

Sustainability Reporting Framework Index

Lloyds Banking Group

2023



Our approach to sustainability reporting

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 the following reporting frameworks as being an important reporting tools that address the needs of our investors and other stakeholders.

We will continually evolve our reporting each year to enhance our disclosures, in line with meeting the requirements of our selected sustainability reporting frameworks.

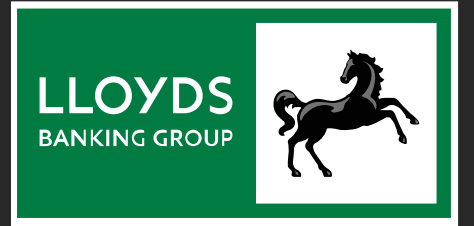


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UNEP FI Principles for Responsible Banking self-assessment report

Lloyds Banking Group is a signatory to the Principles for Responsible Banking (the Principles) which reinforces the Group's commitment to align to the Paris Climate Agreement and the United Nations Sustainable Development Goals (SDGs) which inform our Group Purpose and Strategy.

Lloyds Banking Group was an inaugural signatory to the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking (PRB) in 2019. The Principles require signatories to implement a program of work over four years encompassing alignment; impact and target setting; clients and customers; stakeholders; governance and culture; and transparency and accountability.

The Group is continuing to align its practices to these principles. This is the Group's fourth PRB self-assessment report to demonstrate its progress against all six principles.

- ✓ Black tick symbol indicates disclosures subject to Limited ISAE 3000 (revised) assurance by Deloitte LLP for the 2023 Annual Responsible Business Reporting. Deloitte's 2023 assurance statement is available online at [downloads](#)
- ✓ Green tick symbol indicates a positive response to a PRB self-assessment question



PRB Self-Assessment Report

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.

Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>1.1 Business model 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 across the main geographies in which your bank operates or provides products and services.</p> <p>Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.</p>	<p>1.1 Business model Lloyds Banking Group is a leading UK-based financial services group. We provide a wide range of banking and financial services, focused primarily on retail and commercial customers.</p> <p>The Group’s Purpose is Helping Britain Prosper. We do this by creating a more sustainable and inclusive future for people and businesses, shaping finance as a force for good.</p> <p>Our vision is to be the UK customer-focused digital leader and integrated financial services provider capitalising on new opportunities, at scale. We will achieve our vision through our strategic priorities: Grow, Focus and Change. Our strategy has been designed to transform the business and create higher, more sustainable growth and returns.</p> <p>As a large, UK focused financial services provider, our scale and reach across the UK means that our franchise extends to 27 million customers with 21.5 million digitally active and 2.2 million shareholders. We provide vital financial services to over half of the UK adult population and around 900,000 businesses of all sizes, responding to the needs and challenges they are facing. Extensive customer data and analysis ensures we can meet the needs of these customers more effectively. We have over 66,000¹ colleagues employed by the Group and the Group’s operations are predominantly UK-based and as a result an analysis between UK and non-UK activities is not provided.</p> <p>We have three core divisions that have been structured to optimise synergies and efficiencies to best serve our customers’ needs covering the below services and products:</p> <p>Retail: Consumer lending activities such as mortgages, credit cards, personal loans and motor finance Consumer relationships such as current accounts, savings accounts and our mass affluent proposition.</p> <p>Insurance, pensions and investments: Home. motor and protection insurance, pensions and investments.</p> <p>Commercial banking: Small and medium businesses loans, transactional banking and working capital Corporate and institutional banking including lending, risk management, liquidity and debt capital markets</p> <p>Our products and services are made available to our customers through our trusted brands, which enables us to address the needs of different customer segments more effectively. A list of our brands can be found on page 11 of the Annual Report and Accounts 2023.</p> <p>Distribution of the bank’s portfolio: 2023 Balance Sheet: Segmental analysis – Underlying profit as a % of the Group – Annual Report and Accounts 2023 page 66</p> <ul style="list-style-type: none">• Retail 52%• Insurance, Pensions and Investments 2%• Commercial Banking 41%• Equity Investments and Central Items 5%	<p>Group Overview - Lloyds Banking Group plc</p> <p>Annual Report and Accounts 2023 Pages – front cover to page 38 Annual Report and Accounts 2023 financial statements – page 66</p>

1. Based on average headcount for FY 2023.

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Reporting and self-assessment requirements

High level summary of the Group’s response

Links and reference(s) to the Group’s full response/relevant information

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PRB Self-Assessment Report

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Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>1.2 Strategy alignment Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</p> <p>Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>1.2 Strategy alignment ✓ Yes <input type="checkbox"/> No</p> <p>In February 2022, as part of our new strategy, we set out an ambition to become a truly purpose-driven organisation and we are taking steps to embed purpose at the core of our business, decision making, operations and culture. Our strategy is directly aligned to our purpose of Helping Britain Prosper, building on the scale and position of the Group, that will deliver long-term and profitable growth while making a meaningful and positive difference for all stakeholders. Core to our purpose and strategy is our focus on building a more inclusive and sustainable society, as this is where we can make the biggest difference, while creating new opportunities for our future growth. Our Group strategy centres around three priorities “Grow”, “Focus” and “Change” to help us achieve this. Sustainability objectives are embedded in our strategy and aligned to each of the strategic priorities. These relate to activities in the areas where we can have the biggest positive impact as a Group while reducing any negative impacts of our products and services.</p> <p>In becoming a more purpose-driven organisation, we have an opportunity to play our part in helping the UK to meet the targets set by the UN Sustainable Development Goals (SDGs). The SDGs provide a common framework for us to identify how we can play a more active role in the sustainable development of UK society and help us frame how we use our operating model, scale, resources and skillsets to respond to some of the biggest societal challenges faced by the UK today. When conducting our materiality review and impact assessment of our operations, products and services in line with the requirements of the UNEP FI Principles for Responsible Banking, we have considered, among other inputs, the SDGs with the highest materiality to our business and sector, to assist us in identifying our most material areas of societal impact.</p> <p>As a large financial services provider with a focus on the UK we aim to support the UK transition to net zero, and we support the aims of the 2015 Paris Agreement, the UK Government’s net zero target, and the recommendations of the TCFD and have taken these into account in considering our Group Strategy and societal impact areas.</p> <p>The Group and its Board recognise the power and importance of the UN Sustainable Development Goals (SDGs) as a call for action by all countries and businesses to drive sustainable development around the world and therefore as a tool to help companies identify the areas where they have or can have the most material impact on the society – both positive and negative.</p> <p>The SDG’s supported by the Group, and how they are aligned to our material ESG topics, including the stakeholders that they impact, can be found on page 10 of our 2023 Sustainability Report. Throughout our Sustainability Report we have chosen to demonstrate how our sustainability activities support the achievement of specific SDG sub-targets through selected examples and case studies. Our non-financial performance indicators in the Group Balanced Scorecard further drive progress against our ambitions, focus areas and the SDGs.</p> <p>We have set several net zero ambitions across our Group to support the decarbonisation of our business in line with limiting global warming to 1.5°C. Our climate transition plan provides the plan and pathway to how we will achieve our Group ambitions and targets.</p> <p>The Group holds memberships in initiatives to support the implementation of our strategy such as:</p> <ul style="list-style-type: none">• The World Business Council for Sustainable Development• The Equator Principles• The UNEP FI Net-Zero Banking Alliance• The UNEP FI Principles for Sustainable Insurance• The Principles of Responsible Investment• The United Nations Global Compact <p>More information on other memberships and initiatives that the Group participates in is available on pages 5 and 108 of the Sustainability Report 2023.</p>	<p>Strategy and purpose – Lloyds Banking Group plc</p> <p>Annual Report and Accounts 2023 pages 10-13, 18-27 Sustainability Report 2023 page 5-12, 31-32, 85-90, 108</p>

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Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?	<div><div><div>✓ UN Guiding Principles on Business and Human Rights</div><div>✓ International Labour Organization fundamental conventions</div><div>✓ UN Global Compact</div><div><input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples</div><div>✓ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones: ---- -----</div><div>✓ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: ----- -----</div><div><input type="checkbox"/> None of the above</div></div><div><div><div>• The Group reports data required for the Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 – Streamlined Energy & Carbon Reporting (SECR).</div><div>• The Group is subject to environmentally related prudential guidance issued by the UK prudential regulator: UK Prudential Regulatory Authority’s SS3/19: Enhancing banks and insurers’ approaches to managing the financial risks from climate change.</div><div>• FCA Listing rule on Task Force on Climate-Related Financial Disclosures (TCFD) compliance LR 9.8.6R(8).</div><div>• UK Companies Act section 172 and 414CB (2A, 4A, 4B).</div><div>• Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.</div><div>• The Group complies with the requirements of the UK Modern Slavery Act 2015 and the UK Gender Equality Act 2010.</div></div></div></div>	<div><div>Downloads – Lloyds Banking Group plc</div><div>Sustainability Report 2023 pages 5 and 108</div><div>Human rights policy statement</div><div>Modern slavery and human trafficking statement 2022</div></div>

PRB Self-Assessment Report

Principle 2– Impact and Target Setting:
We will 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.

Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>2.1 Impact Analysis Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):</p> <p>a) Scope: What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.</p>	<p>2.1 Impact Analysis ✓ In determining our priority areas of societal impact, we considered both materiality to the Group, level of influence the Group may feasibly have to achieve transformational change, as well as impact to our key stakeholders. We have reviewed our commercial exposures and operations, considered both the potential for positive and negative impact as well as risk mitigation.</p> <p>A three-step approach was taken to conducting our impact analysis:</p> <p>1) Evaluation of our impact This involved the refreshing and re-evaluation of the Group's purpose of Helping Britain Prosper through the identification of key impact areas that would allow the Group to translate our purpose into our business strategy. An internal view of our external context and environment was identified by consulting external frameworks (such as the UN Sustainable Development Goals), which led to the determination of areas of societal challenges, including environmental and social challenges, in the UK reflecting on material ESG issues identified by internal and external stakeholders. These societal challenges were reviewed and validated by both external and internal parties.</p> <p>The Group then defined areas of societal impact by identifying which of the broader UK societal challenges and desired outcomes it could have tangible impact on, and which were material to the Group. A meaningful positive impact would be achieved through us leveraging our scale, skills, resources and market presence in the UK using our products and services. This involved the evaluation of our commercial exposures, operations, products and services to identify where the Group could play a role in addressing these challenges meaningfully and were therefore material to the Group.</p> <p>2) Performance measurement and target setting There is ongoing engagement with business areas within the Group to measure, track progress and set targets related to the identified priority focus areas of impact and including them in business measurements such as senior management progress reporting and the Group Balance Scorecard. Performance is measured and reported to a Board level within the Group on the areas of focus supporting our Purpose.</p> <p>3) Accountability and reporting Each of the identified focus areas have a Group Executive Committee champion, whose role is to help drive cross-Group collaboration, unblock issues and develop solutions, and assist in shaping the direction and ambition related to their specific focus area. Progress reporting to the Group Board is conducted on at least an annual basis, and performance measures are discussed quarterly via balanced scorecard metrics or Group Executive Committee updates. The Group annually discloses our progress on our Purpose and impact in our Annual Report and Accounts and Sustainability Report. More information on the ESG materiality review and its outcomes are detailed on pages 9-10 of the Sustainability Report 2023.</p> <p>a)Scope The Group’s initial impact analysis was conducted in 2020 as part of the ongoing Group strategic review. The Group considered several financial indicators to determine materiality of the societal themes to the Group and the Group’s ability to achieve positive impact in these areas. To determine materiality to the Group, we considered the UK based operations and balance sheet exposures as of FYE 2019 and average annual revenue generation 2017-2019 across all the Group’s segments (including Retail, Insurance, Pensions and Investments, and Commercial Banking as indicated in 1.1). When balance sheet was considered, the analysis excluded financial and equity investments (e.g. LEIL), as well as liabilities from insurance and investment contracts, and non-UK operations due to their materiality (well below 5% of total income) and contribution to the Group. This ensured that the Group focused on the most material activities of the Group through which we can influence our external environment. Loans and advances to customers account for c.60% of the Group’s assets. The resulting analysis covered c.90% of the Group’s revenues, excluding non-UK operations and income from non-customer-related activities; we are confident this is a sufficient basis for the Group’s income analysis given all areas through which we can influence societal outcomes were considered.</p> <p>Our impact assessment was initially started in 2020 and was reassessed post the COVID-19 pandemic to review any impact that the pandemic presented in terms of the identified societal issues and focus areas. It was identified that the pandemic had exacerbated previously identified societal issues and that the impact assessment and outcomes remained valid for the Group.</p>	<p>Strategy and purpose - Lloyds Banking Group plc</p> <p>Annual Report and Accounts 2023 Sustainability Report 2023 Pages 9-10</p>

PRB Self-Assessment Report

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Reporting and self-assessment requirements

High level summary of the Group’s response

Links and reference(s) to the Group’s full response/relevant information

<p>b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors. ‘Key sectors’ relative to different impact areas, i.e., those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.</p>	<p>b) Yes</p> <p>The Group considered balance sheet and income relating to our business activities in the UK which cover over the largest portion of our business, estimated to be around 97%, and considered sectors and industries as well as products and services. The impact assessment considered:</p> <ul style="list-style-type: none">The audited financial year end 2019 balance sheet exposure as per customer loans and advances, considering the analysis by sector breakdown, products and services to ensure the different business units of the Group were captured from a lending perspective. The analysis excluded financial and equity investment as well as liabilities from insurance and investment contracts. Loans and advances to customers account for c.60% of the Group’s assets.The average annual revenue generation 2017–2019 across our Retail, Commercial and Insurance, Pensions and Investments (IP&I) divisions was reviewed excluding central items and income from financial and equity investments (incl. LEIL). <p>We used the financial data to determine materiality of identified societal themes to the Group’s business (using sectoral split) and combined them with further qualitative considerations (such as the Group’s scale, skills, resources, market presence in the UK, breadth of products and services) to determine the Group’s ability to drive material positive impact on these societal themes. This allowed the Group to determine priority themes on which the business should focus as part of its strategic review. In our final assessment, we have also considered our operational footprint as an organisation including being one of the largest employer in the country with around 66,000 colleagues in the UK.</p> <p>i) Concentration of exposure of the Group as per the, note 52 (B), page 291, 2019 Annual Report and Accounts.</p> <div><p>(B) Concentrations of exposure</p><p>The Group’s management of concentration risk includes single name, industry sector and country limits as well as controls over the Group’s overall exposure to certain products. Further information on the Group’s management of this risk is included within Credit risk mitigation, Risk management on page 142.</p><p>At 31 December 2019 the most significant concentrations of exposure were in mortgages (comprising 60 per cent of total loans and advances to customers) and to financial, business and other services (comprising 18 per cent of the total).</p><table><tr><th></th><th>2019 £m</th><th>2018 £m</th></tr><tr><td>Agriculture, forestry and fishing</td><td>7,558</td><td>7,314</td></tr><tr><td>Energy and water supply</td><td>1,432</td><td>1,517</td></tr><tr><td>Manufacturing</td><td>6,093</td><td>8,260</td></tr><tr><td>Construction</td><td>4,285</td><td>4,684</td></tr><tr><td>Transport, distribution and hotels</td><td>13,016</td><td>14,113</td></tr><tr><td>Postal and telecommunications</td><td>1,923</td><td>2,711</td></tr><tr><td>Property companies</td><td>27,596</td><td>28,451</td></tr><tr><td>Financial, business and other services</td><td>89,763</td><td>77,505</td></tr><tr><td>Personal:</td><td></td><td></td></tr><tr><td> Mortgages¹</td><td>299,141</td><td>297,498</td></tr><tr><td> Other</td><td>29,272</td><td>28,699</td></tr><tr><td>Lease financing</td><td>1,671</td><td>1,822</td></tr><tr><td>Hire purchase</td><td>16,497</td><td>15,434</td></tr><tr><td>Total loans and advances to customers before allowance for impairment losses</td><td>498,247</td><td>488,008</td></tr><tr><td>Allowance for impairment losses (note 18)</td><td>(3,259)</td><td>(3,150)</td></tr><tr><td>Total loans and advances to customers</td><td>494,988</td><td>484,858</td></tr></table><p><small>1 Includes both UK and overseas mortgage balances.</small></p><p>Following the reduction in the Group’s non-UK activities, an analysis of credit risk exposures by geographical region has not been provided.</p></div>		2019 £m	2018 £m	Agriculture, forestry and fishing	7,558	7,314	Energy and water supply	1,432	1,517	Manufacturing	6,093	8,260	Construction	4,285	4,684	Transport, distribution and hotels	13,016	14,113	Postal and telecommunications	1,923	2,711	Property companies	27,596	28,451	Financial, business and other services	89,763	77,505	Personal:			Mortgages ¹	299,141	297,498	Other	29,272	28,699	Lease financing	1,671	1,822	Hire purchase	16,497	15,434	Total loans and advances to customers before allowance for impairment losses	498,247	488,008	Allowance for impairment losses (note 18)	(3,259)	(3,150)	Total loans and advances to customers	494,988	484,858	<p>Annual Report and Accounts 2023 Sustainability Report 2023</p> <p>Annual Report and Accounts 2019 page 291</p>
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PRB Self-Assessment Report

Principle 2– Impact and Target Setting CNTD:
We will 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.

Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>c) Context. What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p>	<p>c) As a financial services provider with a clear focus on the UK primarily, the Group combined the SDGs with several other frameworks to identify our key societal impact areas impacting the UK. Frameworks reviewed and consulted included:</p> <ul style="list-style-type: none">o OECD Better Life Indexo OECD Economic Indicators ando UK-specific frameworks such as the Outcomes Matrix and Community Needs Score)o The UK objectives in Implementing the Sustainable Development Goals <p>These frameworks were overlayed with the Group’s exposures, scale and capabilities as an integrated financial services provider to identify social and environmental themes in the UK with long-term trends or challenges to a sustainable and inclusive future for the people and businesses of the UK. The identified themes were tested with several external experts from impact consultancies and internal experts such as customer insight and frontline teams across retail, commercial and insurance divisions, to ensure robustness and objectivity, and discussed with the Group Executive Committee (GEC) and the Group Board. For each of the themes we identified an outcome which would be desirable for the UK to ensure prosperity and sustainability in the longer term. The Group capabilities were then considered to identify where the Group could have a meaningful societal impact through leveraging our skills, scale, capabilities and resources, and thus support the UK in achieving the identified desired sustainable and inclusive societal outcomes.</p> <p>Societal themes and challenges identified initially for the UK included:</p> <ul style="list-style-type: none">• challenges around home ownership and quality housing more broadly,• decreasing financial resilience – especially in lower income groups,• levels of quality employment,• UK decarbonisation objectives,• shortages of technical and digital skills,• regional inequalities and differences in productivity,• unequal opportunities across gender and race,• reduced sense of community, and• issues related to longer term health and mental health. <p>The impact assessment and themes are supported on an ongoing basis by topic specific materiality assessment such as ESG risk materiality portfolio reviews or ESG reporting materiality assessments. The Group continues to disclose the outcomes of its annual ESG materiality review in its reporting. This materiality review draws on the Global Reporting Initiative (GRI) Standards, the SASB standards, the World Economic Forum Stakeholder Capitalism Metrics, as well as stakeholder engagement outcomes with customers, NGO's, investors and regulators. It considers ESG materiality through potential impacts on the Group’s ability to continue to create value, and the Group’s potential impacts on society.</p>	<p>Annual Report and Accounts 2020, 2021, 2022, 2023 External Environment Sustainability Report 2023 – Our approach to materiality page 9</p> <p>Sustainable finance - Lloyds Banking Group plc Social sustainability - Lloyds Banking Group plc Supporting businesses - Lloyds Banking Group plc Supporting the UK housing market - Lloyds Banking Group Financial resilience and inclusion - Lloyds Banking Group plc</p>

PRB Self-Assessment Report

Principle 2– Impact and Target Setting CNTD: We will 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.		
Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)	<p>To deliver on our purpose, through our impact analysis, we have identified focus areas of activity which are material to our business and where we are best placed to provide significant positive change and mitigate negative impacts through our core business and cross-Group collaboration. Given our business exposure to these prioritised themes (c.90% of Group income, loans & advance and customer deposits), these are also areas where we can best achieve positive change by minimising our negative impacts on the society inherent to the nature of being a commercial financial services provider.</p> <p>These areas underpin our focus on creating a more inclusive society and sustainable future which is core to our Group Purpose and strategy, and include promoting financial inclusion and resilience, improving access to quality housing, supporting the transition to net zero, building an inclusive organisation and supporting regional development.</p> <p>We have prioritised the following two areas for target setting:</p> <ul style="list-style-type: none">• Tackling the climate crisis which is key in the transition to net zero including emission reduction activities and sustainable finance opportunities to enable the transition.• Building a more inclusive future for people and businesses, we need to ensure that our own organisation is representative of modern-day Britain, which will allow us to create more inclusive products, services, and strategies.	Sustainability Report 2023
d) Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.	<p>The Group has assessed its exposure to high carbon emitting sectors and activities and estimated its baseline financed emissions. As a member of the UNEP FI’s Net-Zero Banking Alliance, the Group has committed to:</p> <ul style="list-style-type: none">• aligning its portfolios and activities with pathways consistent with a maximum temperature rise of 1.5 °C;• setting itself targets to be met by 2030 (or sooner) and 2050;• focusing as a priority on its most emission-intensive sectors that will have a major impact in transitioning towards a low-carbon economy;• basing its alignment targets on credible climate scenarios published by recognised bodies;• being transparent, through annual reporting on its progress and action plans. <p>For more detail on our assessment of the emissions of our lending portfolio and investments, performance and metrics and targets used to measure our performance, please see our Sustainability Report 2023: Environmental strategy pages 85–94, Banking activities pages 106–149 and Scottish Widows pages 160–175.</p> <p>The Group has reviewed its diversity, equity and inclusion (DEI) performance and set targets to ensure that we are a business that reflects the society it serves. See pages 58–69 of our Sustainability Report. Our DEI performance is detailed in KPI’s monitored at a Group level, and our DEI ambitions are included in the Group Balanced Scorecard.</p> <p>The Group has identified customers, sectors and industries of focus and their social impact, and have detailed performance progress from pages 31–90 of the Sustainability Report 2023.</p>	Sustainability Report 2023

PRB Self-Assessment Report

Self-Assessment Summary

Reporting and self-assessment requirements

High level summary of the Group’s response

<p>Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?</p> <p>You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.</p>	<div>Scope: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</div> <div>Portfolio composition: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</div> <div>Context: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</div> <div>Performance measurement: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</div>
<p>Which most significant impact areas have you identified for your bank, as a result of the impact analysis?</p>	<ul style="list-style-type: none">• Promoting financial inclusion and resilience,• Improving access to quality housing,• Supporting the transition to net zero,• Building an inclusive, diverse and equitable organisation and• Supporting regional development and communities
<p>How recent is the data used for and disclosed in the impact analysis?</p>	<div><input type="checkbox"/> Up to 6 months prior to publication</div> <div><input type="checkbox"/> Up to 12 months prior to publication</div> <div><input type="checkbox"/> Up to 18 months prior to publication</div> <div><input checked="" type="checkbox"/> Longer than 18 months prior to publication</div> <div>Open text field to describe potential challenges, aspects not covered by the above etc.: <i>(optional)</i></div>

PRB Self-Assessment Report

Principle 2– Impact and Target Setting: We will 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.		
Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>2.2 Target Setting</p> <p>Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.</p> <p>The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:</p> <p>a) <u>Alignment:</u> which international, regional or national policy frameworks to align your bank’s portfolio with have you identified as relevant? Show that the selected indicators and 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.</p> <p>b) <u>Baseline:</u> Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.</p> <p>c) <u>SMART targets</u> (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose. Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.</p> <p>d) <u>Action plan:</u> which actions including milestones have you defined to meet the set targets? Please describe.</p>	<p>2.2 Target Setting ✓</p> <p>Current targets:</p> <p>a) Target Area 1 and 2: Our 2023 Group climate transition plan sets out the steps we’ll take to reduce emissions to net zero for our operations, supply chain and how we are addressing nature, Just Transition, engagement and data at the Group level. We outline specific activities happening in the Bank in the transition plan section. Our climate transition plan has been informed by guidance from the Glasgow Financial Alliance for Net Zero (GFANZ) and UK TPT, as well as guidance from the Task Force on Climate-Related Financial Disclosures (TCFD), all of which continue to evolve. We also remain a committed member of the World Green Building Council Net Zero Carbon Building initiative, and the Climate Group’s campaigns on renewable electricity (RE100), energy productivity (EP100) and electric vehicles (EV100). Based on 2022 total Group assets of £877.8 billion, approximately £545.1 billion of assets (excluding pension and investment balances) are in scope of Partnership for Carbon Accounting Financials (PCAF) methodology. We have calculated emissions for 97.8% of our Bank assets in-scope of PCAF, including cash. We prioritise our target-setting on sectors with high emissions and/or material exposure and with readily available data. In 2023 we have set new targets for Agriculture, Commercial and Residential Real Estate (C&RRE), and Road passenger transport. In our target setting approach, we select appropriate sector pathways from three scenarios (International Energy Agency Net Zero Emissions 2050 (IEA NZE 2050); UK Climate Change Committee Balanced Net Zero Pathway (CCC BNZP); International Energy Agency Technology Perspectives 2020 (IEA ETP 2020)).</p> <p>b,c) Target Area 1: Emission reduction and transition to net zero</p> <p>We have set several ambitions across our Group to support the decarbonisation of our business in line with limiting global warming to 1.5°C, including our new supply chain ambition which was developed in 2022.</p> <ul style="list-style-type: none">• Reduce the carbon emissions we finance by more than 50% by 2030 from a 2018 baseline covering scope 1 and 2 emissions• Net Zero Banking Alliance targets for high emitting sectors from baseline years of 2018–2021 – refer to page 114 of the Sustainability Report 2023• Supply chain emissions – net zero by 2050 or sooner from a 2021/2022 baseline• 50% reduction in the carbon footprint of our investments by 2030 from a 2019 baseline• Achieve net zero operations by 2030 and reduce our direct carbon emissions by at least 90% from a 2018/2019 baseline. <p>For specific indicator codes as per Annex of the PRB Reporting and self-assessment template related to climate change mitigation, please see next page.</p> <p>b, c) Target Area 2: Sustainable Finance: Supporting the transition of sectors to net zero</p> <ul style="list-style-type: none">• £15 billion sustainable finance for corporate and institutional customers by 2024 from a 2022 baseline• New Target: £30 billion of sustainable finance lending for commercial banking customers by the end of 2026 from a 2024 baseline• £8 billion of financing for EV and plug-in hybrid electric vehicles by 2024 from a 2022 baseline• £10 billion of mortgage lending for EPC A and B rated properties by 2024 from a 2022 baseline• £20–£25 billion discretionary investment in climate aware strategies and climate solutions by 2025 from a 2020 baseline <p>a,b,c) Target Area 3: Building an inclusive, diverse and equitable organisation – supportive of the FTSE Women Leaders Review and FCA Listing Requirements 9.8.6 (9) and the UK’s Voluntary National Review of the SDG’s 2019.</p> <ul style="list-style-type: none">• 50% women in senior roles by 2025 from a 2021 baseline• 13% Black, Asian and Minority Ethnic colleagues in senior roles by 2025 from a 2021 baseline• 3% Black heritage representation in senior roles by 2025 from 2021 baseline• New Target: 12% representation of people with disability in senior management roles by 2025 from a 2023 baseline. <p>d) For actions supporting these targets, please see the Sustainability Report 2023 for target area 1 and 2, pages 88 –149, and pages 58–66 for target area 3</p>	<p>Sustainability Report 2023</p>

PRB Self-Assessment Report

b) Table of indicators as per Annex of the UNEP FI PRB Reporting template related to climate mitigation

Impact area	Indicator code	Response	Indicator code	Response	Indicator code	Response
Climate change mitigation	A 1.1 Climate strategy	Yes, page 87 of the sustainability report 2023	A 2.1 Client engagement process	Yes, pages 116 of the sustainability report 2023	A 3.2 Financial volume lent to/invested in carbon intensive sectors and activities and transition finance	Page 110 of the sustainability report 2023
	A 1.2 Paris alignment target	Yes, page 88 and 113 of the sustainability report 2023	A 2.2 Absolute financed emissions	Page 115 of the sustainability report 2023	A 4.1 Reduction of GHG emissions financed	page 115 of the sustainability report 2023
	A 1.3 Policy and process for client relationships	Yes, page 116-117 of the sustainability report 2023	A 2.3 Sector-specific emissions intensity	Page 115 of the sustainability report 2023	A 4.2 Portfolio alignment	Page 117 of the sustainability report 2023
	A 1.4 Portfolio analysis	Yes, pages 110-111 of the sustainability report 2023	A 2.4 Proportion of financed emissions covered by a decarbonisation target	Page 114 of the sustainability report 2023		
	A 1.5 Business opportunities and financial products	Yes, page 89 of the sustainability report 2023	A 3.1 Financial volume of green assets/low carbon technologies	Page 89 of the sustainability report 2023		

PRB Self-Assessment Report

Self-Assessment Summary			
Which of the following components of target setting7 in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
Reporting and self-assessment requirements	High level summary of the Group’s response		
	<ul style="list-style-type: none">Tackling the climate crisis which is key in the transition to net zero including emission reduction activities	<ul style="list-style-type: none">Sustainable finance opportunities to enable the transition	Building an inclusive, diverse and equitable organisation allow us to create more inclusive products, services, and strategies.
Alignment	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>
Baseline	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>
SMART targets	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>
Action plan	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>	<div>✓ Yes</div> <div><input type="checkbox"/> In progress</div> <div><input type="checkbox"/> No</div>

PRB Self-Assessment Report

Principle 2– Impact and Target Setting:

We will 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.

Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>2.3 Target implementation and monitoring</p> <p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.</p> <p>Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.</p>	<p>2.3 Target implementation and monitoring ✓</p> <p>Sustainable finance and emission reduction supporting the transition to net zero: The summary of the activity we have taken to date in support of this theme and targets can be found on pages 88 – 90, 96 and 114 of the Sustainability Report 2023.</p> <p>In 2023, we calculated our 2022 year-end emissions and recalculated our 2018-2021 emissions using improved data sources and restated client disclosures. As a result, the baseline emissions for several of our targets have shifted, and we have updated the targets accordingly.</p> <p>Building an inclusive, diverse and equitable organisation: The summary of the activity that we have taken to date in support of this theme and targets can be found on pages 58-69 of our Sustainability Report 2023.</p>	<p>Sustainability Report 2023</p>

PRB Self-Assessment Report

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.		
Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>3.1 Client engagement</p> <p><i>Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?</i></p> <p><i>Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?</i></p> <p>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). It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.</p>	<div><div>✓ Yes</div><div><input type="checkbox"/> In progress</div><div><input type="checkbox"/> No</div></div> <p>The Code of Ethics and Responsibility brings together the different elements that define how we work and ensure that we do business responsibly and in support of our Purpose. At Lloyds Banking Group, being purpose-driven means operating ethically, sustainably and inclusively, meeting our legal requirements and always considering our impact on our customers, colleagues, the environment and society. Our policies, procedures and standards set the foundations for our behaviours and decision-making. These translate the Group’s risk appetite into mandatory requirements.</p> <p>Our risk appetite for managing ESG risk is part of the Group's credit risk management framework where we have internal policies and controls in place to outline our approach. These internal policies are also aligned to the Groups external sector statements. The external sector statements outline the types of activities we will and will not support. More information on our approach to ESG in risk policies and frameworks is available on page 150–159 of the Sustainability Report 2023.</p> <p>Our Group external sector statements are available at our downloads centre on our Group website.</p> <p>Our 2023 Group climate transition plan sets out the steps we will take to reduce emissions to net zero for our operations, supply chain and how we are addressing nature, Just Transition, engagement and data at the Group level. We outline specific activities happening in the Bank in the transition plan section. More detail on how we are working with clients to transition to net zero is available in our Group Transition plan on pages 112 to 149 of our Sustainability Report 2023.</p>	<p>Sustainability Report 2023 Lloyds Banking Group Code of Ethics and Responsibility Lloyds Banking Group Human Rights Policy Statement Lloyds Banking Group Modern Slavery and Human Trafficking Statement Lloyds Banking Group Sector Statements Downloads – Lloyds Banking Group plc</p> <p>Scottish Widows Responsible Investment Responsible Investment</p>
<p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	<p>In 2023, we have identified and achieved the following strategic business opportunities:</p> <ul style="list-style-type: none">• £2.7 billion of new funding supported to the social housing sector• More than £12 billion of funding provided to first time buyers• Launched our Liverpool City Region Housing Initiative and Leeds Retrofit Partnership• Launched our Start up Scale up programme for small businesses• Developed a 2-year strategic partnership with Crisis, partnership to help tackle the shortage of good quality, affordable homes in the UK• Supported £15.8 billion in sustainable finance for corporate and institutional customers since 2022, made up of:<ul style="list-style-type: none">• £2 billion in sustainable bonds• £2.7 billion in sustainable funding (green or social use of proceeds)• £3.2 billion in sustainability linked loans• Supported £5.7 billion in financing of electric vehicles and plug-in hybrid electric vehicles since 2022• £7.5 billion in EPC A/B mortgage lending since 2022• £21.7 billion achieved in climate aware investment since 2020 <p>Building on our progress in transforming the diversity, equity and inclusion of our business enables the Group to develop more inclusive and accessible products and develop strategies to support minority or disadvantaged business owners. We have gathered insights from our work on our colleague diversity, equity and inclusion in our organisation, and since 2021 we have been developing strategies to support minority or disadvantaged business owners as part of our focus on building an inclusive future. In 2023, we have engaged more than 5,000 Black entrepreneurs with over 23,000 hours of support through the events and initiatives we have played our part in. We have also had over 12,000 visits to our Black business hub, which acts as a central resource that we signpost businesses to. In addition, in 2023, we announced a new partnership with Female Founders Rise, a fast-growing community of over 2,500 female and non-binary founders based in the UK. They are an impact-led company focused on closing the gender gap by supporting women to build profitable and financially sustainable businesses. More detail on this progress and these initiatives is available in our Sustainability Report 2023.</p>	<p>Sustainability Report 2023 Sustainable finance – Lloyds Banking Group plc Supporting the UK housing market – Lloyds Banking Group Supporting businesses – Lloyds Banking Group plc Financial resilience and wellbeing – Lloyds Banking Group plc Sustainable Financing Framework</p>

PRB Self-Assessment Report

Principle 4– Stakeholders:

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals..

Reporting and self-assessment requirements

High level summary of the Group’s response

Links and reference(s) to the Group’s full response/relevant information

4.1 Stakeholder identification and consultation
Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process. Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

☒ Yes

☐ In progress

☐ No

Talking and listening to our stakeholders is intrinsic to our business acting responsibly. This engagement allows us to determine the important topics from an environmental and social perspective. We then analyse material topics that have an impact on our stakeholders but are also of a strategic importance to us as a Group. Annually, we review ESG-related topics raised through our own analysis of both our external and internal environments, such as our geography, markets in which we operate, sector, products, services and activities as well as through horizon scanning and stakeholder engagement. A summary of the issues considered material and the stakeholders that they impact as well as links to our response is available on page 10 of the Sustainability Report 2023.

Stakeholder engagement takes place at all levels within the Group and is an important part of how we are delivering on our purpose of Helping Britain Prosper. The Board continues to engage both directly and indirectly with its stakeholders. This engagement helps to provide a better understanding of stakeholders’ points of view, and the impact the Group has on their day to day lives. Read more about the engagement of Board members with stakeholders on pages 82 and 83 of our Annual Report and Accounts 2023. A summary of issues and decisions over which the Board made key decisions impacting stakeholders while considering their feedback is available on pages 3-5 of the Annual Report and Accounts 2023.

The Board requires stakeholder implications to be considered by senior management in all proposals submitted to the Board from across the Group, both within the papers and as part of the accompanying presentations. Senior management routinely provides the Board with details of stakeholder interaction and feedback through their regular business updates and in their interactions both inside and outside of the board room. Managing stakeholder interests also forms a key part of the Board’s delegation of the day-today management of the business to senior management.

We acknowledge the growing focus of materiality in ESG reporting and regulations across the globe. We continue to review industry developments related to the identification of material ESG-related topics from a double materiality perspective to ensure that the information needs of our shareholders and broader stakeholders are considered.

Our approach towards assessing ESG matters through a double materiality lens continue to evolve. We will look to update our ESG double materiality assessment, building on initial work for climate-related topics. We don’t yet have all the answers and we continue to work with our stakeholders to evolve our approach. We expect to iterate our plans in the coming years as a result and as guidance converges around more defined recommendations.

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PRB Self-Assessment Report

Principle 5– Governance & Culture:

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
<p>5.1 Governance Structure for Implementation of the Principles</p> <p>Does your bank have a governance system in place that incorporates the PRB?</p> <p>Please 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 the effective implementation of the Principles. This includes information about</p> <ul style="list-style-type: none">• which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),• details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as• remuneration practices linked to sustainability targets.	<p>5.1 Governance Structure for Implementation of the Principles ✓</p> <p>✓ Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Governance of Sustainability Performance:</p> <p>Given the strategic importance of our sustainability ambitions and commitment in managing the impacts arising from climate change and broader social issues, our governance structure provides clear oversight and ownership of the Group’s sustainability strategy and management of risk. Sustainability-related responsibilities at Board level are in place with the sub-committee of the Board, the Responsible Business Committee (RBC), with additional responsibility in relation to sustainability-related matters shared with the Audit Committee and Board Risk Committee. This ensures appropriate coordination and cooperation on these matters. The RBC is chaired by Amanda McKenzie and receives updates on a quarterly basis on the status of our Purpose implementation and societal focus areas as well as an annual update on our Principles for Responsible Banking compliance. More information on the role of these committees and structures in supporting our Purpose and our sustainability ambitions, and the Group roles and responsibilities is available on pages 14-16 of the Sustainability Report 2023 and the annual committee reports are available on pages 94 to 107 of the Governance Report within the Annual Report and Accounts 2023.</p> <p>Remuneration and balanced scorecard:</p> <p>Our annual balanced scorecard provides transparency on how our performance directly aligns with 2023 GPS and Long-term Incentive Plan (LTIP) awards. In 2023 the weighting related to sustainability performance measures in the Group balanced scorecard was 17.5 per cent, continuing our focus on climate change ambitions and our ongoing commitment to improving diversity at the Group. The sustainability measures included within our annual scorecard are as follows:</p> <ul style="list-style-type: none">• Increasing our gender and ethnic representation in senior roles (7.5 per cent)• Reducing our operational carbon emissions (5 per cent)• Sustainable financing and investment (5 per cent) <p>Progress against our targets is set out on page 35 and 35 of the Group’s 2023 annual report and accounts. For 2024, we are returning to a performance based Long Term Incentive Plan (LTIP) which will deliver stronger alignment with our strategic objectives by supporting a more demanding performance culture and providing the opportunity to directly link long term variable reward outcomes to the delivery of our strategy and the realisation of its benefits for shareholders. The new LTIP will weight 15 per cent to environmental measures, reflecting that the transition to a low carbon economy is at the core of our strategy and aligns with our purpose to Help Britain Prosper. Full details on the LTIP can be found on page 124 of the 2023 annual report and accounts.</p>	<p>Sustainability Report 2023</p> <p>Annual Report and Accounts 2023</p> <p>Corporate governance - Lloyds Banking Group plc</p> <p>Responsible Business Committee Terms of Reference (lloydsbankinggroup.com)</p>
<p>5.2 Promoting a culture of responsible banking:</p> <p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	<p>In 2023 we provided training for the Group Board, Group Executive Committee (GEC), Insurance Board and Insurance Executive Committee on the theme of nature and biodiversity. We launched new environmental sustainability training for all colleagues covering the transition to a low carbon economy, nature loss and greenwashing. We have also continued specialist training of our frontline Commercial banking, Credit Risk, and Sourcing and Supplier Manager colleagues, with this training continuing in 2024 across the themes of social and environmental issues. More detail on training provided can be found throughout our reporting in our Sustainability Report 2023.</p> <p>Throughout the year, we have been further embedding our purpose and values across the organisation and helping colleagues understand how our values guide not only the way we work together, but also how we make decisions. In 2023 we completed a senior leadership development programme for over 340 senior leaders centred around the organisational shifts we need to make in to grow with purpose. In driving the change, leaders are supported by a movement of over 6,300 colleagues as Catalysts across the business. Representing more than 10% of our colleague population, these changemakers role model our values and purpose, share stories, and drive improvements by challenging the status quo and unblocking issues that get in the way of how we work. See page 71 of our sustainability report 2023. In 2023 the weighting related to sustainability performance measures in the Group balanced scorecard was 17.5 per cent, continuing our focus on climate change ambitions and our ongoing commitment to improving diversity at the Group.</p>	<p>Annual Report and Accounts 2023</p> <p>CEO Statement</p> <p>Remuneration report.</p> <p>Sustainability Report 2023</p>

PRB Self-Assessment Report

Principle 5– Governance & Culture CNTD:

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

Reporting and self-assessment requirements

High level summary of the Group’s response

Links and reference(s) to the Group’s full response/relevant information

5.3 Policies and due diligence processes
Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio.

We are continuously enhancing our capabilities to identify, evaluate, and effectively manage ESG related risks. Our approach is centred around the concept of ‘double materiality’, allowing us to assess both the inbound risks affecting our balance sheet and the outbound risks of our balance sheet on society and the planet.

Details of our ESG Credit framework and activity in both the commercial lending and consumer lending portfolios can be found on pages 156–159 of the Sustainability Report 2023.

During 2023, we have developed a new ESG Taxonomy internally which outlines the most material ESG risks for the Bank as part of our ESG material issues review of our Commercial, Business and Mortgage lending portfolios, based on our balance sheet and business strategy. Insights from the new ESG Taxonomy will be used to enhance our credit risk management process in 2024. This will include the enhancement of our environmental assessments and processes to incorporate nature and biodiversity risk.

Sustainability Report 2023
Lloyds Banking Group Sector Statements
Lloyds Banking Group Human Rights Policy Statement
[Downloads – Lloyds Banking Group plc](#)

PRB Self-Assessment Report

Self-Assessment Summary	
Reporting and self-assessment requirements	High level summary of the Group’s response
Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

PRB Self-Assessment Report

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.		
Reporting and self-assessment requirements	High level summary of the Group’s response	Links and reference(s) to the Group’s full response/relevant information
6.1 Assurance Has this publicly disclosed information on your PRB commitments been assured by an independent assurer? If applicable, please include the link or description of the assurance statement.	<div>✓ Yes<div>□ Partially</div><div>□ No</div></div> <p>Lloyds Banking Group have obtained independent limited assurance on selected information required by the United Nations Environment Program Finance Initiative Principles for Responsible Banking Framework reported by the Group in this Reporting and Self-Assessment Template in addition to specific key performance indicators, assertions and data disclosed in our Annual Report and Accounts 2023, Sustainability Report 2023, and Sustainability Metrics Data Sheet 2023. ✓ Black tick symbol within this document indicates disclosures subject to Limited ISAE 3000 (revised) assurance by Deloitte LLP for the 2023 Annual Responsible Business Reporting.</p>	Downloads - Lloyds Banking Group plc Deloitte independent assurance Statement,
6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks? <div><div>✓</div><div>✓</div><div>✓</div><div>□</div><div>✓</div><div>✓</div></div> <div>GRI SASB CDP IFRS Sustainability Disclosure Standards (to be published) TCFD Other:</div>	<p>Sustainability disclosures are prepared based on global sustainability frameworks, standards and voluntary initiatives including:</p> <ul style="list-style-type: none">- GRI- SASB- WEF Stakeholder Capitalism Metrics- TCFD- NZBA- CDP- UNGC Communication of Progress Report- UNEP FI PRB- The Financial Reporting Council Strategic Reporting Guidelines	Sustainability Reporting Frameworks Index 2023 Sustainability Report 2023 Annual Report and Accounts 2023 Lloyds Banking Group Human Rights Policy Statement Lloyds Banking Group Modern Slavery Statement
6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis , target setting and governance structure for implementing the PRB)? Please describe briefly.	<p>In 2024 the Group will aim to develop further targets to support the focus areas of our purpose building on the basis of our 2023 performance and progress. Although the economic environment remains uncertain, our purpose-driven strategy and strong business model ensures that we can continue to support customers and achieve our societal and strategic goals whilst delivering against our financial targets.</p> <p>Some examples of key initiatives and progress anticipated in 2024 are included throughout the Sustainability Report 2023 and include, but are not limited to the following examples:</p> <ul style="list-style-type: none">• For 2024, we are returning to a performance based Long Term Incentive Plan (LTIP) which will deliver stronger alignment with our strategic objectives by supporting a more demanding performance culture and providing the opportunity to directly link long term variable reward outcomes to the delivery of our strategy and the realisation of its benefits for shareholders. The new LTIP will weight 15% to environmental measures, reflecting that the transition to a low carbon economy is at the core of our strategy and aligns with our purpose to Help Britain Prosper.• Our focus on implementing our approach to Nature.• Making progress in the calculation of our facilitated carbon emissions.• A broader focus on wider ESG specific risks in our risk management processes beyond climate will continue to be developed in 2024.• Insights from the new ESG Taxonomy will be used to enhance our credit risk management process in 2024.• During 2024 we will continue to develop training modules to support our colleagues and keep up to date on changes in ESG Risk.• We have launched an updated Sustainable Bond Framework and Sustainable Financing Framework for the Group to support our positive impact initiatives in 2024.• In 2023 Citra launched ‘Pathways’, which provides renters the ability to buy their home through Shared Ownership, and we will be looking to expand this offer through 2024.• We have launched new NZBA targets in 2024 for our Agriculture, Commercial and Residential Real Estate, Road passenger transport sector portfolios.• In 2024, we have launched a new target for sustainable finance provided to corporate and institutional customers.	Sustainability Report 2023 Annual Report and Accounts 2023

PRB Self-Assessment Report

Principle 6 – Transparency & Accountability:

Reporting and self-assessment requirements

High level summary of the Group’s response

6.4 Challenges

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months

- ☒ Embedding PRB oversight into governance
- ☐ Gaining or maintaining momentum in the bank
- ☐ Getting started: where to start and what to focus on in the beginning
- ☐ Conducting an impact analysis
- ☐ Assessing negative environmental and social impacts
- ☐ Choosing the right performance measurement methodology/ies
- ☒ Setting targets
- ☐ Other: ...
- ☐ Customer engagement
- ☐ Stakeholder engagement
- ☐ Data availability
- ☒ Data quality
- ☐ Access to resources
- ☐ Reporting
- ☐ Assurance
- ☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

Examples of actions taken to address these challenges are included per topic in our Sustainability Report 2023. Examples include but are not limited to:

Embedding PRB oversight into governance - The Group has focused on our colleagues and how we transform to be a purpose-driven business and creating a culture that enables the delivery of the transformation and growth strategy. Page 71 of the 2023 Sustainability Report details some of the training and initiatives run in 2023 to further this progress.

Data quality and setting targets: The Sustainability Report 2023 pages related to our Transition plan pages 112 to 149 highlights detail on data challenges, dependencies, complexities and limitations in measuring financed emissions, setting baselines and setting targets and how the Group is responding, including examples such as:

- This year, We have reviewed and redefined our operational net zero target for 2030.
- We have developed emissions baselines for Citra operational emissions and due to the receipt of updated data sets have restated our supply chain emissions baseline.
- We have launched new NZBA targets in 2024 for our Agriculture, Commercial and Residential Real Estate, Road Passenger Transport sector portfolios.
- We have launched a new target for sustainable finance provided to Commercial Banking customers.

Sustainability Accounting Standards Board (SASB) Index

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 sustainability 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.

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 2023 annual reporting suite and any supplementary information that may support our disclosures.

Additional sustainability-related information can be found in the Lloyds Banking Group [Downloads centre](#).

Key

- ARA: Lloyds Banking Group Annual Report and Accounts 20223
- SR: Lloyds Banking Group Sustainability Report 2023
- SD: Lloyds Banking Group Sustainability Metrics Datasheet 2023



Sustainability Accounting Standards Board

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	Account metric	Disclosure	SASB Code
Customer privacy	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Note 47: Contingent liabilities, commitments and guarantees ARA, pages 307–308	FN-CF-220a.2
Data security	Description of approach to identifying and addressing data security risks	Data Risk, ARA, page 179 Operational risk – Cyber security, ARA, page 192 SR, Page 23	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 193	FN-CF-230a.2
Financial inclusion and capacity building Financial inclusion and capacity building	Number of checking and savings accounts by segments: personal and small business	Commercial Banking deposits – total Customer deposits to all Commercial Banking clients ARA, page 50	FN-CB-000.A
	Number of loans by segments: personal, small business and corporate	Small and Medium Businesses and Corporate and Institutional Banking – total of the two is total net lending for Commercial Banking ARA, page 50	FN-CB-000.B
	Amount of loans outstanding qualified to programs designed to promote small business and community development	Supporting our communities SR, pages 55 – 57 SD, tab 19	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 SD, tab 24	FN-CB-240a.2
	Amount of past due and non-accrual loans qualified to programmes designed to promote SME and Community Development	Small and Medium Businesses – this is net customer lending to clients with <£100m turnover ARA, page 50	FN-CB-240a.2
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Increasing access to banking SR, Pages 41 – 43	FN-CB-240a.4

Topic	Account metric	Disclosure	SASB Code
Incorporation of environmental, social and governance factors in credit analysis	Description of approach to incorporation of environmental, social and governance factors in credit analysis	Risk management and Scenario analysis SR, pages 150 – 159 ARA, pages 155–156 Note 24, page 286	FN-CB-410a.2
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	Responsible product development SR, Pages 17 –18 Consumer duty SR, Page 25 Our frameworks SR, Pages 27 – 28 Summary of our activity, SR, Page 90 Code of Ethics & Responsibility	FN-IN-410b.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 47: Contingent liabilities, commitments and guarantees ARA, pages 307–308	FN-CB-510a.1 FN-AC-510a.1
Systemic Risk Management	Description of whistle-blower policies and procedures	Whistleblowing and colleague conduct SR, page 24 SD, tab 6 ARA, page 100	FN-CB-510a.2 FN-AC-510a.2
	Global Systemically Important Bank Score, by Category	Minimum requirement for own funds and eligible liabilities (MREL) and G-SIB indicators ARA, page 148–149	FN-CB-550a.1

Sustainability Accounting Standards Board

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	Account metric	Disclosure	SASB Code
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 173	FN-IN-550a.1
	Total fair value of securities lending collateral assets	Collateral held as security for financial assets ARA Note 52, pages 312–326	FN-IN-550a.2
	Description of approach to managing capital and liquidity – related risks associated with systemic non-insurance activities	Capital risk ARA, Risk Management, pages 146–148	FN-IN-550a.3
Systemic risk management (asset management & custodianship)	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Funding and liquidity risk ARA, Risk Management, pages 179–180	FN-AC-550a.2
	Total exposure to securities financing transactions	Capital and Risk Management Pillar 3 Report COUNTERPARTY CREDIT RISK EXPOSURES Financial downloads – Lloyds Banking Group plc	FN-AC-550a.3
	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
Selling practices	Number of complaints filed with the Consumer Financial Protection Bureau (CFPB)*	FCA reportable complaints per 1,000 accounts SD, tab 7	FN-CF-270a.4
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Note 47: Contingent liabilities, commitments and guarantees ARA, pages 307–308	FN-CF-270a.5

Topic	Account metric	Disclosure	SASB Code
Lending practices	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	Note 47: Contingent liabilities, commitments and guarantees ARA, pages 307–308	FN-MF-270a.3
Discriminatory lending	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Note 47: Contingent liabilities, commitments and guarantees ARA, pages 307–308	FN-MF-270b.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 47: Contingent liabilities, commitments and guarantees ARA, pages 307–308	FN-AC-270a.2
	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 47: Contingent liabilities, commitments and guarantees ARA, pages 307–308	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	Our 2023 diversity, equity and inclusion performance ARA, Non-financial Performance Colleagues, Pages 30–32 SR, Page 60 SD, Tab 20	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 143	FN-CB-550a.2

*Adapted for non – US market

Sustainability Accounting Standards Board

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	Account metric	Disclosure	SASB Code
Transparent Information & Fair Advice for Customers (I&W)	Description of approach to informing customers about products and services	Governance in action (section 172 (1) statement) ARA, page 3 Consumer duty SR, Page 25 Our frameworks SR, Pages 27 – 28	FN-IN-270a.4 FN-AC-270a.3
	Complaints-to-claims ratio	FCA reportable complaints per 1,000 account SD, tab 7	FN-IN-270a.2
	Customer retention rate	Customer satisfaction net promoter score ARA, page 29 SD, tab 7	FN-IN-270a.3

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

Topic	Account metric	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	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	Commercial Banking deposits – total Customer deposits to all Commercial Banking clients ARA, page 50	FN-CB-000.A
	Value of loans by segment: (a) personal, (b) small business, and (c) corporate	Small and Medium Businesses and Corporate and Institutional Banking – total of the two is total net lending for Commercial Banking ARA, page 50	FN-CB-000.B

Sustainability Accounting Standards Board

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

Topic	Account metric	Disclosure	SASB Code
Environmental risk to mortgaged properties	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	Risk management and scenario analysis, SR, Page 150 – 160 ARA, Progress against TCFD recommendations, page 37	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 173-175	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 176	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, pages 177-178	FN-MF-000.A
	Value of mortgages purchased by category: (a) residential and (b) commercial	Commercial Banking UK Direct Real Estate ARA, pages 177-178	FN-MF-000.B

Insurance & Wealth Banking – The following disclosures are taken from individual standards and disclosed for Insurance & Wealth only

Topic	Account metric	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	Bank Financed emissions SR, pages 115 Progress against TCFD recommendations ARA, page 37	FN-IN-410a.2
Environmental risk exposure (insurance)	Total amount of monetary losses attributable to insurance payouts from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Percentage of expected losses SR, page – 159	FN-IN-450a.2
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	Insurance underwriting risk SR, page 159, 173	FN-IN-450a.3
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	Bank Financed emissions SR, pages 115 Progress against TCFD recommendations ARA, Page 37	FN-AC-410a.2
	Description of proxy voting and investee engagement policies and procedures	Bank Financed emissions SR, pages 115 Progress against TCFD recommendations ARA, page 84	FN-AC-410a.3

Sustainability Accounting Standards Board

Insurance & Wealth Banking – The following disclosures are taken from individual standards and disclosed for Insurance & Wealth only

Topic	Account metric	Disclosure	SASB Code
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, Pensions and investment performance summary ARA, Pages 62–64	FN-AC-000.A

GRI Standards Content Index

Our Sustainability Report 2023 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 to maintain the rigour of our annual sustainability reporting. The reporting follows the calendar year (noting that our environmental indicators relate to the period 1 October to 30 September) and covers all our legal entities. 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, initiatives, processes, performance and progress against our sustainability priorities. Additional sustainability-related information, that can be found in the Lloyds Banking Group **[Downloads centre](#)**.

Key

- ARA: Lloyds Banking Group Annual Report and Accounts 2023
- SR: Lloyds Banking Group Sustainability Report 2023
- SD: Lloyds Banking Group Sustainability Metrics Datasheet 2023



General standard disclosures			
Disclosure	Description	References 2023	Further comments
Organisation profile			
2-1	Organisation details	Lloyds Banking Group	
2-2	Entities included in sustainability reporting	Lloyds Banking Group	
2-3	Reporting period, frequency and contact point	<p>The data and examples across our annual reporting suite, reflect activities undertaken during the 2023 fiscal year (1 January to 31 December 2023) and, where relevant to performance, refer to activities and events before and after this period.</p> <p>Our annual reporting suite was published on the 22nd February, 2024.</p> <p>Contact us</p>	
2-5	External assurance	<p>Deloitte Non-Financial Assurance Opinion</p> <p>Deloitte Non-Financial Assurance Statement opinion</p>	
2-6	Activities, value chain and other business relationships	<p>ARA, pages 10-11</p> <p>SR, page 3</p>	
2-7	Employees	<p>ARA, page 32</p> <p>SR, page 60</p> <p>SD, tab 20</p>	
2-8	Workers who are not employees	<p>SR, page 101</p>	

General standard disclosures			
Disclosure	Description	References 2023	Further comments
2-9	Governance structure and composition	ARA, pages 74-79	
2-10	Nomination and selection of the highest governance body	Nomination and Governance Committee report ARA, pages 94-96	
2-11	Chair of the highest governance body	Robin Budenberg ARA, page 72	
2-12	Role of the highest governance body in overseeing the management of impacts	ARA, pages 88-90	
2 -13	Delegation of responsibility for managing impacts	ARA, page 107 SR, pages 14-15	
2-14	Role of the highest governance body in sustainability reporting	ARA, pages 84-85	
2-15	Conflicts of interest	ARA, page 133	
2-16	Communication of critical concerns	ARA, pages 92-93 SR, pages 11-12	
2-17	Collective knowledge of the highest governance body	ARA, page 74-75	
2-18	Evaluation of the performance of the highest governance body	ARA, pages 90-92	
2-19	Remuneration policies	ARA, pages 108-132	
2-20	Process to determine remuneration	ARA, pages 108-132	
2-21	Annual total compensation ratio	ARA, page 122	

General standard disclosures			
Disclosure	Description	References 2023	Further comments
2-22	Statement on sustainable development strategy	ARA, Chair statement, pages, 2 & 72 ARA, CEO review, pages 6-9 SR, CEO statement, pages 4-5	
2-23	Policy commitments	Lloyds Banking Group code of ethics and responsibility Lloyds Banking Group human rights policy Lloyds Banking Group sector statements	
2-24	Embedding policy commitments	ARA, page 46	
2-25	Process to remediate negative impacts	ARA, page 138 SR, page 9	
2-26	Mechanisms for seeking advice and raising concerns	SR, page 24 Lloyds Banking Group code of ethics and responsibility	
2-29	Approach to stakeholder engagement	ARA, pages 82-83 SR, pages 11-12	
2-30	Collective bargaining agreements	ARA, page 2 SR, page 73	
Material topics			
3-1	Process to determine material topics	SR, pages 8-10	
3-2	List of material topics	SR, page 10	
3-3	Management of material topics	SR, page 10	

Economic standards			
Disclosure	Description	References 2023	Further comments
Economic performance			
201-1	Direct economic value generated	ARA, pages 48–70	
201-2	Financial implications and other risk and opportunities due to climate change	ARA, pages 38 & 154–157 SR, pages	
201-3	Defined benefit obligations and other retirement plans	ARA, pages 106–117 & 151–159	
Indirect economic impacts			
203-2	Significant indirect economic impacts	ARA 15–17 SR, pages 31–57	
Anti-corruption			
205-2	Communication and training about anti-corruption policies and procedures	SR, page 20 Lloyds Banking Group code of ethics and responsibility Lloyds Banking Group anti-bribery policy statement	

Economic standards			
Disclosure	Description	References 2023	Further comments
Tax			
207-1	Approach to tax	Lloyds Banking Group tax strategy and approach to tax	
207-2	Tax governance, control and risk management	Lloyds Banking Group tax strategy and approach to tax	
207-3	Stakeholder engagement and management of concerns related to tax	Lloyds Banking Group tax strategy and approach to tax	
207-4	Country-by-country tax reporting	Lloyds Banking Group tax strategy and approach to tax	

Environmental standards			
Disclosure	Description	References 2023	Further comments
Energy			
302-1	Energy consumption with the organisation	ARA, pages 134-135 SR, page 96 SD, tab 9	
302-4	Reduction of energy consumption	ARA, page 134-135 SR, page 87 SD, tab 9	
Water and effluents			
303-5	Water consumption	SR, page 96 SD, tab 9	
Emissions			
305-1	Direct (scope 1) GHG emissions	ARA, pages 134-135 SR, page 96 SD, tab 9	
305-2	Energy indirect (scope 2) emissions	ARA, pages 134-135 SR, page 96 SD, tab 9	
305-3	Other indirect (scope 3) emissions	ARA, pages 134-135 SR, page 96 SD, tab 9	
305-4	GHG emissions intensity	ARA, pages 134-135 SR, page 96 SD, tab 9	
305-6	Reduction of GHG emissions	ARA, pages 134-135 SR, page 96 SD, tab 9	

Environmental standards			
Disclosure	Description	References 2023	Further comments
Waste			
306-3	Waste generated	SR, page 96 SD, tab 9	
306-4	Waste diverted from disposal	SR, page 97 SD, tab 9	
2-3	Reporting period, frequency and contact point	The data and examples across our annual reporting suite, reflect activities undertaken during the 2023 fiscal year (1 January to 31 December 2023) and, where relevant to performance, refer to activities and events before and after this period. Our annual reporting suite was published on the 22 nd February, 2024. Contact us	

Social standards			
Disclosure	Description	References 2023	Further comments
Employment			
401-1	New employee hires and employee turnover	SD, tabs 21 & 23	
401-3	Parental leave	SD, tab 21	
Occupational health and safety			
403-1	Occupational health and safety management system	SR, page 66 & 75-77 SD, tab 22	
403-3	Occupational health services	SR, pages 66 & 75-77	
403-6	Promotion of worker health	SR, pages 66 & 75-77	
403-9	Work-related injuries	SR, page 77 SD, tab 22	
403-10	Work-related ill heath	SR, page 77 SD, tab 22	
Training and education			
404-1	Average hours of training per year per employee	SD, tab 23	
402-2	Programmes for upgrading employee skills and transition assistance programmes	SR, pages 78-79	
404-3	Percentage of employees receiving regular performance and career development plans	SD, tab 23	We believe that our people want to do their best for our customers and each other, every day. We call our approach to performance management Your Best. This human-centred approach means we no longer rely on ratings or annualised reviews. it helps our colleagues and managers to build trust and psychological safety, which we see in our continued increases to Managers’ net promoter scores.

Social standards			
Disclosure	Description	References 2023	Further comments
Diversity and equal opportunity			
404-1	Diversity of governance bodies and employees	ARA, page 32 SR, page 60 SD, tabs 17 & 20	
404-2	Ratio of basic salary and remuneration of women to men	ARA, page 73 SD, tab 20 Gender pay gap report	
Local communities			
413-1	Operations with local community engagement, impact assessment and development programmes	SR, pages 44-57	
Public policy			
415-1	Political contributions	Public affairs and policy	

The International Business Council of the WEF Stakeholder Capitalism Metrics

Lloyds Banking Group is reporting for the third year in 2023 against the International Business Council of the World Economic Forum's (WEF) Stakeholder Capitalism Metrics.

Whilst we do not currently report against all the metrics, we will continually evolve our reporting each year to enhance our disclosures, working towards meeting the requirements of our selected sustainability reporting frameworks

We have included references to relevant information in our 2023 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.

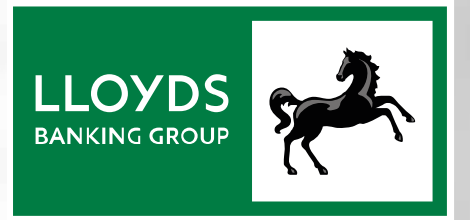
Additional sustainability-related information can be found in the Lloyds Banking Group [Downloads centre](#).

Key

C = Core metrics: A set of 21 more-established or critically important metrics and disclosures. These metrics focus primarily on activities with an organisation's 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: Lloyds Banking Group Annual Report and Accounts 2023
- SR: Lloyds Banking Group Sustainability Report 2023
- SD: Lloyds Banking Group Sustainability Datasheet 2023



WEF Stakeholder Capitalism Metrics

Topic	Core metric	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 SR, page 8 ARA, COVER pages
	E: Purpose led management	How the company’s stated purpose is embedded in company strategies, policies, and goals.	Helping Britain Prosper SR, pages 2 & 6-9 ARA, pages 7-11
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 74-75
	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.	ARA, pages 80 & 91
	E: Remuneration	<ol style="list-style-type: none">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.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 <ol style="list-style-type: none">ARA, pages 108-132ARA, pages 108-132
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.	Our material ESG topics SR, pages 10-12

WEF Stakeholder Capitalism Metrics

Topic	Core metric	Metric	Further comments
Ethical behaviour	C: Anti-corruption	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. 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. 3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	1. SD, tab 5 2. SD, tab 6 – all whistleblowing & colleague conduct cases 3. Lloyds Banking Group code of ethics and responsibility Lloyds Banking Group Anti-Bribery policy ARA, pages 19–22
	C: Protected ethics advice and reporting mechanisms	How the company’s stated purpose is embedded in company strategies, policies, and goals.	How to raise a concern Lloyds Banking Group code of ethics and responsibility SR, page 24
	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.	Public affairs and policy
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.	Risk management ARA, pages 138–196
	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.	Responsible Business Committee report ARA, page 107

WEF Stakeholder Capitalism Metrics

Topic	Core metric	Metric	Further comments
Planet			
Climate change	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 (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	SD, tab 9 ARA, pages 134-135 SR, pages 96-97
	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.	ARA, pages 37-38
	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.	ARA, pages 134-135 SR, pages 96-99
Freshwater availability	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. SD, tab 9
Air pollution	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.	At present we only report material CO2 emissions along our value chain. We understand the importance of disclosing and reducing all GHG emissions and are working towards expanding our capability to do so. 100% of our operational emissions occur adjacent to urban/ densely populated areas.

WEF Stakeholder Capitalism Metrics

Topic	Core metric	Metric	Further comments
People			
Dignity and equality	C: Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	ARA, page 32 SR, page 60 SD, tabs 20 & 21
	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..	SD, tab 20 Gender & Ethnicity Pay Gap Report 2023
	C: Wage levels (%)	<div><div>1.</div><div>Ratios of standard entry level wage by gender compared to local minimum wage.</div><div>2.</div><div>Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.</div></div>	2. Chief Executive Officer pay ratio ARA, page 122
	E: 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 SR, pages 81–83
	E: Pay gap (%)	<div><div>1.</div><div>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.</div><div>2.</div><div>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.</div></div>	1. Gender & Ethnicity Pay Gap Report 2023 2. ARA, page 121
	E: Discrimination and harassment incidents (#) and 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 SR, page 24 SD, tab 6

WEF Stakeholder Capitalism Metrics

Topic	Core metric	Metric	Further comments
Dignity and equality	E: Freedom of association and collective bargaining at risk (%)	<div><div>1.</div><div>Percentage of active workforce covered under collective bargaining agreements.</div><div>2.</div><div>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.</div></div>	SR, page 73 ARA, page 2
	E: Human rights review, grievance impact & modern slavery (#,%)	<div><div>1.</div><div>Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.</div><div>2.</div><div>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.</div><div>3.</div><div>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:<div>a. type of operation (such as manufacturing plant) and type of supplier; and</div><div>b. countries or geographic areas with operations and suppliers considered at risk.</div></div></div>	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.	SD, tab 21
Health and wellbeing	C: Health and safety (%)	<div><div>1.</div><div>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.</div><div>2.</div><div>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.</div></div>	1. SD, tab 22 2. SR, page 77
Skills for the future	C: Training provided (#, \$)	<div>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).</div> <div>Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees)..</div>	SD, tab 23

WEF Stakeholder Capitalism Metrics

Topic	Core metric	Metric	Further comments
Prosperity			
Employment and wealth generation	C: Absolute number and rate of employment	<div><div>1.</div><div>Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</div></div> <div><div>2.</div><div>Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.</div></div>	SD, tab 21
	C: Economic contribution	<div><div>1.</div><div>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:<div><div>a.</div><div>Revenue</div></div><div><div>b.</div><div>Operating Costs</div></div><div><div>c.</div><div>Employee wages and benefits</div></div><div><div>d.</div><div>Payments to providers of capital</div></div><div><div>e.</div><div>Payments to government</div></div><div><div>f.</div><div>Community Investment.</div></div></div></div>	<div><div>1a–e.</div><div>ARA, page 211</div></div> <div><div>1f.</div><div>SD, tab 19</div></div>
	C: Financial investment contribution	<div>Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company’s investment strategy.</div> <div>Share buybacks plus dividend payments, supported by narrative to describe the company’s strategy for returns of capital to shareholders.</div>	ARA, Notes 27 & 43
	E: Infrastructure investments and services supported	<div>Qualitative disclosure to describe the below components:</div> <div><div>1.</div><div>Extent of development of significant infrastructure investments and services supported.</div></div> <div><div>2.</div><div>Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</div></div> <div><div>3.</div><div>Whether these investments and services are commercial, in-kind or pro bono engagements.</div></div>	<div><div>1.</div><div>ARA, page 60 & SR, pages 44–50</div></div> <div><div>2.</div><div>SR, pages 52–57</div></div> <div><div>3.</div><div>SR, page 31</div></div>
	E: Significant indirect economic impacts	<div>1. Examples of significant identified indirect economic impacts of the organisation, including positive and negative impacts.</div> <div>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).</div>	<div>ARA 15–17</div> <div>SR, pages 31–57</div>

WEF Stakeholder Capitalism Metrics

Topic	Core metric	Metric	Further comments
Community and social vitality	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.	Tax strategy and approach to tax ARA, Note 19
	C: Total social investment (\$)	Total Social Investment (TSI) sums up a company's resources used for 'S' in ESG efforts defined by CECV Valuation Guidance.	SD, tabs 14, 18 & 19 SR, pages
	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.	Tax strategy and approach to tax
	E: Total tax paid by country for significant locations	Total tax paid and, if reported, additional tax remitted, by country for significant locations.	Tax strategy and approach to tax

Forward-looking statements



Legal Disclaimer

Disclaimer

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Models, methodologies and data

The data contained in this document reflects best estimates at the relevant time. The models, methodologies and data used in information in this document, including in relation to the setting of the Group’s emissions targets, net-zero transition strategy, climate scenario analysis and transition plan, are subject to certain limitations. These include (i) that they are subject to future risks and uncertainties which may change over time, (ii) for external data, or methodologies and models developed by a third party, they could be subject to adjustment which is beyond the Group’s control; (iii) the quality of data can vary, which may impact the outputs of models and methodologies; (iv) in respect of climate-related models, methodologies and data in particular, are not of the same standard as those available for other financial information, nor subject to the same standards, benchmarks or standardised accounting principles, and historical data may not be an accurate indicator of the future trajectory of climate change impacts. Moreover, measurement technologies and analytical methodologies are in constant development; there is a lack of international coordination on data and methodology standards, and there exists future uncertainty, which includes (amongst others) developing global and regional laws, regulations and policies and evolving classification frameworks and climate science knowledge and data.

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Factors that could cause actual business, strategy, targets, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward-looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; acts of hostility or terrorism and

responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group’s credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group’s securities; tightening of monetary policy in jurisdictions in which the Group operates; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group’s compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third party suppliers; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions) and decarbonisation, including the Group’s ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group’s financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the Group’s control. Please refer to the latest Annual Report on Form 20-F filed by Lloyds Banking Group plc with the US Securities and Exchange Commission (the SEC), which is available on the SEC’s website at www.sec.gov, for a discussion of certain factors and risks. Lloyds Banking Group plc may also make or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group plc to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today’s date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document whether as a result of new information, future events or otherwise. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.