

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

Independent Limited Assurance Report by Deloitte LLP to the Directors of Lloyds Banking Group PLC (“LBG” and “the Bank”) on the inputs, assumptions and processes to determine selected intermediate 2030 GHG emissions reduction Ambitions, Targets and Pledges (the “Ambitions, Targets and Pledges”) within the Annual Report and Accounts and Group Sustainability Report for the reporting year ended 31 December 2024.

Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Ambitions, Targets and Pledges for the year ended 31 December 2024, and as listed below has not been prepared, in all material respects, in accordance with the Sustainability Metrics Basis of Reporting (the “Basis of Reporting”) defined by the directors as set out at <https://www.lloydsbankinggroup.com/who-we-are/downloads.html>. This includes, but is not limited to a) a description of the emissions reduction Ambitions, Targets and Pledges, b) the scenario on which they are based and c) that they are aligned with the temperature goal of Article 2(1)a of the Paris Agreement.

Scope of our work

Lloyds Banking Group PLC has engaged us to perform an independent limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000 (Revised)”, issued by the International Auditing and Assurance Standards Board (“IAASB”) and our agreed terms of engagement.

The Ambitions, Targets and Pledges in scope of our engagement for the year ended 31 December 2024, as referenced in the Annual Report and Accounts and Group Sustainability Report, are as follows:

Ambitions, Targets and Pledges	
Inputs, assumptions and process to determine Lloyds Banking Group’s selected intermediate 2030 GHG emission reduction ambitions, targets and pledges as detailed below, including how they are aligned to Article 2(1)a of the Paris Agreement and whether scenarios used were from credible and well-recognised third-party sources as set out in the Basis of Reporting:	
Ambitions	
Supply chain	<i>Reduce supply chain emissions by 50% by 2030 from a 2021/22 baseline.</i>
Bank financed emissions	<i>Reduce the carbon emissions (Scope 1 and 2) we finance by more than 50% from a 2018 baseline.</i>
Pledges	
Own operations	<i>Reduce our Scope 1 and 2 carbon emissions by 90% from a 2018/19 baseline.</i>
Targets	
Bank sector financed emissions	
UK residential mortgages	<i>Reduce our financed emissions intensity (Scope 1 and 2) by 41% from a 2020 baseline.</i>

Ambitions, Targets and Pledges	
Retail motor (cars and light consumer vehicles)	<i>Reduce the emissions intensity (Scope 1 and 2) of our cars and for our light consumer vehicles (LCVs) by more than 50% from a 2018 baseline.</i>
Automotive OEM	<i>Reduce the emissions intensity by 47% from a 2020 baseline.</i>
Aviation	<i>Reduce the emissions intensity by 31% to from a 2019 baseline.</i>
Oil and Gas	<i>Reduce our oil and gas sector absolute emissions by 50% from a 2019 baseline.</i>
Power	<i>Reduce emissions intensity by 81% from a 2020 baseline.</i>
Road passenger transport	<i>Reduce the emissions intensity by 49% from a 2019 baseline.</i>
Agriculture	<i>Reduce our agriculture sector absolute emissions by 25% from a 2021 baseline.</i>
Commercial and Residential Real Estate (CRRE)	<i>Reduce the emissions intensity by 48% from a 2021 baseline.</i>
Scottish Widows	<i>Halve the carbon footprint of our investments by 2030 from a 2019 baseline.</i>

The Ambitions, Targets and Pledges, as listed in the above, need to be read and understood together with the Basis of Reporting as set out at <https://www.lloydsbankinggroup.com/who-we-are/downloads.html>.

Inherent limitations of the Ambitions, Targets and Pledges

We obtained limited assurance over the inputs, assumptions and processes to determine the Ambitions, Targets and Pledges in accordance with the Basis of Reporting. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

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

Our engagement provides a limited assurance report over the inputs, assumptions and process to determine the Ambitions, Targets and Pledges in accordance with the Basis of Reporting. The targets are derived from information based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing, or effect of possible future physical and transitional climate-related impacts. The scope of our engagement and our responsibilities do not involve us performing work necessary for any assurance on the Bank meeting these targets in the future.

Directors' responsibilities

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

The Directors are also responsible for:

- Selecting and establishing the Basis of Reporting.
- Preparing, measuring, presenting and reporting the Ambitions, Targets and Pledges in accordance with the Basis of Reporting.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Ambitions, Targets and Pledges to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of our limited assurance engagement.

Our responsibilities

We are responsible for:

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

Our independence and competence

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

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

Key procedures performed

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

- Through inquiries of management, obtain an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Ambitions, Targets and Pledges sufficient to identify and further assess risks of material misstatement in the Ambitions,

Targets and Pledges, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.

- Through inquiries with management, obtain an understanding of how the Ambitions, Targets and Pledges have been determined, and whether they align with the temperature goal of Article 2(1)a of the Paris Agreement which states the objective as “holding the increase in global average temperature well below 2°C from preindustrial levels and pursuing efforts to limit the temperature increase above 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change”. This includes assessing whether Ambitions, Targets and Pledges have been set at a level of emissions or emissions intensity reduction that is equal or greater than the reduction required using the scenarios and methodologies described in the Basis of Reporting.
- Through inquiries of management, obtain an understanding of internal controls relevant to the preparation of Ambitions, Targets and Pledges, the quantification process, assumptions used and data used in preparing the Ambitions, Targets and Pledges, the methodology for gathering qualitative information, and the process for preparing and reporting the Ambitions, Targets and Pledges. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness.
- Inspect documents relating to the preparation of the Ambitions, Targets and Pledges, including board committee minutes and where applicable internal audit outputs to understand the level of management awareness and oversight of the Ambitions, Targets and Pledges.
- Perform procedures over underlying input data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Basis of Reporting, including verifying to source documentation or information previously assured by Deloitte where applicable.
- Perform procedures over the preparation of the Ambitions, Targets and Pledges, including recalculation of relevant formulae used in manual calculations, recalculation based on the models used by the Company and assessment whether the data has been appropriately consolidated.
- Evaluate whether the evidence obtained from our procedures about the Company’s process is consistent with the description of the process set out in the Basis of Reporting.
- Accumulate misstatements and control deficiencies identified, assessing whether material.
- Read the narrative accompanying the preparation of the Ambitions, Targets and Pledges with regard to the Basis of Reporting, and for consistency with our findings.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We perform our engagement to obtain limited assurance over the preparation of the Ambitions, Targets and Pledges in accordance with the Basis of Reporting. We draw your attention to the following specific limitations:

- The baseline emissions used for supply chain emissions ambition listed above include information provided by suppliers and third-party sources. Our procedures do not include obtaining assurance over the information provided by suppliers or third parties.

- The baseline emissions used for financed emissions targets listed above includes information provided by third-party sources. Our procedures do not include obtaining assurance over information provided by third parties.
- Targets determined for Oil and Gas and Power are determined using third-party data from the IEA. Data from the IEA was not independently available at the time of our assurance procedures and therefore we were unable to verify against source data.
- For baseline emissions for Auto OEM (2020), Power (2020) and supply chain emissions (2019/2020) used to determine the emissions target and ambition, our procedures were limited to reconciling amounts reported to publicly available Annual Report and Accounts for 2022.

Use of our report

This report is made solely to the Directors of Lloyds Banking Group PLC in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of Lloyds Banking Group PLC those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Lloyds Banking Group PLC and the Directors of Lloyds Banking Group PLC, we acknowledge that the Directors of Lloyds Banking Group PLC may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lloyds Banking Group PLC and the Directors of Lloyds Banking Group PLC as a body, for our work, for this report, or for the conclusions we have formed.

The Basis of Reporting are designed for the Ambitions, Targets and Pledges disclosed by the Bank and as a result, the Ambitions, Targets and Pledges may not be suitable for another purpose.



Deloitte LLP
London, United Kingdom
3 February 2025