

23 February 2022

The Board of Directors
Lloyds Banking Group PLC
The Mound
Edinburgh
EH1 1YZ

Dear Directors

Independent Assurance Report to the Directors of Lloyds Banking Group PLC

We have been engaged by the Directors of Lloyds Banking Group PLC to conduct a limited assurance engagement relating to selected non-financial Metrics (“Selected Metrics”) within the ESG Report, Climate Report and in the Annual Report and Accounts.

Use of Report

This report is made solely to the Directors of Lloyds Banking Group PLC in accordance with our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of Lloyds Banking Group PLC those matters we have agreed to state to them in this report and for no other purpose. Without assuming or accepting any responsibility or liability in respect of this report to any party other than Lloyds Banking Group PLC and the Directors of Lloyds Banking Group PLC, we acknowledge that the Directors of Lloyds Banking Group PLC may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lloyds Banking Group PLC and the Directors of Lloyds Banking Group PLC as a body, for our work, for this report, or for the conclusions we have formed.

Our 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.

Selected Metrics

The scope of our work was limited to assurance over the Selected Metrics shown in the Appendix.

Respective responsibilities

The Directors are responsible for:

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Metrics that is free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Our responsibility is to express a conclusion on the Selected Metrics based on our procedures. We conducted our engagement in accordance with the International Standard for Assurance Engagements 3000 ("ISAE 3000") and Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") issued by the International Auditing and Assurance Standards Board (IAASB) in order to state whether anything had come to our attention that causes us to believe that the Selected Metrics have not been prepared, in all material respects, in accordance with the relevant criteria.

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

Our procedures consisted primarily of:

- Performing enquiries and interviews with management to understand how the applicable criteria have been applied in the preparation of the Selected Metrics;
- Reviewing and evaluating the criteria for measurement and reporting for each of the subject matters as set out in the Reporting Criteria at <https://www.lloydsbankinggroup.com/who-we-are/responsible-business/downloads.html>.
- Understanding internal controls, the quantification process and data used to prepare the Selected Metrics, the methodology for gathering qualitative information, and the process for preparing and reporting each Selected Metric;
- Inspecting documents relating to the Company's environmental performance, including board committee minutes, to understand the level of management awareness and oversight of the Selected Metrics;
- Considering the risk of material misstatement of the Selected Metrics;
- Performing procedures over the Selected Metrics at a group level including recalculation of relevant formulae used in manual calculations to assess whether the data has been appropriately consolidated;
- Verifying underlying data on a sample basis to source evidence and through virtual site visits to assess whether the data has been collected and reported in accordance with the applicable criteria; and
- Accumulating misstatements and control deficiencies identified and assessing whether material.

Inherent limitations

Our engagement provides limited assurance as defined in ISAE 3000 and ISAE 3410. 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 2021, which defines the scope of each assured metric and the method of calculation. It should be read together with this report, which is available at <https://www.lloydsbankinggroup.com/who-we-are/responsible-business/downloads.html>.

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected.

In relation to our work performed on the Selected Metrics for 2021, we note the following specific limitation:

- 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 the Selected Metrics, nor will we seek to review systems and controls beyond those relevant to the Selected Metrics.

Our independence and competence

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 applied the 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.

Yours sincerely

A handwritten signature in blue ink that reads "Deloitte LLP". The signature is written in a cursive, slightly stylized font.

Deloitte LLP
London, UK
23 February 2022

Appendix 1: Selected Metrics

For the reporting year ended 31 December 2021, the Selected Metrics are:

Diversity and Inclusion

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

Community Investment

- Total community investment (£)
 - Total cash donations (£)
 - Total in-kind giving (£)
 - Total employee time (£)
 - Total management costs (£)
 - Total leverage (£)

Environment

- Total CO2e emissions (tCO2e) – market and location based
 - Scope 1 (tCO2e)
 - Scope 2 (tCO2e) – market and location based
 - Scope 3 (tCO2e), comprising:
 - Waste Emissions
 - Upstream Business Travel (Rail, Air, Privately owned vehicles, Hired vehicles, Well to tank)
 - Hotels
 - Commuting
 - Tube
 - Taxis
 - Working from home
- Total energy consumption (GWh)
- Total operational waste volume (tonnes)
- Total water consumption (m3)

Customer Support

- Number of small businesses and start-ups supported

Appendix 2: Data Sheet

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

For the reporting year ended 31 December 2021, the community and diversity indicators covered the period 1 January 2021 – 31 December 2021 and comprised of:

Indicator
Community
Total Community Investment (£45,989,730) <ul style="list-style-type: none"> • Total cash donations (£35,628,544) • Total in-kind giving (£22,155) • Total employee time (£2,075,784) • Total management costs (£3,564,240) • Total leverage (£4,699,006)
Colleague
<ul style="list-style-type: none"> • Percentage of senior roles held by women (Grades F+) (37.7%) • Percentage of senior roles held by BAME colleagues (Grades F+) (8.8%) • Percentage of all roles held by BAME colleagues (11.3%)
Customer Support
<ul style="list-style-type: none"> • Number of small businesses and start-ups supported (93,048)

The environmental indicators assured covered the period 1 October 2020 – 30 September 2021 and comprised of:

Indicator
Environment
<ul style="list-style-type: none"> • Total CO₂e emissions – market based (118,057 tCO₂e) • Total CO₂e emissions – location based (188,806 tCO₂e) • Scope 1 emissions (37,653 tCO₂e) • Scope 2 emissions – market based (0 tCO₂e) • Scope 2 emissions – location based (70,748 tCO₂e) • Scope 3 emissions (80,404 tCO₂e) • Total energy consumption (469 GWh) • Total water consumption (748,548 m³) • Total operational waste (6202 tonnes)