



## Independent assurance statement by Deloitte LLP to Lloyds Banking Group Plc on selected non-financial Responsible Business indicators contained in the Lloyds Banking Group Responsible Business Data Sheet 2019.

### What we looked at: scope of our work

Lloyds Banking Group has engaged us to perform limited assurance procedures on the company's Group level compilation of selected Diversity, Community and Environment indicators for the year ended 31 December 2019.

For the reporting year ended 31 December 2019, the Diversity and Community indicators covered the period 1 January 2019 – 31 December 2019 and comprised of:

#### Diversity

- Percentage of senior roles to be held by women (Grades F+) (%)
- Percentage of all roles held by BAME colleagues (%)
- Percentage of senior roles held by BAME colleagues (Grade F+) (%)

#### Community Investment

- Total Community Investment (£)
  - o Total cash donations (£)
  - o Total colleague time (£)
  - o Total in-kind giving (£)
  - o Total management costs (£)
  - o Total leverage (£)

The environmental indicators assured covered the period 1 October 2018 – 30 September 2019 and comprised of:

#### Environment

- Total CO2e emissions (tCO2e) – market based
- Total CO2e emissions (tCO2e) – location based
  - o Scope 1 emissions (tCO2e)
  - o Scope 2 emissions (tCO2e) – market based
  - o Scope 2 emissions (tCO2e) – location based
  - o Scope 3 emissions (tCO2e)
- Total water consumption (m3)
- Percentage of operational waste diverted from landfill (%)
- Total energy consumption (Gwh)

### What standards we used: basis of our work, criteria used and level of assurance

We carried out limited assurance on the selected key performance indicators in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000 (Revised)) and 3410 (ISAE 3410). To achieve limited assurance the ISAE 3000 (Revised) and ISAE 3410 requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. Our engagement provides limited assurance. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance

### Our independence and competence in providing assurance to Lloyds Banking Group

- We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to Lloyds Banking Group that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.
- Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with a combination of environmental, corporate responsibility and stakeholder engagement experience, including many years' experience in providing corporate responsibility report assurance.

engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### What we did: key assurance procedures

To form our conclusions, we undertook the following procedures:

- Interviewed management and those with operational responsibility for performance in the areas of corporate responsibility we reviewed;
- Reviewed and evaluated the criteria for measurement and reporting for each of the subject matters as set out in the Reporting Criteria at <https://www.lloydsbankinggroup.com/our-group/responsible-business/reporting-centre/>
- Understood, analysed and tested on a non-statistical sample basis the key structures, systems, processes, procedures and controls relating to the collation, validation and reporting of selected Responsible Business performance data at Group level in accordance with their definitions and basis of reporting; and
- In performing our work, we applied International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### What we found: our assurance conclusion

Based on the scope of our work and the assurance procedures we performed, nothing has come to our attention that causes us to believe that the selected Responsible Business performance indicators are materially misstated.

### Limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology, often with no consistent, accepted external standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, Lloyds Banking Group have developed a Reporting Criteria document for 2019, which defines the scope of each assured indicator and the method of calculation. It should be read together with this report, which is available at <https://www.lloydsbankinggroup.com/our-group/responsible-business/reporting-centre/>

In relation to our work performed on the Responsible Business performance indicators for 2019, we note the following specific limitations:

- Our testing did not include detailed testing of IT controls of the underlying systems used by Lloyds Banking Group and its partners to collate and report data for Diversity, Community and Environment indicators.

### Roles and responsibilities

#### Lloyds Banking Group:

- The Responsible Business Team are responsible for the preparation of the Annual Report and Accounts 2019 and for the information and statements contained within the section. They are responsible for determining the Responsible Business targets and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

#### Deloitte:

- Our responsibility is to independently express conclusions on the subject matters as defined within the scope of work above to Lloyds Banking Group in accordance with our letter of engagement. Our work has been undertaken so that we might state to Lloyds Banking Group those matters we are required to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lloyds Banking Group for our work, for this report, or for the conclusions we have formed.



**Deloitte LLP**

London

19 February 2020

## Appendix A: Assured indicators

The indicators assured by Deloitte are outlined in the table below with their respective values.

For the reporting year ended 31 December 2019, the Diversity and Community indicators covered the period 1 January 2019 – 31 December 2019 and comprised of:

Indicator
<b>Diversity</b>
- Percentage of senior roles to be held by women (Grades F+) (36.8%)
- Percentage of senior roles held by BAME colleagues (Grades F+) (6.7%)
- Percentage of all roles held by BAME colleagues (10.2%)
<b>Community</b>
Total Community Investment (£50,780,589)
- Total cash donations (£34,408,723)
- Total in-kind giving (£65,245)
- Total colleague time (£5,309,363)
- Total management costs (£3,745,001)
- Total leverage (£7,252,258)

The environmental indicators assured covered the period 1 October 2018 – 30 September 2019 and comprised of:

Indicator
<b>Environment</b>
<b>Emissions Expanded Scope</b>
- Total CO2e emissions – market based (179,324 tCO2e)
- Total CO2e emissions – location based (286,051 tCO2e)
- Scope 1 emissions (47,524 tCO2e)
- Scope 2 emissions – market based (387 tCO2e)
- Scope 2 emissions – location based (107,113 tCO2e)
- Scope 3 emissions (131,414 tCO2e)
<b>Emissions Legacy Scope</b>
- Total CO2e emissions – market based (101,042 tCO2e)
- Total CO2e emissions – location based (207,768 tCO2e)
- Scope 3 emissions (53,131 tCO2e)
<b>Other</b>
- Total water consumption (1,130,232 m3)
- Percentage of operational waste diverted from landfill (73.6%)
- Total energy consumption (548 Gwh)