

Independent Limited Assurance Report to the Directors of Lloyds Banking Group PLC

Independent Limited Assurance Report by Deloitte LLP to the Directors of Lloyds Banking Group PLC (the “Company”) on the selected Environmental, Social and Governance (“ESG”) metrics (the “Selected Information”) within the Social Sustainability Report 2022, Environmental Sustainability Report 2022, ESG Performance Review and in the Annual Report and Accounts for the reporting year ended 31 December 2022.

What we found: Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information, as presented on page 27 of the Social Sustainability Report 2022, pages 19, 24, 25 and 26 of the ESG Performance Review, and pages 35, 136 and 137 of the Annual Report and Accounts, and which supports the Environmental Sustainability Report 2022, for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

The Applicable Criteria can be found at <https://www.lloydsbankinggroup.com/who-we-are/responsible-business/downloads.html>.

What we looked at: scope of our work

Lloyds Banking Group PLC has engaged us to provide independent limited assurance in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000 (Revised)”) and the International Standard on Assurance Engagements on Greenhouse Gas Statements (“ISAE3410”) issued by the International Auditing and Assurance Standards Board (“IAASB”).

The Selected Information in scope of our engagement, as presented on page 27 of the Social Sustainability Report 2022, pages 19, 24, 25 and 26 of the ESG Performance Review, and pages 35, 136 and 137 of the Annual Report and Accounts, and which supports the Environmental Sustainability Report 2022, is as follows :

Selected Information	Reported amount
Environment:	
• Total CO2 emissions (tonnes CO2e)	
○ Market based	115,964
○ Location based	175,411
• Scope 1 emissions (tonnes CO2e)	27,498
• Scope 2 emissions (tonnes CO2e)	
○ Market based	0
○ Location based	59,447

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• Selected Scope 3 emissions (Categories 3, 5, 6 and 7) (tonnes CO2e)	88,466
• Total energy consumption (GWh)	424
<u>Diversity and inclusion:</u>	
• % of senior roles held by women (Grades F+)	39.4
• % of senior roles held by Minority Ethnic colleagues (Grades F+)	10.2
• % of all roles held by Minority Ethnic colleagues	13.4
<u>Community Investment:</u>	
• Total community investment (£m)	42.6
o Total cash donations (£m)	31.0
o Total in-kind giving (£)	34,674
o Total employee time (£m)	2.9
o Total management costs (£m)	3.6
o Total leverage (£m)	5.0

The environment metrics assured cover the period 1 October 2021 – 30 September 2022, and the community investment and diversity and inclusion metrics assured cover the period 1 January 2022 – 31 December 2022.

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria set out in the notes of the relevant sections of the Social Sustainability Report 2022, Environmental Sustainability Report 2022, ESG Performance Review and Annual Report and Accounts, and also available here: <https://www.lloydsbankinggroup.com/who-we-are/responsible-business/downloads.html>

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements. Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards for all metrics allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

Detection of fraud, error and non-compliance with laws and regulations

The responsibility for safeguarding the assets of a company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Company's Directors. We shall endeavour to plan our assurance engagement so that we have an appropriate (bearing in mind the limited nature of our assurance) expectation of detecting material misstatements in the Selected Information which we are assuring (including any material misstatements resulting from fraud, error or non-compliance with law or regulations). However, because any internal control structure, no matter how effective, cannot eliminate

the possibility that errors or irregularities may occur and remain undetected and because we use selective testing in our assurance work, we cannot guarantee that errors or irregularities, if present, will be detected. Accordingly, our assurance engagement should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.

Directors' responsibilities

The Directors are responsible for preparing an Annual Report which complies with the requirements of the Companies Act 2006 and for being satisfied that the Annual Report, taken as a whole, is fair, balanced and understandable.

The Directors are also responsible for:

- Selecting and establishing the Applicable Criteria which is suitable for preparing the Selected Information. Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria, and reporting the Basis of Reporting publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the Services.
- Confirming to us through written representations that you have provided us with all information relevant to our Services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Directors.

Our independence and competence

In conducting our engagement, we complied with the independence requirements of the FRC's Ethical Standard and the ICAEW Code of Ethics. The ICAEW Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the ICAEW Code in our role as independent assurance providers, 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 PLC that we have maintained our independence and objectivity throughout the period and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.

We applied the International Standard on Quality Management (UK) 1 (“ISQM (UK) 1”), issued by the Financial Reporting Council. Accordingly, we maintained a comprehensive system of quality including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

What we did: key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:

- Performed analytical review procedures and considered the risks of material misstatement of the Selected Information.
- Through inquiries of management, obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Through inquiries of management, obtained an understanding of internal controls relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness.
- Through inquiries of management, documented whether an external expert has been used in the preparation of the Selected Information, then evaluate the competence, capabilities and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Inspected documents relating to the Selected Information, including board committee minutes and where applicable internal audit outputs to inform our risk assessment.
- Performed procedures over the activities of significant third parties that perform key controls relevant to the Selected Information.
- Performed procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data has been appropriately consolidated.
- Performed procedures over underlying data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Applicable Criteria, including verifying to source documentation.
- Performed procedures over the Selected Information including assessing management’s assumptions and estimates.

- Accumulated misstatements and control deficiencies identified, assessing whether material.
- Read the narrative accompanying the Selected Information with regard to the Applicable Criteria, and for consistency with our findings.
- Read and analysed public information relating to the Company's responsible business practices and performance during the year.

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. 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.

Use of our report

This report is made solely to the Board of Directors of Lloyds Banking Group PLC, in accordance with ISAE 3000 (Revised) and ISAE 3410 and 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 the Company and the Directors of the Company, we acknowledge that the Directors of the Company 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 its directors as a body, for our work, for this report, or for the conclusions we have formed.



Deloitte LLP
London
21 February 2023