

# Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

## Introduction

This Reporting Criteria document details the approach and scope applied to key Diversity, Community Investment and Environmental indicators. It is the responsibility of the Group's management to ensure that appropriate procedures are in place to prepare the Responsible Business reporting in line with these Reporting Criteria.

## Scope of reporting

The indicators related to Diversity and Community Investment cover the Group's UK\* operations, with the exception of the Percentage of senior roles to be held by women, which includes a small number of colleagues based internationally. The indicators related to Environment mainly cover the Group's UK operations, with the exception of total energy consumption and carbon emissions Scope 1 and 2, where an estimate of emissions for non-UK operations are included to align with UK mandatory Greenhouse Gas (GHG) Reporting requirements.

### Part 1 – Diversity

1. Percentage of senior roles to be held by women
2. Percentage of all roles held by Black, Asian and Minority Ethnic (BAME) colleagues
3. Percentage of senior roles held by Black, Asian and Minority Ethnic (BAME) colleagues

### Part 2 – Community investment

1. Cash donations
2. Colleague time
3. In-kind giving
4. Management costs
5. Leverage

### Part 3 – Environment

1. Greenhouse Gas emissions (Scope 1, Scope 2 location and market based, and Scope 3)
2. Water consumption
3. Operational waste
4. Total energy consumption

\* UK includes Channel Islands for all measures and references. Lloyds Banking Group is primarily a UK based organisation with 99% of operations in the UK and 1% non-UK.

## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

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### Part 1 – Diversity

#### PARAMETER: PERCENTAGE OF SENIOR ROLES TO BE HELD BY WOMEN

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|-------------------------|--|
| <b>Assurable Metric</b> | Percentage of senior (Grade F+) roles to be held by women.   |
| <b>Definition</b>       | Senior roles held by women: The total number of females at Grades F+. Grades at F+ are F, G, H, J, SE, ED (F being the lowest of these).   |
| <b>Scope</b>            | Calculation is based on headcount, not FTE (full-time employee value) as at 31/12/2020. Data source is HR system (Workday) which contains details of all permanent colleagues. It includes international colleagues, those on parental/maternity leave, absent without leave (AWOL) and long-term sick. Excludes contractors, Group non-executive directors, temps and agency staff. |
| <b>Units</b>            | Percentage   |
| <b>Method</b>           | The total number of females at Grades F+ is divided by the total population of colleagues at Grades F+.  |
| <b>Source</b>           | Data is sourced from the HR team which has an automated feed from the systems mentioned above.   |

#### PARAMETER: PERCENTAGE OF ALL ROLES HELD BY BLACK, ASIAN AND MINORITY ETHNIC COLLEAGUES

|                         |   |
|-------------------------|---|
| <b>Assurable Metric</b> | Percentage of all roles held by Black, Asian and Minority Ethnic (BAME) colleagues.   |
| <b>Definition</b>       | Roles held by BAME colleagues: The total number of colleagues at any Grade who identify as Black, Asian or Minority Ethnic.   |
| <b>Scope</b>            | Calculation is based on headcount, not FTE as at 31/12/2020. Data source is HR system (Workday) which contains details of all permanent colleagues. It includes MBNA, those on parental/maternity leave, AWOL and long-term sick. Excludes international colleagues, contractors, Group non-executive directors, temps and agency staff. Ethnicity is a data field which is voluntary to complete on Workday. In order to be classified as BAME, a colleague must have positively selected a relevant option (e.g. Black African). The in-scope population for the calculation includes all colleagues, irrespective of whether they have completed the ethnicity data field. |
| <b>Units</b>            | Percentage  |
| <b>Method</b>           | The total number of colleagues who have identified as BAME is divided by the total population of colleagues.  |
| <b>Source</b>           | Data is sourced from the HR team which has an automated feed from the systems mentioned above.  |

#### PARAMETER: PERCENTAGE OF SENIOR ROLES HELD BY BLACK, ASIAN AND MINORITY ETHNIC COLLEAGUES

|                         |   |
|-------------------------|---|
| <b>Assurable Metric</b> | Percentage of senior (Grade F+) roles held by Black, Asian and Minority Ethnic (BAME) colleagues.   |
| <b>Definition</b>       | Senior roles held by BAME colleagues: The total number of colleagues at Grades F+ who identify as Black, Asian or Minority Ethnic. Grades at F+ are F, G, H, J, SE, ED (F being the lowest of these).   |
| <b>Scope</b>            | Calculation is based on headcount, not FTE as at 31/12/2020. Data source is HR system (Workday) which contains details of all permanent colleagues. It includes MBNA, those on parental/maternity leave, AWOL and long-term sick. Excludes international colleagues, contractors, Group non-executive directors, temps and agency staff. Ethnicity is a data field which is voluntary to complete on Workday. In order to be classified as BAME, a colleague must have positively selected a relevant option (e.g. Black African). The in-scope population for the calculation includes all colleagues, irrespective of whether they have completed the ethnicity data field. |
| <b>Units</b>            | Percentage  |
| <b>Method</b>           | The total number of colleagues who have identified as BAME at Grades F+ is divided by the total population of colleagues at Grades F+.  |
| <b>Source</b>           | Data is sourced from the HR team which has an automated feed from the systems mentioned above.  |

## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

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### Part 2 – Community Investment

#### Scope of reporting

The indicators relate to Community Investment covering the Group's UK\* operations. We use the Business for Societal Impact (B4SI) measurement framework to define our corporate community investment in a clear, consistent and robust way. The B4SI measurement framework and guidelines provide a global standard for measuring Corporate Community Investment.

Community Investment is the total amount invested in Communities by the Group. This includes all charitable and voluntary donations and engagement with charitable organizations/activities/causes that extend beyond our core business activities.

#### PARAMETER: CASH DONATIONS

|                   |   |
|-------------------|---|
| <b>Definition</b> | The gross monetary amount from the Group in support of a community organization/project/cause.  |
| <b>Scope</b>      | Covers the investment by your division in the UK during the reporting period 1 January 2020 to 31 December 2020.<br><b>It Includes:</b> <ul style="list-style-type: none"> <li>➤ Direct donations/grants to charitable organizations or activities or programmes that benefit the community</li> <li>➤ Social sponsorship of cultural events or institutions that promote community and health benefits</li> <li>➤ Membership and subscriptions to organisations that benefit communities through ethical practices including sustainability</li> <li>➤ Covering the expenses of employee involvement in these activities</li> <li>➤ Grants made to the Foundations</li> <li>➤ Budgets used to manage responsible business activity and external program delivery costs (current and legacy)</li> </ul> |
| <b>Units</b>      | £ Sterling  |
| <b>Method</b>     | Data is collated by the Responsible Business team. The amount of money donated to the Foundations is calculated by Group Finance and advised to Lloyds Banking Group each year.   |
| <b>Source</b>     | The information is provided by programme leads and colleagues who manage budgets and includes internal financial reporting, invoices paid and bank account balances/transactions. Foundations donations data is collated by the Foundations and sent to the Responsible Business team.  |

#### PARAMETER: COLLEAGUE TIME

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|-------------------|---|
| <b>Definition</b> | This is the monetary equivalent value of colleagues' time when they volunteer.  |
| <b>Scope</b>      | Applies to all colleagues across the Group that are UK based. It covers the reporting period 1 January 2020 to 31 December 2020.<br><b>It Includes:</b> <ul style="list-style-type: none"> <li>➤ Employee volunteering during working hours as recorded in the Volunteering Management System*</li> <li>➤ Supervision of work experience placements (Salary of supervisor)</li> </ul> |
| <b>Units</b>      | £ Sterling  |
| <b>Method</b>     | To calculate the value of employee volunteering to a monetary value we multiply the average Group colleague hourly rate by the number of volunteering hours.  |
| <b>Source</b>     | The total annual cost of colleagues i.e. average hourly rate is sourced from the Group's HR team.<br>The number of volunteering hours completed is taken from the Group's Volunteering Management System (VMS).   |

\* UK includes Channel Islands for all measures and references. Lloyds Banking Group is primarily a UK based organisation with 99% of operations in the UK and 1% non-UK.

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### PARAMETER: IN-KIND GIVING

|                   |   |
|-------------------|---|
| <b>Definition</b> | The monetary equivalent (cost) to the company of non-cash resources to a community group or activity, including equivalent value of any colleagues seconded to support a community organisation.  |
| <b>Scope</b>      | Covers the reporting period 1 January 2020 to 31 December 2020.<br><b>It includes:</b> <ul style="list-style-type: none"> <li>➤ Using the Group's in-house training and recruitment resources to benefit a community organisation</li> <li>➤ Use of vacant company premises/ resources by a community organization</li> <li>➤ Contribution of products or other assets</li> <li>➤ Revenue forgone by the company by providing services for the benefit of a community organization, pro bono/discounted professional services</li> <li>➤ Social Banking (Vulnerable customer propositions)</li> </ul> |
| <b>Units</b>      | £ Sterling  |
| <b>Method</b>     | The training, recruitment resources and premises costs are valued at cost to the company from the services shared or donated, not the market value the beneficiary would have had to pay in the open market.  |
| <b>Source</b>     | The monetary equivalent for the training and recruitment element is an agreed value between the Group and the Community organisation. Premises costs are sourced from the Group Property systems. The average salary and staff costs value is provide by the Group HR team.   |

### PARAMETER: MANAGEMENT COSTS

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|-------------------|---|
| <b>Definition</b> | The monetary equivalent value of employee salaries for managing the Responsible Business programmes/activity including internal programme management and advertising costs.   |
| <b>Scope</b>      | Applies to all UK based colleagues and covers the reporting period 1 January 2020 to 31 December 2020.<br><b>It includes:</b> <ul style="list-style-type: none"> <li>➤ Salaries, benefits and overheads incurred in supporting colleagues deliver Responsible Business activity</li> <li>➤ Budgets used to manage responsible business activity and internal program delivery costs (current and legacy)</li> <li>➤ Research, communications and advertising spend</li> </ul>   |
| <b>Units</b>      | £ Sterling  |
| <b>Method</b>     | Management costs are the activities undertaken by colleagues that are required to deliver the programmes and the communications associated to raise awareness.<br>Costs are based on the programme resources required for operating programmes, the average annual salary and staff costs including pensions and employer national insurance.<br>Do count only the proportion of costs (i.e. salaries, overheads, expenses) relating to the time spent managing the program, if management of the program/ activity is only part of a person's job. |
| <b>Source</b>     | The number and details of employees within this scope will be submitted by each individual division. The total annual cost of colleagues is sourced from the Group's HR team.<br>All other Management costs are provided by divisional programme leads and colleagues within divisions who manage budgets and includes internal financial reporting.  |

### PARAMETER: LEVERAGE

|                   |   |
|-------------------|---|
| <b>Definition</b> | This is the measure of any additional resources contributed to a community organization or activity that come from sources other than the company. The monetary amount from the Group's employees or customers that support external community organisations.   |
| <b>Scope</b>      | Covers the investment by the Group's employees in the UK.<br>It covers the reporting period 1 January 2020 to 31 December 2020.<br><b>It includes:</b> <ul style="list-style-type: none"> <li>➤ Charitable giving leveraged through Group-led programmes, schemes or other activity</li> <li>➤ Payroll giving</li> <li>➤ Rectification Grants</li> </ul> <b>It excludes:</b> Matched giving provided by the Group's associated Foundations which is captured and reported separately under grants to the Foundations (Lloyds Bank Foundation for England and Wales, Halifax Foundation for Northern Ireland, Lloyds Bank Foundation for the Channel Islands, Bank of Scotland Foundation for Scotland.) |
| <b>Units</b>      | £ Sterling  |
| <b>Method</b>     | Data is collated by the Responsible Business team.  |
| <b>Source</b>     | The information is provided by the programme leads who collect data on funds raised by employees, customers and the Foundations.  |

## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

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### Part 3 – Environment

#### Reporting period

Our Environmental indicators are reported annually from 1 October 2019 to 30 September 2020. This reporting period is used to allow more accurate information to be received from our utility and business travel suppliers ahead of our external reporting.

#### 1. Greenhouse Gas emissions (Scope 1, 2 and 3)

Greenhouse Gas emissions reported by the Group are generated by the business travel we undertake and the energy we use on our sites as defined by the GHG Protocol. We report the data under Scopes 1, 2 and 3. Carbon emissions are reported in line with the UK's Streamlined Energy and Carbon Reporting Initiative (SECR) framework, which builds upon the requirements within the Mandatory GHG Reporting previously in place. Scope 2 emissions figures have been calculated, using the location based and the market based methodology, in line with the GHG Protocol's dual reporting guidance. We report emissions of all Kyoto gases in terms of CO<sub>2</sub> equivalent tonnes (CO<sub>2</sub>e).

Where possible emissions factors have been sourced from the UK's Department for Business, Energy and Industrial Strategy (BEIS) publications, which was previously managed by the UK's Department for Environment, Food and Rural Affairs (DEFRA). Factors applied change on a calendar year basis, as per BEIS/DEFRA published guidance.

#### PARAMETER: SCOPE 1

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|------------------------------|---|
| <b>Definition</b>            | Scope 1 covers: emissions generated from the gas and oil used in all the buildings the Group operates from (UK and International); emissions generated from UK company owned vehicles used for business; and fugitive emissions arising from the use of air conditioning and chiller/refrigerant plant to service the Group's UK property portfolio (operational boundary).   |
| <b>Scope</b>                 | The reporting period is 1 October 2019 to 30 September 2020.<br>We report emissions arising from activities for which we are responsible. Our reporting scope is against an operational boundary (definition above). The data is for UK and International properties and UK fleet business travel only.   |
| <b>Units</b>                 | CO <sub>2</sub> e tonnes  |
| <b>Method</b>                | <p>Energy Data (Gas and Oil) – Core UK sites where the Group holds the energy supply contract directly with the supplier. Energy data for Core UK sites is managed by our Facilities Management (FM) partner who uploads the information to the Group's central environmental system supplied by Credit 360, which then calculates the CO<sub>2</sub>e generated using the BEIS 2020 emission factors.</p> <p>The amounts of gas (in kWh) and oil (in litres) are received directly from suppliers' invoices.</p> <p>We use a combination of historical consumption trends, forward-projected patterns of usage and budget forecasts to report on accruals to fit in with unbilled periods by the gas suppliers.</p> <p>No estimated/accrual data is applied to oil, as all oil figures are reported according to the month in which it is delivered to site.</p> <p>If no data is available for a Core site in a given period, yet the site is known to still be active within our portfolio according to our internal property database, we will use the consumption data reported in the equivalent period previous year as an approximate.</p> <p>Shadow/landlord sites, including Non-UK sites – this is the term we use for sites where the Group does not hold the energy supply contract directly with the supplier.</p> <p>As the Group is not billed directly for energy consumed in these sites, we do not have full visibility of consumption data. To allow emissions relating to these sites to be included within our emissions reporting for 2020, an estimation using an average gas consumption level per occupied square metre (obtained from sites where the Group holds the energy supply contract direct with the supplier) has been calculated and applied based on each site's location.</p> <p><b>Fugitive emissions</b></p> <p>Fugitive emissions for Lloyds Banking Group arise from the use of air conditioning and chiller/refrigerant plant to service our UK property portfolio. Actual data relating to fugitive emissions is not currently collated centrally by the Group, though is available for some of our assets. Therefore, for the 2020 reporting period, these emissions have been estimated based on a register of assets used by our FM partner to maintain and service the assets within the Group's estate. Leakage rates and emissions factors from the 2020 Guidelines to BEIS/Department of Energy and Climate Change (DECC's) GHG emissions factors have been applied to each asset on the register according to the gas type used within the asset.</p> <p><b>Fleet data</b></p> <ul style="list-style-type: none"> <li>➊ The distance travelled in kilometres (kms) for fleet cars is calculated from the Group's expense systems which reimburses colleagues on a cost per km travelled basis</li> <li>➋ The Group Sourcing travel team manages the fleet data and uploads the information to the Group's central environmental system supplied by Credit 360 which calculates the CO<sub>2</sub>e generated using BEIS 2020 emissions factors</li> <li>➌ Mobile branch fuel consumption is estimated by dividing total fuel expenditure by the charged cost per litre of diesel used. Resulting volumes are multiplied by BEIS emissions factors</li> </ul> |
| <b>Intensity Calculation</b> | To normalise year-on-year comparisons in line with business performance, we are also disclosing an intensity of emissions per million pounds of underlying income. This figure is in line with the revenue to be disclosed in our Annual Report and Accounts, and so covers calendar year 2020.   |
| <b>Source</b>                | The Group's environmental system provided by Credit 360.  |

## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

Continued

### PARAMETER: SCOPE 2

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|------------------------------|---|
| <b>Definition</b>            | Scope 2 emissions cover emissions generated from the electricity used in all the buildings the Group operates from (UK and Non-UK sites), as calculated by the location based and market based methodology.   |
| <b>Scope</b>                 | <p>The reporting period is 1 October 2019 to 30 September 2020.</p> <ul style="list-style-type: none"> <li>➊ We report emissions arising from activities for which we are responsible; our reporting scope is against an operational boundary. This comprises: emissions generated from the use of electricity in UK buildings where the Group holds the supply contract direct with the electricity supplier; emissions generated from the use of electricity in UK buildings where the Group does not hold the supply contract direct with the energy supplier (shadow/landlord sites/Non-UK sites)</li> <li>➋ As part of our strategy, the Group has made efforts to source renewable electricity throughout our portfolio</li> </ul>  |
| <b>Units</b>                 | CO <sub>2</sub> e tonnes  |
| <b>Method</b>                | <ul style="list-style-type: none"> <li>➊ Energy (Electricity) – Core UK sites where the Group holds the energy supply contract directly with the supplier</li> <li>➋ Billed Electricity data for Core UK sites is managed by our FM partner who uploads the information to the Group’s central environmental system supplied by Credit 360. The amount of energy used (in kWh) is received directly from suppliers’ invoices</li> <li>➌ We use a combination of historical consumption trends, forward-projected patterns of usage and budget forecasts to report on accruals to fit in with unbilled periods by the electricity suppliers</li> </ul> <p>If no data is available for a Core UK site in a given period, yet the site is known to still be active within our portfolio according to our internal property database, we will use the consumption data reported in the equivalent period previous year as an approximate.</p> <p>Energy data (electricity) – shadow/landlord sites/Non-UK sites are those sites where the Group does not hold the energy supply contract directly with the electricity supplier.</p> <p>As the Group is not billed directly for energy consumed in these sites, we do not have full visibility of deliver data.</p> <p>To allow emissions relating to these sites to be included within our emissions reporting for 2020, an estimation using an average electricity consumption level per occupied square metre (obtained from sites where the Group holds the energy supply contract direct with the supplier) has been calculated and applied based on each site’s location.</p> <p><b>Unmetered ATMs</b></p> <p>As a significant proportion of the Group’s ATMs are not billed directly, applicable consumption has been estimated based on the expected electricity consumption calculated from metered ATMs, multiplied by the number of unmetered ATMs in our portfolio.</p> <p><b>Location Based Reporting</b></p> <p>In accordance with the GHG Protocol’s Scope 2 guidance, total electricity as calculated above is multiplied by the UK average grid factor, sourced from BEIS 2020. Emissions factors applied change on a calendar year basis in line with BEIS.</p> <p><b>Market Based Reporting</b></p> <p>The Group is procuring Renewable Energy Guarantees of Origin (REGO) as proof of renewable origin for our electricity consumption across the UK. REGOs are recognised as the sole guarantee of renewable supply in the UK, mediated by Ofgem, the regulator of the UK energy industry. Additionally, the Group is sourcing Guarantees of Origin (GO) to cover our European sites, Renewable Energy Certificates (RECs) for our US operations and International Renewable Energy Certificates (IRECs) for our Singapore operations. Like REGOs in the UK, these each represent a unique claim to specific MWhs of renewable energy generated within their respective markets.</p> <p>Owing to the nature of renewable supply that qualifies for these certificates, per GHG Protocol guidance, associated carbon is zero. As the Group is sourcing REGOs equivalent to our total UK electricity consumption, the Group’s UK electricity emissions are zero under the market based methodology.</p> <p>Overseas locations are accounted for as zero carbon since January 2020 as the Group sourced GOs, RECs and IRECs equivalent to our estimated overseas electricity. Prior to January 2020, overseas locations have been accounted for at a residual mix factor (the grid mix after all contracted supply has been discounted) in accordance with GHG Protocol guidance.</p> |
| <b>Intensity Calculation</b> | To normalise year-on-year comparisons in line with business performance, we are also disclosing an intensity of emissions per million pounds of underlying income. This figure is in line with the revenue disclosed in our Annual Report and Accounts, and so covers calendar year 2020.   |
| <b>Source</b>                | The Group’s environmental system provided by Credit 360.  |

## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

Continued

### PARAMETER: SCOPE 3

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|-------------------|--|
| <b>Definition</b> | <p>Scope 3 relates to the emissions generated by:</p> <ul style="list-style-type: none"> <li>② Well to Tank (WTT) emissions of energy sources, which account for greenhouse gases emitted during the extraction and transportation of fuels from the source to the point of supply; covering natural gas, oil, fuels used in the generation of the electricity and fuels used in our vehicles we consume</li> <li>② Transmission and distribution (T&amp;D) emissions account for the greenhouse gases associated with electricity lost during transmission on the national grid, relative to those consumed on site</li> <li>② UK colleagues undertaking business travel using rail, privately owned vehicles, hired vehicles, taxis, tube or by air, including direct and WTT elements</li> <li>② Commuting of UK and Non-UK colleagues to and from their home address to Group sites</li> <li>② Colleague energy use whilst working from home</li> <li>② WTT emissions of commuting of UK and Non-UK colleagues to and from their home address to Group sites</li> <li>② The operational waste we generate from our own UK direct business activities. The word 'operational' is used to distinguish this from the waste that is generated by construction, refurbishment and maintenance work we undertake on our existing sites or through the construction of new sites, as well as the disposal of any IT/electronic equipment</li> <li>② Overnight hotel stays of UK and Non-UK colleagues during business trips</li> </ul>  |
| <b>Scope</b>      | <p>The reporting period is 1 October 2019 to 30 September 2020.</p> <p><b>The data is for:</b></p> <ul style="list-style-type: none"> <li>② Business travel undertaken by UK-based colleagues and the associated WTT emissions</li> <li>② Operational waste which includes general and confidential waste services for UK properties, provided by our FM partner Overnight hotel stays of all Group colleagues during business around the world</li> <li>② Commuting of all Group colleagues by any means of transport for each working day of the reporting period</li> <li>② Colleague heating and electricity energy use whilst working from home</li> <li>② WTT and T&amp;D emissions from source energy i.e. gas, oil and electricity</li> </ul>  |
| <b>Units</b>      | CO <sub>2</sub> e tonnes   |
| <b>Method</b>     | <p><b>Rail and air travel</b></p> <p>The distance travelled in kms is calculated from the Group's online travel booking system HRG (Hogg Robinson Group) and the Group's expense systems.</p> <p>The Group Sourcing travel team manages the data and uploads the information to the Group's central environmental system supplied by Credit 360 which calculates the CO<sub>2</sub>e generated using BEIS 2020 emissions factors. The factors used change on a calendar year basis as per BEIS guidance.</p> <p><b>Privately owned vehicles</b></p> <p>The distance travelled in kms for business travel in privately owned vehicles is calculated from the Group's expense systems which reimburses colleagues on a cost per km travelled basis.</p> <p>The Group Sourcing travel team manages this data and uploads the information to the Group's central environmental system supplied by Credit 360 which calculates the CO<sub>2</sub>e generated using BEIS 2020 emissions factors. The factors used change on a calendar year basis as per BEIS guidance.</p> <p><b>Hire Cars</b></p> <p>Hire car data is managed by the Lex Autolease business within the Group who collate the data from our hire cars suppliers. Data is then uploaded into the Group's central environmental system supplied by Credit 360, which then calculates the CO<sub>2</sub>e generated using BEIS 2020 emissions factors. The factors used change on a calendar year basis as per BEIS guidance.</p> <p>Where distance travelled is not known for a hire period an average mileage for their specific trip is used.</p> <p><b>Commuting</b></p> <p>As part of our annual colleague survey, we ask colleagues to specify their primary mode of transport used to travel to work both before and during the coronavirus pandemic. Knowing colleagues' place of work and place of residence, we estimate the expected daily commuting distance through straight line distance mapping, adjusted to reflect additional distance associated with indirect travel routes. Knowing typical UK work days before and during the coronavirus pandemic, we can determine an expected annual distance travelled by colleagues. Results are upscaled according to the proportion of colleagues who did not respond to the survey and those who could not be mapped and multiplied by emissions factors supplied by BEIS 2020.</p> <p><b>Home working</b></p> <p>In light of the coronavirus pandemic, a large proportion of LBG colleagues are now working from home; thus LBG have expanded scope of reporting to account for incremental emissions activities now occurring at colleagues households. Number of homeworkers globally is multiplied by expected incremental thermal energy allowance per work hour in the UK heating season (October to March). Workstation power allowance for the sum total of all devices used to facilitate work (lighting, laptop computer, secondary monitor, phone, printers etc) are multiplied by number of work hours to provide total workstation electricity usage. Thermal and electrical energy requirements are multiplied by the UK natural gas conversion factor and grid electricity average respectively, as published by BEIS 2020, to determine total emissions.</p> <p><b>Upstream emissions of other source</b></p> <p>The base data captured for gas, oil, electricity, fleet, rail and air travel, private vehicles, hire cars, commuting – calculated within the above Scope 1, 2 and 3 parameters – are applied to BEIS 2020 emissions factors covering WTT and T&amp;D emissions.</p> |

## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

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### PARAMETER: SCOPE 3 continued

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| <b>Method</b><br>continued | <p><b>Operational Waste</b><br/>Operational waste is managed by our FM partner who receives information relating to the number and type of collections per site each month directly from sub-contractors and uploads this information to the Group's central environmental system supplied by Credit 360, which calculates the CO<sub>2</sub>e generated using BEIS 2020 emissions factors. Where primary waste data is unavailable, we estimate approximate waste volumes for sites which are not covered by waste collections by multiplying floor area by an intensity of actual data per unit floor area where both are available. Less than 10 per cent of data is estimated in this way.</p> <p><b>Hotel Stays</b><br/>Hotel stays data is managed through our HRG platform, recording room nights booked by country. Data is then uploaded into the Group's central environmental system supplied by Credit 360, which then calculates the CO<sub>2</sub>e generated using BEIS 2020 emissions factors. The factors used change on a calendar year basis as per BEIS guidance.</p> |
| <b>Source</b>              | The Group's environmental system provided by Credit 360.  |

### 1. Water consumption

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|-------------------|--|
| <b>Definition</b> | The amount of water supplied to our operations. This means our water consumption reporting covers the consumption of water used in all the buildings the Group operates from (UK and Non-UK sites).  |
| <b>Scope</b>      | <p>The reporting period is 1 October 2019 to 30 September 2020.</p> <p>🔗 We report consumption arising from activities for which we are responsible; our reporting scope is against an operational boundary. This comprises: consumption from the use of water in UK buildings where the Group holds the supply contract direct with the water supplier and consumption from the use of water in buildings where the Group does not hold the supply contract direct with the water supplier (shadow/landlord sites/Non-UK sites)</p>   |
| <b>Units</b>      | m <sup>3</sup>   |
| <b>Method</b>     | <p>Water data for UK sites where the Group holds the water supply contract direct with the water supplier is managed by our FM partner who uploads the information into the Group's central environmental system supplied by Credit 360.</p> <p>We use a combination of historical consumption trends, forward-projected patterns of usage and budget forecasts to report on accruals to fit in with unbilled periods by the water suppliers.</p> <p>Water data for UK sites where the Group holds the water supply contract direct with the water supplier is managed by our FM partner who uploads the information into the Group's central environmental system supplied by Credit 360.</p> <p>The amount of water used (in m<sup>3</sup>) is received directly from suppliers' invoices.</p> <p>If no data is available for a Core site in a given period, yet the site is known to still be active within our portfolio according to our internal property database, we will use the consumption data reported in the equivalent period previous year as an approximate.</p> <p>Water data – shadow/landlord/Non-UK sites, are those where the Group does not hold the water supply contract directly with the water supplier.</p> <p>As the Group is not billed directly for water consumed in these sites, we do not have full visibility of consumption data.</p> <p>To allow consumption relating to these sites to be included within our reporting for 2020, an estimation using an average water consumption level per occupied square metre (obtained from sites where the Group holds the water supply contract direct with the supplier) has been calculated and applied based on each site's location.</p> |
| <b>Source</b>     | The Group's environmental system provided by Credit 360.   |



## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

Continued

### 2. Operational waste

#### PARAMETER: OPERATIONAL WASTE

|                   |  |
|-------------------|--|
| <b>Definition</b> | The operational waste we generate from our own UK direct business activities. The word 'operational' is used to distinguish this from the waste that is generated by construction, refurbishment and maintenance work we undertake on our existing sites or through the construction of new sites, as well as the disposal of any IT/electronic equipment.   |
| <b>Scope</b>      | <p>The reporting period is the 1 October 2019 to 30 September 2020.</p> <p>Operational waste includes the general and confidential waste services provided by our FM partner.</p> <p>Construction waste (i.e. waste created through building or refurbishment of sites) is captured separately and not included within this data.</p> <p>IT/electronic equipment waste, sanitary waste and waste produced as a result of maintenance activity are not included in the scope of this reporting, as no data is centrally collated in respect of these waste streams.</p> <p>The data is for UK properties where the general and confidential waste management service is provided and estimates for sites outside of the scope of contract, including landlord sites and non-UK sites.</p>   |
| <b>Units</b>      | Tonnes   |
| <b>Method</b>     | <p>Operational waste is managed by our FM partner who receives information relating to the number and type of collections per site each month directly from sub-contractors and uploads this information to the Group's central environmental system supplied by Credit 360.</p> <p>Sub-contractors supply the number of each container type that is removed from our sites on a monthly basis. Agreed average weights are then applied to each container type (that is not weighed on collection) to estimate the volume of waste removed.</p> <p>For confidential waste, industry standard averages according to waste type and typical container volume are used.</p> <p>For general non-confidential waste, where possible, the sub-contractor weighs the containers at the point of collection, however, if actual weight is not available then average weights are applied as per the following hierarchy:</p> <ol style="list-style-type: none"> <li>1. Taking an average of any weights on the actual sites contract over the last 6 months</li> <li>2. If no weights on the sites contract for the last 6 months then an average weight for container type, e.g. 1100 for Dry Mixed Recycling (DMR) at account number level is applied</li> <li>3. If no average weight for this then calculate the average weight per cubic metre of the product type, e.g. DMR at account level.</li> </ol> <p>Where primary waste data, per the above, is unavailable, we estimate approximate waste volumes for sites which are not covered by waste collections by multiplying floor area by an intensity of actual data per unit floor area where both are available. Less than 10 per cent of data is estimated in this way.</p> |
| <b>Source</b>     | The Group's environmental system provided by Credit 360.   |

## Reporting Criteria for selected key performance indicators in 2020 Responsible Business Reporting

Continued

### 3. Total Energy Consumption

|                   |  |
|-------------------|--|
| <b>Definition</b> | This relates to the energy consumption data used to generate the emissions reported as part of the Group's Scope 1 and 2 GHG emissions, where the sum of total energy from the electricity, gas, oil and vehicle fuel used as a result of our own direct business activities is calculated and converted to Gigawatt hours (GWh).  |
| <b>Scope</b>      | The reporting period is 1 October 2019 to 30 September 2020.<br>Scope includes total energy used in our Core UK sites plus energy used in UK sites where the Group does not hold the supply contract direct with the energy supplier (shadow/landlord sites) and energy consumed in international locations (non-UK sites), plus unmetered ATMs and company owned vehicles.  |
| <b>Units</b>      | GWh (Gigawatt hours)   |
| <b>Method</b>     | <p><b>Energy data (gas, oil and electricity)</b></p> <p>Energy data relating to the Group's Core UK sites is managed by our FM partner who uploads the information to the Group's central environmental system supplied by Credit 360.</p> <p>The volumes of gas (kWh), electricity (kWh) and oil (litres) for Core UK sites are received directly from suppliers' invoices.</p> <p>We use a combination of historical consumption trends, forward-projected patterns of usage and budget forecasts to report on accruals to fit in with unbilled periods by the electricity and gas suppliers.</p> <p>Oil data is only captured at the time of delivery/invoicing, therefore, oil usage is reported for the month when the oil is delivered (not when it is actually subsequently consumed).</p> <p>Shadow/landlord sites/Non-UK sites, those where the Group does not hold the energy supply contract directly with the supplier. As the Group is not billed directly for energy consumed in these sites we do not have full visibility of consumption data. To allow consumption relating to these sites to be included within reporting, an estimation using an average gas/electricity consumption level per occupied square metre (obtained from sites where the Group holds the energy supply contract direct with the supplier) has been calculated.</p> <p>To calculate energy totals.</p> <ul style="list-style-type: none"> <li>➤ Gas (kWh) used in Core UK sites, shadow/landlord sites/non-UK sites are added together and converted to GWh to calculate oil energy totals</li> <li>➤ Oil (in litres) delivered to UK sites, are converted to GWh using the BEIS 2020 emissions factors to calculate electricity energy totals</li> <li>➤ Electricity (kWh) used in Core UK sites, shadow/landlord sites/non-UK sites, and unmetered ATMs are added and converted to GWh</li> </ul> <p><b>Energy data (Fleet)</b></p> <ul style="list-style-type: none"> <li>➤ The distance travelled in kilometres (kms) for fleet cars is calculated from the Group's expense systems which reimburses colleagues on a cost per km travelled basis</li> <li>➤ The Group Sourcing travel team manages the fleet data and uploads the information to the Group's central environmental system supplied by Credit 360 which calculates the CO<sub>2</sub>e generated using BEIS 2020 emissions factors</li> </ul> <p>Mobile branch fuel consumption is estimated by dividing total fuel expenditure by the charged cost per litre of diesel used. Resulting volumes are multiplied by BEIS emissions factors.</p> <p>Total vehicle emissions are then divided by the BEIS emissions factor for kgCO<sub>2</sub>e per unit energy for the corresponding fuel type burned in order to express consumption in terms of GWhs.</p> <p>To calculate the Total Energy Consumption, all individual energy consumption totals are added together.</p> |
| <b>Source</b>     | The Group's environmental system provided by Credit 360.   |