloyds will typically document ESG reporting requirements (e.g., generation capacity for renewables projects) within the wider financial reporting requirements within the facility letter. Where certification is key in determining Green or Transition Use of Proceeds (e.g., EPC rating, organic farming certification, etc.), Lloyds will require a completion certificate to be provided to the Group.

For BCB lending, formal reporting is not generally a requirement. Instead, Lloyds has confirmed that this will be practically reviewed between the Relationship Manager and the client through their regular engagement. DNV further notes that certification evidence will still be required where this is a Use of Proceeds criterion.

Lloyds, as the lender, has explained that it will not seek formal annual impact reporting from its Consumer Lending and Small & Medium Enterprise (SME) customers, due to the complications that this can provide for its smaller borrowers. It is the intention of the Framework to encourage Green, Social or Transition lending to small borrowers, which forms a part of Lloyds' medium and long-term Sustainable lending goals. DNV notes that, for SME lending, any impact from the use of proceeds will be practically reviewed between the Relationship Manager and the client, through regular engagement. DNV further notes that Lloyds is committed to capturing the impact from its lending products under the Framework, where practical and feasible.

For Consumers, no reporting requirements have been set, as it is not applicable.

On the basis of the evidence reviewed, DNV concludes that the Framework meets the requirements of the GLP, SLP, TLP and CTBG in terms of Allocation Reporting requirements for CIB and BCB borrowers, where feasible. In terms of Impact Reporting, DNV concludes that Lloyds will endeavour to capture this information where practical and feasible, and that this is also in line with the recommendations of the GLP, SLP, TLP and CTBG.

Principle 5: Entity-level Transition Strategy

Lloyds confirms that Transition Use of Proceeds transactions will incorporate an assessment of the entity-level transition strategy. Each business unit (CIB, BCB, Consumer) will undertake its own assessment process as described below and in detail in "DNV Sustainable and Transition Financing Framework Assessment 2026 – LBG – Schedules".

For Transition Use of Proceeds lending to CIB borrowers, assessments will be conducted ahead of any transition loan being approved and will be supported by internal sustainability subject-matter experts to assess borrower methodology alignment with the Transition Finance Council Transition Finance Guidelines (Exposure draft, 2026), which emphasizes a credible transition, action into progress, transparent accountability and addressing dependencies. The Guidelines require entities to demonstrate the existence of a transition strategy, or evidence of concrete steps toward establishing such a plan, with Paris-aligned objectives developed in accordance with science-based methodologies and relevant sector pathways. Plans must include clear time-bound and interim metrics and targets, a credible and financially feasible implementation strategy, robust governance and accountability structures, and appropriate environmental and social risk management.

This assessment is supported by the Company's Client Transition Plan assessment methodology, which was developed in line with the TPT gold standard guidance and is updated annually to reflect best practice. The methodology uses qualitative questions aligned to the Transition Finance Council's draft Guidelines and is applied to over 100 of the Group's largest corporate clients. Each question is scored on four maturity levels across three themes: ambition, action and accountability. Reviews are carried out by internal sustainability specialists using publicly available client materials such as CDP responses, sustainability reports, transition plans, frameworks and regulatory filings. Following its review of the methodology, DNV confirms that it is in line with the requirements of the TLP and CTBG.

For BCB borrowers, given their nature as SMEs, requirements as set out in the CTBG and TLP will be tailored to ensure commercial and technological feasibility at the time of capital deployment. At a minimum, each borrower's sustainability credentials will be evaluated by the Group's Relationship Manager or product sales colleague as part of the credit approval process. As part of this process, the Group will assess compliance with ESG credit risk policies, standards, and portfolio mandates. DNV notes that requirements for Transition Use of Proceeds transactions for SMEs do not mandate a decarbonisation pathway, which presents a potential, though proportionately lower, risk.

For Consumers, no entity-level assessment will be conducted, as it is not applicable.

DNV concludes that Lloyds has established appropriate requirements to assess the transition strategies of CIB Transition UoP products borrowers and, where feasible, BCB Transition UoP borrowers, and finds these to be in line with the expectations of the TLP and CTBG.

2. Sustainable Business Financing

Principle One: Use of Proceeds.

Lloyds has confirmed that it will only classify client transactions as 'Sustainable Business Financing', provided that:

- 90% or more of the client's revenue is generated from Eligible Green and/or Social activities, as per the eligibility criteria set out in the Framework; and that
- None of the client's revenue is generated from activities listed in the exclusions list within the Framework, or within Lloyds' External Sector Statement[2].

For the avoidance of doubt, Lloyds confirms that activities eligible under the Transition category, as outlined in the Framework, will not be considered eligible for Sustainable Business Financing.

As an exception, general-purpose lending may qualify as Sustainable Business Financing outside the 90% revenue test if all of the following conditions are met:

- It is justified by a strong, objective rationale, which falls in line with the purpose of the Framework;
- It excludes the sectors and projects stated in the exclusions list as outlined in the Framework, or in the Group's External Sector Statements.
- It falls within one of the following sectors:
    - UK registered social housing providers: Providers operate within the boundaries that ensures they can only spend on relevant activities which target more vulnerable populations.
    - UK Universities: Publicly funded universities, where Tuition Fee Loans and means-tested maintenance loans are made available to UK students. Private universities are excluded.
    - National Health Service (NHS) General Practitioner (GP) surgeries: GP surgeries that provide public sector healthcare services.

The eligible Green and Social categories are as described in the Framework and in "DNV Sustainable and Transition Financing Framework Assessment 2026 – LBG – Schedules".

DNV confirms that the eligible activities defined above, and the relevant target populations stated, fall within the definition of Eligible Categories as outlined in the Framework. We can also confirm that they are consistent with

[2] Lloyds Banking Group | LBG External Sector Statements (online).

the GLP and the SLP. The evidence reviewed also gives us the opinion that transactions tagged as ‘Sustainable Business Financing’ under the Framework, will deliver clear environmental and/or social benefits.

Principle Two: Process for Project Evaluation and Selection.

Lloyds has confirmed that the Group will review a client’s revenues against the Eligible Green and Social activities as defined within the Framework. It will determine if 90% or more of a client’s revenues align with the Green and/or Social Eligibility Criteria, and that no activities fall under the exclusions criteria as defined in the Framework and/or within Lloyds’ External Sector Statements.

DNV notes Lloyds’ confirmation that this will be done practically by reviewing the client’s annual reporting and accounts, together with any additional information on the clients’ revenues the Group has access to as a result of its client relationship. Lloyds has further confirmed that the Group will regularly review the continuing achievement of the Sustainable Business Financing thresholds through its ongoing relationship management with the client.

Where Lloyds is using the exception for Social Housing, Universities and GP surgeries, they are to ensure there is a justifiable and impactful case that they are clearly able to demonstrate support to vulnerable populations.

DNV concludes that Lloyds has an appropriate evaluation and selection process in place to a client’s transaction that can be labelled as Sustainable Business Financing, and that this is in line with the GLP and the SLP.

Principle Three: Management of Proceeds.

Lloyds has confirmed that transactions tagged as Sustainable Business Financing will typically be general corporate purpose loans, where the business falls in line with the criteria set out.

Based on the evidence reviewed, it is DNV’s opinion that proceeds from a loan will be used for general corporate purposes, contributing to a 90%-aligned Green and/or Social revenue. We also can confirm that the tracking of net proceeds is not applicable in this case.

Principle Four: Reporting.

Lloyds has confirmed that the Group will regularly review the continuing achievement of the Sustainable Business Financing thresholds through its ongoing relationship management with the client. This review will be independent and reviewed by the Group, as well as by the Relationship Management / Deal Team.

On the basis of the evidence reviewed, it is DNV’s opinion that Lloyds’ commitment to regularly review a client’s Sustainable Business Financing thresholds meets the reporting requirements of the GLP and the SLP.

3. Transitioning Entity Financing

Principle 5: Entity-level Transition Strategy

Lloyds confirms that Transitioning Entity Financing will incorporate an assessment of the entity-level transition strategy. Each business unit (CIB, BCB, Consumer) will undertake its own assessment process as described below and in detail in “DNV Sustainable and Transition Financing Framework Assessment 2026 – LBG – Schedules”.

For CIB borrowers, the Transitioning Entity financing assessments will be supported by internal sustainability subject-matter experts and will apply the Group’s Client Transition Plan methodology, developed in alignment with the Transition Finance Council Transition Finance Guidelines (Exposure Draft, 2026), in a similar fashion to the process for Transition UoP transactions. The Guidelines require entities to demonstrate the existence of a transition strategy, or evidence of concrete steps toward establishing such a plan, with Paris-aligned objectives developed in accordance with science-based methodologies and relevant sector pathways. Plans must include clear time-bound and interim metrics and targets, a credible and financially feasible implementation strategy, robust governance and accountability structures, and appropriate environmental and social risk management. This assessment is supported by the Company’s Client Transition Plan assessment methodology described in “Principle 5: Entity-level Transition Strategy” for Transition UoP.

To support the classification of entity-level transition finance, the Group has introduced a supplementary Transition Finance Eligibility Questionnaire that provides a binary assessment of alignment with the Transition Finance Council’s draft Guidelines. This tool translates TFC expectations into binary criteria, which enables consistent and transparent decision making, in line with emerging UK market standards. Lloyds uses this alongside the CTP assessment, allowing the Group to make consistent eligibility determinations.

For BCB borrowers, given their nature as SMEs, requirements set out in the entity-level requirements of the TLP and CTBG will be tailored to ensure commercial and technological feasibility at the time of capital deployment. At a minimum, each borrower’s sustainability credentials will be evaluated by the Group’s Relationship Manager or product sales colleague as part of the credit approval process, including assessment against ESG credit risk policies, standards, and portfolio mandates. DNV notes that requirements for Transitioning Entity Financing transactions for SMEs do not mandate a decarbonisation pathway, which presents a potential, though proportionately low, risk.

For Consumers, no entity-level assessment will be conducted, as it is not applicable.

DNV notes that Lloyds’ entity-level Transition Strategy assessment methodology is in line with the entity-level requirements of the TLP and CTBG, specifically Principle 1 of the CTBG, which expects entities to align on a best-efforts basis with the Climate Transition Finance Handbook (2025), and Principle 1 “Entity-Level Transition Strategy” of the TLP. DNV did not assess the remaining principles under the TLP and CTBG, which are designed for Use of Proceeds financing and were not considered applicable to this assessment. On this basis, DNV cannot confirm whether the Transitioning Entity Financing is considered fully aligned with the full suite of TLP and CTBG requirements, though we recognise that Lloyds has taken necessary steps to reduce the material risks of non-alignment and address the wider priorities of the TLP and CTBG for Transitioning Entities.

DNV concludes that Lloyds has established appropriate requirements to assess the entity-level transition strategies of CIB borrowers and, where feasible, BCB borrowers, and finds these to be in line with the entity-level requirements of the TLP (Principle 1 “Entity-Level Transition Strategy”) and CTBG (Principle 1: Use of Proceeds, safeguard 1 “existence of an issuer-level sustainability and/or climate transition strategy”).

4. Sustainability-Linked Financing

Principle One: Selection of Key Performance Indicators (KPIs).

Lloyds has committed to working with the borrower to help them select one or more sustainability KPI(s), dependent on the nature of the business.

Lloyds has further confirmed that the selected KPI(s) must be in line with the LMA SLLPs, and be considered:

- Relevant, core and material to the borrower's overall business and of high strategic significance to the borrower's current and/or future operations and address relevant ESG challenges of the applicable industry sector;
- Measurable or quantifiable on a consistent methodological basis;
- Externally verifiable;
- Able to be benchmarked externally where possible;
- Provided with a clear definition of the KPI(s) by the borrower, which includes the applicable scope or parameters, the calculation methodology, and a defined baseline which can be benchmarked against an industry standard and/or industry peers where feasible.

DNV notes that Lloyds may propose, guide and challenge clients in selecting KPI(s) that are, preferably, already included in previous annual reports, sustainability reports or other non-financial reporting disclosures. Lloyds has stated that KPI(s) will be evaluated on a case-by-case basis, but external references will be used where possible, as a benchmark. Lloyds has also confirmed that the Sustainability Asset Eligibility Forum (SAEF) is responsible for reviewing and interpreting guidance, to confirm the eligibility for all Sustainability-Linked Loans (SLLs) against the SLLP.

On the basis of the evidence reviewed, DNV can confirm that the commitments made by Lloyds, with regards to the process in place for the selection of the borrower's KPIs, are in line with the requirements as stated in the SLLP.

Principle Two: Calibration of Sustainability Performance Targets (SPTs).

Lloyds has committed that, for the inclusion of any SLL under the Framework, SPTs must be ambitious and consistent with the borrower's overall sustainability and business strategy and will represent a material improvement in the respective KPI(s) beyond a 'Business as Usual' trajectory.

Lloyds has further confirmed that all SPTs set by the borrower will be reviewed by SAEF against the SLLP, considering some (or all) of the below factors, as applicable:

- How the SPTs go beyond the 'Business as Usual' scenario and are ambitious and meaningful;
- A clear roadmap as to how the business will achieve SPTs through highlighting the key levers/actions that are expected to drive the borrower's performance towards the SPTs as well as their expected impact, in quantitative terms wherever possible;
- Objective and valid reference points for the SPT;
- Where relevant, the verified baseline or science-based reference point selected for improvement, including the rationale for the baseline or reference point, is to be used;
- Timelines for the target achievement including target observation date(s)/ period(s), the trigger event(s), and the frequency of review of the SPTs;
- Any other key factors beyond the client's direct control that may affect the achievement of the SPTs.

For SMEs, including BCB clients, the Group will assess SPTs in a proportionate manner, with consideration to the borrower's size and sector. SPTs for SMEs may include recognised certifications or buyer-led sustainability standards, such as those used in sustainable supply chain finance.

The evidence reviewed gives DNV the opinion that, for a loan to be reported within this Framework as an SLL, Lloyds will ensure its clients adopt SPTs which represent a material improvement in the respective KPIs, whilst ensuring they go beyond a 'Business as Usual' trajectory, and that they are calibrated against a valid baseline or science-based reference point, in line with the SLLP.

Principle Three: Financial Characteristics.

Lloyds has confirmed that the Sustainability-Linked Instruments to be reported within this Framework include terms by which an economic outcome is linked to a predefined SPT(s) being met or not. Each loan agreement will set out the terms including the financial and/or structural characteristics which vary, depending on whether the selected KPIs achieve the predefined SPTs (or not). The precise feature is assessed and checked by the SAEF, to ensure it is in line with market standards.

Lloyds has further confirmed that an SLL agreement will typically include a rider/rendezvous clause, whereby if a KPI can no longer be calculated or is no longer (materially) applicable to the borrower, then the borrower and lenders will consult Lloyds to replace or remove the KPI.

DNV can confirm that Lloyds is committed to ensuring each loan agreement includes the financial and/or structural characteristics linked to the achievement of the predefined SPT(s) (or not), and for capturing any changes to those characteristics. We can also confirm that this in line with the requirements of the SLLP.

Principle Four: Reporting.

Lloyds has confirmed that the borrower will be responsible for reporting on the performance of the agreed KPIs against the SPTs. DNV notes that reporting will be provided on an annual basis as a minimum, although the first reporting period may be greater than 12 months. DNV further notes that the reporting must demonstrate the achievement (or not) of the SPTs, along with the External Reviewer's assessment of the KPI performance.

Lloyds has further confirmed that, on a best endeavours basis, the client should publicly report information relating to their SPTs for transparency. This information will often be included in a client's integrated annual report, sustainability report, or a separate sustainability-linked impact report. For SMEs, including BCB clients, the Group applies reporting and verification requirements on a proportionate basis, tailoring expectations to reflect the borrower's size and sector. This includes ensuring that monitoring and assurance obligations remain achievable while still supporting the integrity of sustainability-linked financing.

It is DNV's opinion that Lloyds has appropriately committed to the reporting requirements for SLLs, and this is in line with the criteria as set out under the SLLP.

Principle Five: Verification (Post-issuance).

Lloyds has committed that borrowers must obtain independent and external verification of their performance against the SPTs for each KPI, on at least an annual basis and within the agreed time frame as noted within the facility or finance agreement. Lloyds has confirmed that the borrower must provide a sustainability compliance certificate along with third-party verification by a qualified external reviewer, who has relevant sector expertise, and recommends to its borrowers to make this publicly available. DNV can confirm Lloyds' commitment to post-issuance verification is in line with the requirements of the SLLP.

Based on the assessment procedures conducted, no matters have come to the attention of DNV that causes us to believe that the Framework is not, in all material respects, where relevant and applicable (please note the exclusions and applicability assessments stated in the Basis of DNV's Opinion section), in accordance with the pre-issuance requirements of the LMA GLP, SLP, SLLP, TLP and ICMA CTBG .

for DNV Business Assurance Services UK Limited

London, United Kingdom. 13th July 2026

Lavinia De Lucchi

Lavinia De Lucchi
Lead Verifier

George Oakman
Quality Reviewer

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 15,000 professionals are dedicated to helping customers make the world safer, smarter and greener