



## Independent assurance statement by Deloitte LLP to Lloyds Banking Group Plc on selected non-financial Responsible Business indicators within the Lloyds Banking Group Annual Report 2017 and online content.

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

Lloyds Banking Group has engaged us to perform limited assurance procedures on the company's Group level compilation of selected Community, Colleague and Environment indicators for the year ended 31 December 2017. The assured data appears in the Lloyds Banking Group 2017 Responsible Business Report, and online at [www.lloydsbankinggroup.com/RBDownloads](http://www.lloydsbankinggroup.com/RBDownloads).

For the reporting year ended 31 December 2017, the community and diversity indicators covered the period 1 January 2017 – 31 December 2017 and comprised of:

#### Community Investment

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

#### Diversity

- Percentage of senior roles held by women (Grades F+) (%)

The environmental indicators assured covered the period 1 October 2016 – 30 September 2017 and comprised of;

#### Environment

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

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

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

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

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

## What we did: key assurance procedures

To form our conclusions, we undertook the following procedures:

- Interviewed management and those with operational responsibility for performance in the areas of corporate responsibility we reviewed;
- Reviewed and evaluated the criteria for measurement and reporting for each of the subject matters as set out in the Reporting Criteria at [www.loydsbankinggroup.com/RBDownloads](http://www.loydsbankinggroup.com/RBDownloads).
- Understood, analysed and tested on a non-statistical sample basis the key structures, systems, processes, procedures and controls relating to the collation, validation and reporting of selected Responsible Business performance data at Group level, as indicated by footnote symbols within the data sheet at [www.loydsbankinggroup.com/RBDownloads](http://www.loydsbankinggroup.com/RBDownloads) in accordance with their definitions and basis of reporting; and
- Reviewed the content of the Responsible Business report against the findings of the aforementioned procedures.
- In performing our work, we applied International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## What we found: our assurance conclusion

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

## Limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology, often with no consistent, accepted external standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, Lloyds Banking Group have developed a Reporting Criteria document for 2017, which defines the scope of each assured metric and the method of calculation. It should be read together with this report, which is available at [www.loydsbankinggroup.com/RBDownloads](http://www.loydsbankinggroup.com/RBDownloads).

In relation to our work performed on the Responsible Business performance indicators for 2017, we note the following specific limitations:

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

## Roles and responsibilities

### Lloyds Banking Group:

- The Responsible Business Team are responsible for the preparation of the Annual Report 2017 and for the information and statements contained within the section. They are responsible for determining the Responsible Business targets and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

### Deloitte:

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



**Deloitte LLP**

London

19 February 2018