



Appendices to ESG Report 2021



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Report appendices



Appendix 1 – Sustainability Accounting Standards Board (SASB)

Lloyds Banking Group has been reporting using the SASB disclosure framework since 2020. We continue to review and enhance our methodologies and framework for reporting our ESG performance and in doing so, we have identified the SASB disclosure framework as being an important reporting tool that addresses the needs of our investors. Whilst some new disclosures have been included in 2021, we anticipate our disclosures will evolve each year and that we will be able to enhance the depth of our reporting against the SASB framework, to include reporting against additional indicators in 2022 and beyond.

The table details our disclosures against the SASB standards and indicators. Lloyds Banking Group is a UK focused financial services provider and therefore where required, certain indicators have been adapted to reflect this. We have adapted these indicators with the intention of preserving the spirit and meaning of the indicator to allow investors to use the information for decision making purposes in line with the SASB Framework and Guidelines. If an indicator is applicable across more than one business area or the disclosure is at Group level this is shown in the table.

We have included references to relevant information in our 2021 Annual Reporting Suite and any supplementary information that may support our disclosures.

Key

- ARA: 2021 Lloyds Banking Group Annual Report and Accounts
- ESG: 2021 Lloyds Banking Group ESG Report

Group Level Indicators

The following disclosures are taken from individual standards and disclosed at a Group level to reflect a business-wide approach or apply to more than one business area

Topic	Accounting Metrics	Disclosure	SASB Code	Topic	Accounting Metrics	Disclosure	SASB Code
Customer Privacy	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Note 36: Other provisions ARA, Page 276 Note 46: Contingent liabilities, commitments and guarantees ARA, Pages 286-287	FN-CF-220a.2		Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Number of small businesses helped to boost their digital capability and technology adoption ESG, Page 23 Lloyds Bank Academy ESG, Page 21 and 23 We Are Digital Helpline ESG, Page 20 Financial Capability ESG, Page 20	FN-CB-240a.4
Data Security	Description of approach to identifying and addressing data security risks	Data Risk ARA, Page 187-188 Cyber security and resilience ESG, Page 59	FN-CB-230a.2 FN-CF-230a.3				
	Card-related fraud losses from card-not present fraud and card-present and other fraud	Operational risk events by risk category (losses greater than or equal to £10,000), excluding PPI ARA, Page 190	FN-CF-230a.2	Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance factors in credit analysis	Climate Report 2021 ARA, Pages 35-36 Responsible Investment Scottish Widows Accelerate the transition to a low carbon economy ARA, Pages 35-36 ESG, Pages 29-45	FN-CB-410a.2
Financial Inclusion & Capacity Building	Number of checking and savings accounts by segments: personal and small business	ARA, Page 48	FN-CB-000.A				
	Number of loans by segments: personal, small business and corporate	ARA, Page 48	FN-CB-000.B	Policies designed to incentivise Responsible Behaviour	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviours	Climate Report 2021 ARA, Pages 35-36 Responsible Investment Scottish Widows Accelerate the transition to a low carbon economy ARA, Pages 35-36 ESG, Pages 29-45	FN-IN-410b.2
	Amount of loans outstanding qualified to programs designed to promote small business and community development	Community Investment ARA, Page 25,32 ESG, Page 54	FN-CB-240a.1				
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers*	Share of social bank accounts we support 2021 ESG Datasheet	FN-CB-240a.2	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Note 36: Other provisions ARA, Page 276 Note 46: Contingent liabilities, commitments and guarantees ARA, Pages 286-287	FN-CB-510a.1 FN-AC-510a.1

Appendix 1 – Sustainability Accounting Standards Board (SASB)

Group Level Indicators

The following disclosures are taken from individual standards and disclosed at a Group level to reflect a business-wide approach or apply to more than one business area

Topic	Accounting Metrics	Disclosure	SASB Code	Topic	Accounting Metrics	Disclosure	SASB Code
Systemic Risk Management	Description of whistle-blower policies and procedures	Speak Up ARA, Page 79 ESG, Page 59	FN-CB-510a.2 FN-AC-510a.2		Total exposure to securities financing transactions	Capital and Risk Management Pillar 3 Report COUNTERPARTY CREDIT RISK EXPOSURES: ANALYSIS BY CONTRACT TYPE Financial downloads - Lloyds Banking Group plc	FN-AC-550a.3
	Global Systemically Important Bank Score, by Category	Minimum requirement for own funds and eligible liabilities (MREL) and G-SIB indicators ARA, Page 178 and 182	FN-CB-550a.1		Net exposure to written credit derivatives	Capital and Risk Management Pillar 3 Report NET DERIVATIVES CREDIT EXPOSURE Financial downloads - Lloyds Banking Group plc	FN-AC-550a.4
Systemic Risk Management (Insurance)	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	Derivative credit risk exposures ARA, Page 164	FN-IN-550a.1	Selling practices	Percentage of complaints disputed by customer	2.9% - Complaints referred to FOS for Credit Cards, Loans and Motor Finance only	FN-CF-270a.4
System Risk Management (Asset Management & Custodianship)	Total fair value of securities lending collateral assets	Collateral ARA, Pages 317-318	FN-IN-550a.2		Percentage of complaints that resulted in investigation by the CFPB	80.6% - Complaints referred to FOS, which were investigated (and resulted in decision) for Credit Cards and Loans only	FN-CF-270a.4
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	Capital risk ARA, Pages 176-177	FN-IN-550a.3		Number of complaints filed with the Consumer Financial Protection Bureau (CFPB)*	FCA reportable complaints per 1,000 accounts ARA, Page 31	FN-CF-270a.4
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Funding and liquidity risk ARA, Page 171	FN-AC-550a.2		Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Note 36: Other provisions ARA, Page 276 Note 46: Contingent liabilities, commitments and guarantees ARA, Pages 286-287	FN-CF-270a.5
				Lending Practices	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	Note 36: Other provisions ARA, Page 276 Note 46: Contingent liabilities, commitments and guarantees ARA, Pages 286-287	FN-MF-270a.3



Appendix 1 – Sustainability Accounting Standards Board (SASB)

Group Level Indicators							
Topic	Accounting Metrics	Disclosure	SASB Code	Topic	Accounting Metrics	Disclosure	SASB Code
Discriminatory Lending	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Note 36: Other provisions ARA, Page 276 Note 46: Contingent liabilities, commitments and guarantees ARA, Pages 286-287	FN-MF-270b.2	Transparent Information & Fair Advice for Customers (I&W)	Description of approach to informing customers about products and services	Section 172(1) Statement and Statement of Engagement with Other Stakeholders ARA, Page 26	FN-IN-270a.4 FN-AC-270a.3
					Complaints-to-claims ratio	FCA reportable complaints per 1,000 accounts ARA, Page 31	FN-IN-270a.2
Transparent Information & Fair Advice for Customers (I&W)	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	Note 36: Other provisions ARA, Page 276 Note 46: Contingent liabilities, commitments and guarantees ARA, Pages 286-287	FN-AC-270a.2		Customer retention rate	Customer satisfaction net promoter score ARA, Page 31	FN-IN-270a.3
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers	Note 36: Other provisions ARA, Page 276 Note 46: Contingent liabilities, commitments and guarantees ARA, Pages 286-287	FN-IN-270a.1				
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	2021 inclusion and diversity performance ARA, Page 34 Build an inclusive society and organisation ESG, Pages 46-55	FN-AC-330a.1				
Systemic Risk Management	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Capital stress testing ARA, Page 185	FN-CB-550a.2				



Appendix 1 – Sustainability Accounting Standards Board (SASB)

Commercial Banking



The following disclosures are taken from individual standards and disclosed for Commercial Banking only

Topic	Accounting Metrics	Disclosure	SASB Code
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Commercial and industrial credit exposure by industry	Capital and Risk Management Pillar 3 Report ANALYSIS OF CREDIT RISK EXPOSURES BY INDUSTRY Financial downloads - Lloyds Banking Group plc 2021 climate change performance ARA, Page 35 ESG, Pages 20-35 Climate Report 2021	FN-CB-410a.1
Activity Metrics - disclosed to allow for normalisation and comparison of data.	Value of checking and savings accounts by segment: (a) personal and (b) small business	Customer deposits ARA, Page 46	FN-CB-000.A
	Value of loans by segment: (a) personal, (b) small business, and (c) corporate	Loans and advances to customers ARA, Page 46	FN-CB-000.B

Retail



The following disclosures are taken from individual standards and disclosed for Retail only

Topic	Accounting Metrics	Disclosure	SASB Code
Environmental Risk to Mortgaged Properties	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	Climate Report 2021 ARA, Page 35 Accelerate the transition to a low carbon economy ESG, Pages 29-45	FN-MF-450a.3
Lending Practices	Value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660	UK Mortgages ARA, Pages 164-167	FN-MF-270a.1
	Value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660	Retail forbearance ARA, Page 168	FN-MF-270a.2
Activity Metrics - disclosed to allow for normalisation and comparison of data.	Value of mortgages originated by category: (a) residential and (b) commercial	Commercial Banking UK Direct Real Estate ARA, Page 169	FN-MF-000.A
	Value of mortgages purchased by category: (a) residential and (b) commercial	Commercial Banking UK Direct Real Estate ARA, Page 169	FN-MF-000.B



Appendix 1 – Sustainability Accounting Standards Board (SASB)

Insurance & Wealth			
The following disclosures are taken from individual standards and disclosed for Insurance & Wealth only			
Topic	Accounting Metrics	Disclosure	SASB Code
Incorporation of Environmental, Social and Governance Factors in Investment Management	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	<u>Climate Report 2021</u> ARA, Pages 35-35 Accelerate the transition to a low carbon economy ESG, Pages 40-45 <u>Responsible Investment Scottish Widows</u>	FN-IN-410a.2
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	<u>Climate Report 2021</u> ARA, Pages 35-36 Accelerate the transition to a low carbon economy ESG, Pages 40-45 <u>Responsible Investment Scottish Widows</u>	FN-AC-410a.2
	Description of proxy voting and investee engagement policies and procedures	ARA, Pages 35-36 Accelerate the transition to a low carbon economy ESG, Pages 40-45 <u>Responsible Investment Scottish Widows</u>	FN-AC-410a.3
Activity Metrics - disclosed to allow for normalisation and comparison of data	(1) Total registered and (2) total unregistered assets under management (AUM)	Divisional results – Insurance and Wealth ARA, Pages 60-61	FN-AC-000.A
*Adapted for non-US markets			

Appendix 2 – GRI standards content index 2021

Our ESG Report and this accompanying index have been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. This GRI Index covers our material topics and follows GRI Standards 2016 and, where relevant, 2018.

We use the GRI framework, as well as others such as TCFD, SASB and the WEF Stakeholder Capitalism Metrics, to maintain the rigour of our annual ESG reporting. The reporting follows the calendar year (noting that our environmental indicators relate to the period 1 October to 30 September) and covers all of our legal entities. Note that occupational health and safety data covers all employees and workers. Diversity data – from our HR system (Workday) – covers all permanent colleagues including international colleagues, those on parental/ maternity leave, absent without leave and long-term sick; however, it excludes contractors, Group non-executive directors, temps and agency staff.

We include information and data related to our strategy, governance, key initiatives and processes, performance and progress against our wider responsible business goals and our purpose to Help Britain Prosper. The main elements of our reporting suite are listed here; they, along with additional sustainability-related information, that can be found in the Responsible Business [Downloads centre](#).

Key

- ARA: 2021 Lloyds Banking Group Annual Report and Accounts
- ESG: 2021 Lloyds Banking Group ESG Report
- Climate: 2021 Lloyds Banking Group Climate Report
- ESG Datasheet: 2021 Lloyds Banking Group ESG Datasheet

General standard disclosures

Disclosure	Description	References 2021	Further comments
Organisation profile			
102-1	Name of the organisation	ARA, Front Cover ESG, Front Cover	
102-2	Activities brands, products, and services	ARA, page 22 ESG, page 3 <u>Our Brands</u>	
102-3	Location of the organisation's headquarters	ARA, back cover ESG, back cover	
102-4	Countries of operation	ARA, Inside Front Cover	The Group primarily operates in the UK. Its main overseas operations are in the Americas and Europe and are not significant in comparison.
102-5	Nature of ownership and legal form	<u>Group Overview</u> ARA, Page 81	
102-6	Markets served	ESG, Page 3 ARA, Page 22	
102-7	Scale of the organisation	ARA, Page 23	Our scale and reach across the UK means that our franchise extends to c.26 million customers with 18.3 million digitally active
102-8	Information on employees and other workers	ESG Datasheet, Page 05	Employees are mainly in the UK and its region (Employee numbers include PPI; the UK number includes Guernsey, IOM, Jersey and Gibraltar). The Group's activities are not, to any significant extent, performed by workers who are not employees. There are no significant variations in the numbers reported in Disclosures 102-8 a, b and c.
102-9	Supply chain	ARA Page, 28 ESG Page 12, 64 <u>Modern Slavery and Human Trafficking Statement</u> , p6-7	
102-10	Significant changes during the reporting period	ARA, page 3	No significant changes in the categories listed in disclosure 102-10.
102-11	Whether and how the precautionary approach or principle is addressed	ARA, Pages 35-36, 40	



Appendix 2 – GRI standards content index 2021

General standard disclosures

Disclosure	Description	References 2021	Further comments
102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	ESG, Page 11 <u>Human Rights Policy Statement</u> , Page 3 <u>Modern Slavery and Human Trafficking Statement</u> , Page 3	Signatories to include: <ul style="list-style-type: none">● Equator Principles● UN Global Compact● UNEP FI Principles for Sustainable Insurance● UN Principles for Responsible Investment● UNEP FI Principles for Responsible Banking● Mental Health Accessibility Standards● Financial Abuse Code of Practice● Climate Change Group Initiatives: RE100; EP100; EV100 Recognise and guided by: <ul style="list-style-type: none">● UN Sustainable Development Goals● Organisation for Economic Co-Operation and Development (OECD) Guidelines for Multinational Enterprises● UN's Guiding Principles on Business and Human Rights● International Bill of Human Rights● International Labour Organisation's (ILO) Core Labour Standards and its Tripartite Declaration of Principles
102-13	Memberships of associations and national or international advocacy	ESG, Page 10 <u>Trade Association Membership</u> <u>Human Rights Policy Statement</u> , Page 3 <u>Modern Slavery and Human Trafficking Statement</u> , Page 3	Key memberships include: <ul style="list-style-type: none">● Cambridge Institute for Sustainability Leadership● University of Cambridge Banking and Environment Initiative – Bank 2030● PRA and FCA Climate Financial Risk Forum● Business Integrity Forum of Transparency International● Coalition for Climate Resilient Investment● Joint Fraud Taskforce● Cyber Defence Alliance● Financial Services Cyber Collaboration Centre● Cross-Market Operational Resilience group● Apprenticeship Diversity Champions network● Joint Money Laundering Intelligence Taskforce● Business Disability Forum● Department for Work and Pensions Disability Confident Leadership● UK Living Wage Foundation
Strategy and analysis			
102-14	A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation	ESG, Page 5 ARA, Pages 3-5	
102-15	Key impacts, risks, and opportunities	ARA, Pages 37-42 ESG, Pages 14-15	



Appendix 2 – GRI standards content index 2021

General standard disclosures

Disclosure	Description	References 2021	Further comments
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	ESG ,Pages 6-7 ARA, Pages 22, 29,80 <u>Code of Ethics and Responsibility</u> <u>Inclusion and Diversity</u>	
102-17	Mechanism for advice and concerns about ethics	ESG, Page 59 Code of Ethics and Responsibility, Page 7	
Governance			
102-18	Governance structure, including committees of the highest governance body	ESG, Page 16 ARA, Pages 76-79, 100	
102-19	Delegating authority	ESG, Page 16 ARA, Pages 79, 100	
102-20	Executive-level responsibility for economic, environmental, and social topics	ESG, Page 16 ARA, Pages 79, 100	
102-21	Consulting stakeholders on economic, environmental and social topics	ESG, Pages 12-15	
102-22	Composition of the highest governance body and its committee	ARA, Pages 72-83	
102-23	Chair of the high governance body	ESG, Page 16 ARA, Page 72	
102-24	Nominating and selecting the highest governance body	ARA, Pages 85, 87-89	
102-25	Conflicts of interest	ARA, Page 131	
102-26	Role of highest governance body in setting purpose, values, and strategy	ESG, Page 16 ARA, Pages 76-80	
102-27	Collective knowledge of highest governance body	ARA, Page 100	
107-28	Evaluating the highest governance body's performance	ARA, Page 100	



Appendix 2 – GRI standards content index 2021

General standard disclosures			
Disclosure	Description	References 2021	Further comments
107-29	Identifying and managing economic, environmental, and social impacts	ESG, Page 16 ARA, Pages 79, 100	
107-30	Effectiveness of risk management processes		
107-31	Review of economic, environmental, and social topics	ESG, Page 16 ARA, Pages 79,100	
107-32	Highest governance body's role in sustainability reporting	Lloyds Banking Group PLC Responsible Business Committee <u>Terms of Reference</u>	
102-35	Remuneration policies	ARA, Pages 118-120	
102-36	Process for determining remuneration	ARA, Pages 103-125	
102-37	Stakeholders' involvement in remuneration	ARA, Page 118	
102-38	Annual total compensation ratio	ARA, Page 113	
102-38	Percentage increase in annual total compensation ratio	ARA, Page 113	
Stakeholder engagement			
102-40	List of stakeholder groups	ESG, Pages 12-13 ARA, Pages 27-29	
102-41	Percentage of total employees covered by collective bargaining agreements	ESG, Page 53	
102-42	Identifying and selecting stakeholders	ESG, Page 12-13 ARA, Pages 24, 26-29, 78	
102-43	Approach to stakeholder engagement	ESG, Page 12-13 ARA, Pages 24, 26-29, 78 <u>Working with suppliers</u> <u>Code of supplier responsibility</u>	
102-44	Key topics and concerns raised	ESG, Pages 12-13 ARA, Pages 10 -13, 27-29	

Appendix 2 – GRI standards content index 2021

General standard disclosures			
Disclosure	Description	References 2021	Further comments
Report Practice			
102-45	Entities included in the consolidated financial statements	ARA, Pages 214-215	
102-46	Defining report content and topic boundaries	ESG, Pages 2 ,14-15 ESG Databook Reporting criteria	
102-47	List of material topics	ESG, Pages 14-15	
102-48	Restatements of information	ESG Datasheet Reporting criteria	
102-49	Changes in reporting	ESG,, Pages 14-15	
102-50	Reporting period	2021 fiscal year ESG, Page 2 ESG Datasheet, Page 1	
102-51	Date of most recent report	2021	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	Contact Us	
102-54	Claims of reporting in accordance with the GRI Standards	ESG, Page 13	
102-55	GRI content index	This document	
102-56	External assurance	ESG, Page 2	Selected data subject to Limited ISAE 3000 (revised)



Appendix 2 – GRI standards content index 2021

Economic		
GRI References	References 2021	Further comment
Economic performance		
201-1	Direct economic value generated and distributed	ARA, Page 43
201-2	Financial implications and other risks and opportunities due to climate change	ESG, Pages 32-24, 40 ARA, Pages 35-36 Climate, Pages 52-64 External Sector Statements
201-3	Reduction of energy consumption	ESG Datasheet, Page 3
201-4	Financial assistance received from government	n/a
Indirect economic impacts		
203-2	Significant indirect economic impacts	ESG, Pages 17, 18-55 ARA, Page 32 - 35 ESG Datasheet, Page 5 Modern Slavery and Human trafficking statement Helping Britain Recover Lloyds Bank UK Consumer Digital Index
Anti-corruption		
205–2	Communication and training about anti-corruption policies and procedures	ESG Page, 9 ESG Datasheet, Page 7 Our Code of Ethics and Responsibility Anti-bribery Policy



Appendix 2 – GRI standards content index 2021

Economic			
GRI References		References 2021	Further comment
Tax			
207-1	Approach to tax	<u>Lloyds Banking Group, Tax strategy and approach to tax 2021</u>	
207-2	Tax governance, control and risk management	<u>Lloyds Banking Group, Tax strategy and approach to tax 2021</u>	
207-3	Stakeholder engagement and management of concerns related to tax	<u>Lloyds Banking Group, Tax strategy and approach to tax 2021</u>	
207-4	Country-by-country tax reporting	<u>Lloyds Banking Group, Tax strategy and approach to tax 2021</u>	



Appendix 2 – GRI standards content index 2021

Environmental		
GRI References	References 2021	Further comment
Energy		
302-1	Energy consumption within the organisation	ESG Datasheet, Page 3 ARA, Pages 131-133 Climate, Pages 42-46
302-3	Energy intensity	ESG Datasheet, Page 3 ARA, Pages 131 - 133 Climate, Pages 42-46
302-4	Reduction of energy consumption	ESG Datasheet, Page 3 ARA, Pages 131-133 Climate, Pages 42-46
Water and effluents		
303-5	Water consumption	ESG Datasheet, Page 3 Climate, Page 44
Emissions		
305-1	Direct (Scope 1) GHG emissions	ESG Datasheet, Page 2 ARA, Pages 131-133
305-2	Energy indirect (Scope 2) GHG emissions	ESG Datasheet, Page 2 ARA, Pages 131-133
305-3	Other indirect (Scope 3) GHG emissions	ESG Datasheet, Page 2 ARA, Pages 131-133
305-4	GHG emissions intensity	ESG Datasheet, Page 2 ARA, Pages 131-133
305-5	Reduction of GHG emissions	ESG Datasheet, Page 2 ARA, Pages 131-133
Waste		
306-3	Waste generated	ESG Datasheet, Page 3 Climate, Page 44
306-4	Waste diverted from disposal	ESG Datasheet, Page 3 Climate, Page 44

Appendix 2 – GRI standards content index 2021

Environmental

GRI References

References 2021

Further comment

Environmental compliance

307-1

Environmental compliance

No non-compliance with environmental laws and/or regulations recorded.

SPECIFIC STANDARD SUPPLEMENTAL MA DISCLOSURES - 2018 Occupational Health and Safety (OHS) Standard update

2018 OHS standard approach disclosures	Related material topic	Management approach references 20201	Further comment
403-1	Occupational health and safety management system	ESG, Pages 50-52	
403-2	Hazard identification, risk assessment, and incident investigation	ESG, Pages 50-52 Group Health, Safety and Fire Policy (unpublished)	
403-3	Occupational health services	ESG, Pages 50-52 Group Health, Safety and Fire Policy (unpublished)	
403-4	Worker participation, consultation, and communication on occupational health and safety	ESG, Pages 12, 50-52	
403-5	Worker training on occupational health and safety	ESG, Pages 50-52 Group Health, Safety and Fire Policy (unpublished)	
403-6	Promotion of worker health	ESG, Pages 50-52	

Notes:

The definition of a ‘worker’ for LBG is an employee in an employment relationship with the organization according to national law or its application. The Group Health, Safety and Fire Policy applies to all colleagues including contractors, temporary workers, university and work experience placements and suppliers to Lloyds Banking Group.
Disclosure 403-7 is excluded is omitted. Reason for omission: it is not relevant because none of the Group’s operations, products or services are directly linked to ‘significant occupational health and safety impacts by its business relationships’ on any workers.
Disclosures 403-1 to 403-6 are supplementary MA disclosures from the OHS Standard revision in 2018.

Appendix 2 – GRI standards content index 2021

Social		
GRI standards/date	References 2021	Further comment
Employment		
401-1	New employee hires and employee turnover	ESG Datasheet, Page 5
Occupational health and safety		
403-9	Work-related injuries	ESG Datasheet, Page 8
403-10	Work-related ill health	ESG Datasheet, Page 8
Training and education		
404-1	Average hours of training per year per employee	ESG Datasheet, Page 7
404-2	Programs for upgrading employee skills and transition assistance programs	ESG, Page 53
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	ESG, Page 47 ARA, Page 34
405-2	Ratio of basic salary and remuneration of women to men	<u>Gender Pay Gap Report</u>
Local communities		
413-1	Operations with local community engagement, impact assessments, and development programs	ESG Pages, 13, 18-28, 47-55
FS14 (elective use of GRI G4 Sector Supplement)	Initiatives to improve access to financial services for disadvantaged people	ESG, Pages 19-21 ARA, Page 32 <u>Helping Britain Recover</u> <u>Financial inclusion</u> <u>LBG Academy</u>
413-1, FS14	Operations with local community engagement, impact assessments, and development programs Initiatives to improve access to financial services for disadvantaged people	ESG Page 18-20 ARA, Page 25, 32 <u>Helping Britain Recover</u> <u>Financial inclusion</u> ; <u>LBG Academy</u> ; <u>Lloyds Bank UK Consumer Digital Index; Transformation with Tech</u> <u>Tackling mental health issues</u>

Appendix 2 – GRI standards content index 2021

Social		
GRI standards/date		References 2021
Public policy		
415-1	Political donations	ESG Page 63 <u>Public affairs and policy</u>
Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG, Page 59 ESG Datasheet ARA, Page 31

Appendix 3 – The International Business Council of the World Economic Forum Stakeholder Capitalism Metrics

Lloyds Banking Group is reporting for time in 2021 against the International Business Council of the World Economic Forum's, Stakeholder Capitalism Metrics.

We continue to review and enhance our means and methodologies for reporting environmental, social and governance (ESG) performance and disclosures and in doing so, we have identified this new reporting framework as being an important reporting tool that addresses the needs of our investors and other stakeholders. Whilst we do not currently report against all of the metrics, we will review them in 2022 and we will continually evolve our reporting each year to enhance our disclosures, working towards meeting the requirements of this framework and that of the SASB and GRI.

We have included references to relevant information in our 2020 Annual Reporting Suite and any supplementary information that may support our disclosures against the framework. Lloyds Banking Group is a UK-focused financial services provider and therefore, where required, certain indicators have been adapted to reflect this. For example, we report our financial data in GBP.

Key

C = Core metrics: A set of 21 more-established or critically important metrics and disclosures. These metrics focus primarily on activities with an organisations own boundaries.

E = Expanded metrics: A set of 34 metrics and disclosures that tend to be less well-established in existing practice and standards. They represent a more advanced way of measuring and communicating sustainable value creation.

- ARA: 2021 Lloyds Banking Group Annual Report and Accounts
- ESG: 2021 Lloyds Banking Group ESG Report.
- Climate: 2021 Lloyds Banking Group Climate Report
- ESG Datasheet: 2021 Lloyds Banking Group ESG Datasheet

Stakeholder Capitalism Metrics			
Theme	Core metrics	Metric	Further comments
Governance			
Governing purpose	C: Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Helping Britain Prosper ARA, Pages 6-21 ESG, Pages 06-07
	E: Purpose led management	How the company's stated purpose is embedded in company strategies, policies, and goals.	Helping Britain Prosper ARA, Pages 6-21 ESG, Pages 06-07
Quality of governing body	C: Governance body composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Governance ARA, Pages 72-73, 79, 82-83
	E: Progress against metrics	Disclosure of the material strategic economic, environmental, and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.	2021 Strategic performance - Helping Britain Recover ARA Pages 32, 34-35 Our 2021 Helping Britain Recover commitments ESG Page, 167
	E: Remuneration	1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy, and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares, Sign-on bonuses or recruitment incentive payments, termination payments, clawback and retirement benefits.	Directors' remuneration report ARA, Pages 104-110
Stakeholder engagement	C: Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged	Understanding the issues that matter most our stakeholders ESG, Pages 14-15



Appendix 3 - The International Business Council of the World Economic Forum Stakeholder Capitalism Metrics

Stakeholder Capitalism Metrics			
Theme	Core metrics	Metric	Further comments
Ethical behaviour	C: Anti-corruption	<div>1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.</div> <div>2. a. Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b. Total number and nature of incidents of corruption confirmed during the current year, related to this year.</div> <div>3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</div>	<div>1. 2. People Data ESG Datasheet, Page 07</div> <div>3. Code of Ethics and Responsibility <u>Lloyds Banking Group Anti-bribery Policy</u></div>
	C: Protected ethics advice and reporting mechanisms	<div>A description of internal and external mechanisms for:</div> <div>1. Seeking advice about ethical and lawful behaviour and organizational integrity; and</div> <div>2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity</div>	<div>How to raise a concern Our Code of Ethics and Responsibility, Page 07</div>
	E: Alignment of strategies and policies to lobbying	The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions, purpose, and any stated policies, goals, or other public positions.	<div>Public affairs and policy <u>Public affairs and policy - Lloyds Banking Group plc</u></div>
Risk and opportunity oversight	C: Integrating risk and opportunity into business process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship.	<div>Risk management ARA, Pages 37-43, 150-193</div>
	E: Economic, environmental and social topics in capital allocation framework	How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.	<div>Responsible Business Committee Report ARA, Pages 87-100</div>



Appendix 3 – The International Business Council of the World Economic Forum Stakeholder Capitalism Metrics

Stakeholder Capitalism Metrics			
Theme	Core metrics	Metric	Further comments
Planet	C: Greenhouse Gas (GHG) emissions:	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	ESG Datasheet ,Page 2 ARA Pages 132-133 Climate, Pages 45-46
	C: TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	TCFD Climate, Pages 4-5 ARA, Pages 36 ESG, Pages 32-33
Climate change	E: Paris-aligned GHG emissions	Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.	Metrics and targets Climate, Pages 8-10 Our net zero ambitions ARA, Page 35 Net zero ambitions ESG, Page 30
	C: Water consumption and withdrawal in water-stressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	We report water consumption across our entire operations of which 99 per cent is in the UK. See ESG Datasheet Page, 09
Freshwater availability	E: Impact		
	E: Air pollution	Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions. Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	ARA, Pages 132-133 Climate, Pages 45-46 100% of our operational emissions occur adjacent to urban/ densely populated areas.
Air pollution			



Appendix 3 – The International Business Council of the World Economic Forum Stakeholder Capitalism Metrics

Stakeholder Capitalism Metrics			
Theme	Core metrics	Metric	Further comments
People	C: Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	ESG Datasheet, Page 5
	C: Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Gender pay ARA, Page 112 Ethnicity pay ARA, Page 112
	C: Wage levels (%)	1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	2. Chief Executive Officer pay ratio ARA, Page 113
	C: Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Modern Slavery and Human Trafficking Statement Responsible Supply Chain ESG, Page 62
	E: Pay gap (%,#)	1. Mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of diversity (e.g. BAME to non-BAME) at a company level or by significant location of operation. 2. Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	1. Gender pay ARA, Page 112 Ethnicity pay ARA, Page 112 2. Chief Executive Officer pay ratio ARA, Page 113
Dignity and Equality	E: Discrimination and harassment incidents (#) and the total amount of monetary losses (\$)	Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with: a) law violations; and b) employment discrimination.	Whistleblowing – helping colleagues do the right thing ESG, Page 59
	E: Freedom of association and collective bargaining at risk (%)	1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.	1. Freedom of association and collective bargaining ESG, Page 53 2. Human rights On page 6 of Our Code of Supplier Conduct we state 'We expect you to allow your employees to legally organise and join associations (such as labour organisations)' On pages 5-6 of our Modern Slavery Statement, we stipulate that we expect suppliers to meet or exceed the provisions in our Code of Supplier Responsibility and through a due diligence process, we evaluate suppliers against key criteria including their human rights programme.

Appendix 3 – The International Business Council of the World Economic Forum Stakeholder Capitalism Metrics

Stakeholder Capitalism Metrics			
Theme	Core metrics	Metric	Further comments
Dignity and Equality	E: Human rights review, grievance impact & modern slavery (#,%)	<ol style="list-style-type: none"> 1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: <ol style="list-style-type: none"> a. type of operation (such as manufacturing plant) and type of supplier; and b. countries or geographic areas with operations and suppliers considered at risk. 	Modern Slavery and Human Trafficking Statement
	E: Living wage (%)	Current wages against the living wage for employees and contractors in states and localities where the company is operating.	Chief Executive Officer pay ratio ARA, Page 122-129 ESG, Page 53
Health and wellbeing	C: Health and safety (%)	<ol style="list-style-type: none"> 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers. 	2. Supporting our colleagues ESG, Pages 50 – 52
Skills for the future	C: Training provided (#, \$)	<p>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</p> <p>Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</p>	ESG Datasheet, Page 07



Appendix 3 - The International Business Council of the World Economic Forum Stakeholder Capitalism Metrics

Stakeholder Capitalism Metrics			
Theme	Core metrics	Metric	Further comments
Prosperity	C: Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	ESG Datasheet
	C: Economic contribution	1. Direct economic value generated and distributed (EVG&D) – on an accrual basis, covering the basic components for the organization's global operations, ideally split out by: a. Revenue b. Operating Costs c. Employee wages and benefits d. Payments to providers of capital e. Payments to government f. Community Investment.	1. ARA, Page 206 f. ESG Datasheet, ESG, page 54
Employment and wealth generation	C: Financial investment contribution	Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	ARA, Pages 206
	E: Infrastructure investments and services supported	Qualitative disclosure to describe the below components: 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements.	ARA, Pages 237
	E: Significant indirect economic impacts	1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).	ARA, Pages 10-13, 24-25, 30-32

Appendix 3 – The International Business Council of the World Economic Forum Stakeholder Capitalism Metrics

Stakeholder Capitalism Metrics			
Theme	Core metrics	Metric	Further comments
Innovation of better products and services	C: Total R&D expenses (\$)	Total costs related to research and development.	ARA page 52, 66
	C: Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Lloyds Banking Group, Tax strategy and approach to tax 2021 ESG Pages 63
Community and social vitality	E: Total social investment (\$)	Total Social Investment (TSI) sums up a company’s resources used for “S” in ESG efforts defined by CECF Valuation Guidance.	ESG Datasheet, Page 05
	E: Additional tax remitted	The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes that are remitted by the company on behalf of customers or employees, by category of taxes.	Lloyds Banking Group, Tax strategy and approach to tax 2021
	E: Total tax paid by country for significant locations	Total tax paid and, if reported, additional tax remitted, by country for significant locations.	Lloyds Banking Group, Tax strategy and approach to tax 2021



Appendix 4 – PRB Reporting and Self-Assessment Report

Reporting and self-assessment		
Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<p>Lloyds Banking Group is an integrated UK financial services provider. We are the largest UK retail and commercial financial services provider with approximately 25 million customers and a presence in nearly every community within the UK.</p> <p>The Group has a unique customer proposition enabling us to serve all of the financial needs of our customers. We operate multiple brands through three core divisions:</p> <ul style="list-style-type: none">● Retail● Commercial Banking● Insurance and Wealth <p>The Group's main business activities include retail and commercial banking, general insurance and long-term savings, provided through multiple well recognised brands including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows. More detail of the nature of the Banks business model and services is available on page 3 of this Report and page 22 of the 2021 Annual Report and Accounts.</p>	<p>ESG Report, Page 3 About Lloyds Banking Group</p> <p>ARA, Pages 22-23</p>
1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<p>We believe that a company which embeds its purpose into business culture and day-to-day operations and makes it the driving force of its strategy, will have a stronger financial position, through finding better ways to create sustainable and more profitable growth and greater long-term value for all its stakeholders.</p> <p>With our purpose of Helping Britain Prosper firmly in mind, the UN Sustainable Development Goals (SDGs) have provided a sound framework for identifying how we can play a more active role in the sustainable development of UK society. They also help frame how we use our operating model, resources and skillsets, to respond to some of the societal challenges faced by the UK.</p> <p>Our new strategy is framed by our purpose and mission, with our four principles providing guardrails around how we make business decisions. Our strategy is therefore in alignment with our selected SDGs, as we are aiming not only to respond to our customers' evolving expectations, changes in operating environment and our competitive position, but also to address some of the key issues in UK society.</p> <p>Our unique position within the UK economy means that the successful transition to a more sustainable, low carbon economy is of strategic importance to us. We support the aims of the 2015 Paris Agreement; the UK Government's Net Zero target and Ten Point Plan for a Green Industrial Revolution; and the recommendations of the TCFD.</p>	<p>ESG Report, Pages 6-8</p>



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Principle 2: Impact and Target Setting We will work to continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.		
2.1 Impact Analysis: <i>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</i> a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) <i>Show that building on this analysis, the bank has</i> ● Identified and disclosed its areas of most significant (potential) positive and negative impact ● Identified strategic business opportunities in relation to the increase of positive impacts/ reduction of negative impacts	Engaging and responding to stakeholders is fundamental to being a responsible business. Each year, we gather a wide range of views through our materiality assessment with our stakeholders, which guides our purpose, strategy and reporting. We engage with stakeholders in many different ways during our regular business activities, in face-to-face meetings about specific issues such as regulation or financial performance, and increasingly through social media, such as digital broadcasts. We conduct a dedicated responsible business materiality assessment every year to help us shape our corporate reporting and inform our strategic thinking. More detail on our material issues identified through this process can be located on page 12 and 15 of our ESG Report. a), b) and c) Given our clear purpose of Helping Britain Prosper and our unique position at the heart of the UK economy we embraced our responsibility to help address some of the biggest economic, social and environmental challenges the UK faces. d) Our near-term focus of Helping Britain Recover during 2021 allowed the Group to set commitments in five areas, contained in our Helping Britain Recover priorities on page 17, where we could make the most difference and continue to underpin these commitments with our ongoing ESG risk management, performance and business practices. We regularly assess our strategy in light of our changing operating environment to ensure that our focus remains the right one. With new leadership in place, we had an opportunity to review the Group's strategic direction. Over the past year we have considered how we can build on the Group's successful transformation from previous years, during which we created significant benefits for our customers and other key stakeholders, while also positioning the Group well to succeed in a digital world. Our new strategy responds to continuously evolving customer and societal expectations and challenges, such as climate change, new technologies and a rapidly changing competitive environment. With our defining purpose further embedded in the strategy, we are aiming to play an even more active role in UK society and drive its prosperity while delivering enduring value to all our stakeholders	ESG Report, Pages 12-15 ARA, Pages 6-21
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		



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<p>We recognise that the focus of the Group's purpose must evolve in response to the current environment and changing customer needs and expectations. With our evolution of strategy, we will further embed our purpose across all of our activities. Our new mission is everything. It's what drives us, what makes us different and defines how we profitably grow. It's how we'll create a future where our planet is cared for, people feel safe and included, and businesses and communities can thrive. Our purpose, mission and decision making principles provide a lens through which to assess the key choices we face when considering the future shape of the Group.</p> <p>We know that becoming a truly purpose-driven organisation will take time. A key element of our strategy will be to build ambition progressively, and to embed our purpose into decision-making, culture and capabilities.</p> <p>We serve millions of individuals, families and businesses, big and small, every day. This means we're better placed than anyone to make the way that we spend, save, borrow, invest and protect what matters, a force for good.</p>		
2.2 Target Setting <i>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</i> <i>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</i> <i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</i>	<p>As a signal of our commitment we set an ambitious goal in 2020, working with customers, Government and the market to help reduce the emissions we finance by more than 50 per cent by 2030, on the path to net zero by 2050 or sooner, supporting both the UK Government's ambition and the 2015 Paris Agreement.</p> <p>In 2020, we launched our Race Action Plan to drive cultural change, recruitment and progression across the Group. At the end of 2020, we broadened our plan to go further and work beyond our own internal boundaries by actively supporting Black heritage communities through our partnerships with Foundervine and the Black Business Network. We have set aspirations to increase representation of Black, Asian and Minority Ethnic colleagues to 13 per cent at senior management levels, and increase Black heritage representation in senior roles to at least 3 per cent by 2025, aligning with the overall UK labour market.</p> <p>In addition to the above targets we had specific targets for 2021 included in our focus on Helping Britain Recover committing to working with others in five focus areas where we can make the most difference.</p> <p>Through Helping Britain Recover and wider responsible business activities, we will be actively supporting the UN's sustainable development agenda, using our key skills to focus our resources on making an impactful benefit to the UK and working towards the realisation of the UN Sustainable Development Goals (UN SDGs).</p> <p>Our strategy recognises this need with its strong focus on sustainability and actions to support the UK in its transition to a sustainable net zero economy, in line with the Paris Climate Agreement. Our strategy builds on our leadership as a top UK employer for inclusion and diversity. Looking ahead, our focus will be on making inclusion even more central to our business and decision making, ensuring our products, processes and services are accessible and inclusive by design, promoting financial inclusion and resilience of our customers, and supporting and championing positive change beyond our organisation in communities we serve.</p> <p>Speciific strategic measurements for the next financial period are on ARA pages 16-21.</p>	<p>ESG Report, Page 17, 30</p> <p>ESG Report, Page 48, Our progress against our Race Action Plan</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
We have various SMART targets related to diversity and inclusion, green finance and social impact in the form of affordable housing for the next 3 - 5 year period.		

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Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Our Group strategy sets out the ways we can improve access quality housing for people across the UK – whether they rent, own their home or are trying to get on the property ladder. We are committed to making our presence around the country count and leveraging our expertise in key sectors, such as infrastructure, manufacturing, and housing, to support communities and businesses in all of the UK's regions to thrive.</p> <p>These strategic KPI's are monitored through our Group balanced scorecard process and strategic performance monitoring processes through the Board of Lloyds Banking Group.</p> <p>Progress on our climate related targets can be found in the Lloyds Banking Group Climate Report 2021.</p> <p>Progress on our Helping Britain Recover Commitments and Race Action Plan can be found in the Lloyds Banking Group ESG Report 2021.</p>	<p>ARA, Pages 16-21</p> <p><u>The Lloyds Banking Group Climate Report 2021</u></p> <p>ESG Report, Page 17, Helping Britain Recover</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
We have provided progress updates against these targets in our 2021 Reports and will report on our progress in meeting our targets in our 2022 Annual Report and Accounts, 2022 ESG Report and 2022 Climate Report.		
<p>2.4 Progress on Implementing Targets <u>For each target separately</u>:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>As a signal of our commitment we set an ambitious goal in 2020, working with customers, Government and the market to help reduce the emissions we finance by more than 50 per cent by 2030, on the path to net zero by 2050 or sooner, supporting both the UK Government's ambition and the 2015 Paris Agreement.</p> <p>Detail on actions taken to support the target are included on pages 29–39 of the Lloyds Banking Group ESG Report 2021.</p> <p>In 2020 we launched our Race Action Plan, Our progress on our implementation of this plan can be found on page 81 of the Lloyds Banking Group ESG Report 2021.</p> <p>Our specific 2021 targets related to our Helping Britain Recover commitments are reported on page 31 and 32 in our 2021 Annual Report and Accounts and 2021 ESG Report.</p> <p>New strategic commitments are included in the Group Strategy, published in our 2021 Annual Report and Accounts on pages 16-21.</p>	<p>ESG Report, Pages 17 and 29</p> <p>ESG Report, Page 48, Our 2021 Progress on our Race Action Plan</p> <p><u>Lloyds Banking Group Climate Report 2021</u></p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets		
We have made progress on our climate ambitions and Race Action Plan commitments and have reported against this performance in the Lloyds Banking Group ESG Report 2021, and Lloyds Banking Group Climate Report 2021		
Our specific 2021 targets related to our Helping Britain Recover commitments are reported in our Lloyds Banking Group Annual Report and Accounts 2021 and Lloyds Banking Group ESG Report 2021.		
New Group strategic commitments are included in the Lloyds Banking Group Annual Report and Accounts which assist in supporting these targets through our core business strategy.		



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Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
3.1 <i>Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</i>	<p>At Lloyds Banking Group we are committed to improving the financial wellbeing and resilience of our customers, colleagues and communities through the work we do. Our Group Customer Policy sets out how important it is to treat customers fairly and ensure that we're transparent in all our dealings with them. We conduct regular monitoring to assess whether or not we meet our high customer service standards and colleagues' remuneration is linked to customer outcomes. A simplified and enhanced Customer Policy and procedures are in place throughout the Group to ensure appropriate controls and processes that deliver fair customer outcomes, and support market integrity and competition requirements. Customer needs are considered through divisional customer plans, which include an integrated conduct lens, and the plans are reviewed and challenged by the Group Customer First Committee. Continuous embedding of the customer vulnerability framework aligned with the FCA guidance on fair treatment of vulnerable customers remains a key focus</p> <p>Colleagues are encouraged to speak up, challenge and act if they witness anything inappropriate and we provide colleagues with a variety of channels to do this.</p> <p>We are committed to managing the economic crime risks associated with our business and operate systems and controls which are appropriate and effective within our stated risk appetite, and which meet legal and regulatory requirements.</p> <p>The Group believes in the importance of doing business in ways that value and respect the human rights of our colleagues, customers, business partners and communities affected by our business.</p> <p>The Group takes a range of mitigating actions with respect to conduct risk and remains focused on delivering a leading customer experience. Our goal, in line with our purpose of Helping Britain Prosper, is to support customers whenever they have cause to complain. Customers trust us to keep their money and data safe, and the Group deploys sophisticated technology to protect both.</p>	ESG Report, Page 60, Conducting our Business Responsibly



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Reporting and self-assessment		
Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.	<p>We continued to invest in supporting customers facing financial difficulties, and at the beginning of the year we had over 6,500 colleagues trained to support customers to build their financial resilience. We strengthened our relationships with free independent debt advice organisations by building these connections into our digital journeys and colleague tools, providing over 133,000 of our customers with easy access to additional practical support. In doing so, we have helped over 267,000 customers by putting in place plans and treatments, bespoke to their circumstances across both unsecured and secured lending, supporting them in their long and short-term financial wellbeing needs.</p> <p>We expanded the funding available under the Group's discounted green finance initiatives from £3 billion to £5 billion in 2021 to support businesses as they transition to a low carbon economy.</p> <p>More than £6.9 billion of green/ESG related finance was delivered in 2021.</p> <p>We launched our new goal to ensure our own operations are net zero by 2030 and in support of the goal, we have also joined the UK Green Building Council Net Zero Carbon Buildings Commitment.</p> <p>We became the first major pensions and insurance provider to target halving the carbon footprint of our investments by 2030 on our path to net zero by 2050 and published the Scottish Widows Climate Action Plan</p> <p>We introduced a flagship fossil fuel-free fund to support green growth and allow pension savers to choose to invest in UK companies pursuing a positive environmental impact.</p> <p>To support the retrofit challenge in social housing, in 2021 we have provided £3.4 billion of new funding, of which £2.4 billion is sustainable (green or social use of proceeds) or sustainability-linked (including ESG key performance indicators) and have partnered with sustainability consultancy CFP Green Buildings to give clients access to a new tool to help identify, evaluate and understand the estimated outcomes of potential investments to make properties more sustainable and energy efficient.</p>	ESG Report, Page 17
Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	<p>We considered and consulted our stakeholders when developing our purpose and strategy. We maintain an open dialogue with our broad range of stakeholders, enabling us to understand and respond to their evolving expectations and concerns. We use these insights to inform the assessment of the issues that most materially impact our ability to create long-term value for all our stakeholders.</p> <p>We have committed to various strategic partnerships to facilitate the implementation of our ambitions and targets highlighted throughout the 2021 ESG Report.</p>	ESG Report, Pages 10-15.



Appendix 4 – PRB Reporting and Self-Assessment Report

Reporting and self-assessment

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
5.1 Describe the relevant governance structures, policies and procedures your bank has in place/ is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	<p>The Responsible Business Committee (RBC), a sub-committee of the Board, oversees and monitors the Group's plans for delivering the Group's aspiration to be a trusted and responsible business as part of our purpose to Help Britain Prosper.</p> <p>The Board has overall oversight of ESG matters with our Board-level RBC overseeing the Group's performance as a responsible Business, including the delivery of our sustainability strategy. Both the Board and RBC are supported by the Group Executive Committee.</p>	ESG Report, Page 16, Responsible Business Governance and Accountability
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	<p>To ensure that our purpose is at the heart of our business, our strategy and our culture, we have developed a clear and ambitious mission, which defines what it means to Help Britain Prosper. Our mission will frame our plans, shape current and future decisions and drive impact beyond our business-as-usual activities. It exists to guide the actions of every colleague across the Group, every day.</p> <p>The Group wants to ensure that reward is clearly linked to the purpose and culture of the Group as well as meeting its strategic goals. There are a number of measures within the balanced scorecard that support our focus on ESG related activity and goals.</p> <p>We have evolved our Group scorecard for 2022 by bringing greater focus on our climate change ambitions and ensure our purpose of Helping Britain Prosper is at the heart of everything we do. For 2022, ESG metrics aligned directly to our public commitments on climate change and promoting inclusion and diversity will account for 17.5 per cent of the scorecard, up from 15 per cent in 2021</p>	ESG Report, Page 63, Executive Reward Outcomes
5.3 Governance Show that your bank has a governance structure in place for the implementation of the PRB, including: a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	<p>The Responsible Business Committee (RBC), a sub-committee of the Board, oversees and monitors the Group's plans for delivering the Group's aspiration to be a trusted and responsible business as part of our purpose to Help Britain Prosper.</p> <p>The Board has overall oversight of ESG matters with our Board-level RBC overseeing the Group's performance as a responsible Business, including the delivery of our sustainability strategy. Both the Board and RBC are supported by the Group Executive Committee.</p>	ESG Report, Page 16, Responsible Business Governance and Accountability
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.		



Appendix 4 – PRB Reporting and Self-Assessment Report

Reporting and self-assessment		
Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
Lloyds Banking Group has established a governance structure for ensuring that the Principles are effectively implemented, integrated into existing business strategy and commitments, including the setting and monitoring of targets.		
Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
6.1 Progress on Implementing the Principles for Responsible Banking <i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i> <i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</i> <i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i>	<p>We regularly review our strategy in light of our changing operating environment to ensure that our focus remains the right one for our customers, colleagues, shareholders and broader society. Over the past two years we have considered how we can build on the Group's successful transformation, with a defining purpose further embedded in a refreshed strategy that can be at the heart of Britain's recovery while delivering sustainable value to all our stakeholders.</p> <p>Since 2011, we have significantly transformed our business for the benefit of our customers and other key stakeholders, while also positioning us well to succeed in a digital world. We are not complacent, however, and recognise that we need to continually evolve in response to increasing customer and societal expectations, new technologies and a rapidly changing competitive environment.</p> <p>Most importantly, we also recognise that we have a critical role to play in Helping Britain Recover from the COVID pandemic.</p> <p>The Board have supported the development of detailed plans, with measurable outcomes designed to support successful delivery and mitigate execution risks, as well as the communication approach for our evolution of strategy.</p> <p>Teams across the Group then helped translate these priorities into more detailed initiatives, ensuring that Helping Britain Recover remains the key focus.</p> <p>Our focus will therefore be to Help Britain Recover, and we are committed to working with others in five areas where we can make the most difference.</p>	<p>Pages 36–41 of the 2021 Lloyds Banking Group Annual Report and Accounts</p> <p>Pages 14-18 of the 2021 Lloyds ESG Report</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking		
Lloyds Banking Group recognise that the focus of the Group's purpose must evolve in response to the current environment and changing customer needs and expectations.		
With our evolution of strategy, we will further embed our purpose across all of our activities. This will ensure we contribute to creating an environmentally sustainable and inclusive future for the UK and by doing so build a successful and sustainable business.		

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