



Sustainability Referenced Deposits



LLOYDS



At a glance

Many businesses are increasingly prioritising sustainability – and meeting environmental, social and governance (ESG) objectives is becoming ever more important. Embedding sustainability into your cash management and treasury policy can help you to not only support sustainability-focused causes, but also showcase your organisational commitment to sustainability.

We can help with this process. Lloyds offer a selection of business deposit accounts that are not only designed to support your liquidity requirements, but also underpin your sustainability objectives by helping to fund eligible sustainability lending. Eligible projects include those connected to renewable energy, green buildings, clean transportation and social housing, among other categories.

Our approach to these products is tried and tested. We have worked with Sustainalytics, an independent expert ESG research firm who confirmed that our Framework for these deposits is credible and impactful and aligns with the Green Bond Principles 2021 and Social Bond Principles 2023.¹

Saving for a rainy day. Or a windy one.

At Lloyds Bank, we are supporting businesses to grow sustainably and transition to a low-carbon economy. As a result we are developing practical tools that can help you on your own sustainability journey. From discounted lending for sustainable purposes and investing in clean growth to improving the energy efficiency of buildings and vehicles, we offer a range of tools, products and services to help your business achieve its sustainable and net zero ambitions.

Our Sustainability Referenced Deposits are just one way that we're supporting businesses to transition to a low-carbon future and achieve their ESG goals.

Lloyds Bank Sustainability Referenced Deposits Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

What are Sustainability Referenced Deposits?

Our Sustainability Referenced Deposits are a simple way of supporting you to manage your liquidity profile with sustainability in mind. They don't require additional costs compared to traditional deposit accounts, and we'll update you regularly with details of the sustainable lending categories supported by the Sustainability Referenced Deposit portfolio.

Sustainability Referenced Deposits enable clients to deposit funds for a period that suits their needs and contribute towards funding eligible for Lloyds Bank sustainability lending.²

Crucially, Sustainability Referenced Deposits are capped at live sustainability lending levels – sustainability drawn lending will always be greater than or equal to the Sustainability Referenced Deposits. The deposits are not linked to specific loans, and they contribute to the wider Lloyds Bank balance sheet.

Practically, Lloyds will maintain a sustainability assets 'buffer' to ensure that sustainability lending is always greater or equal to sustainability deposits and will not issue additional Sustainability Referenced Deposits if this buffer is under stress.

Note: Offshore and onshore windfarms comprised of 35% of our sustainable lending referenced assets for the deposits as at 30 September 2024

1. <https://www.lloydsbank.com/assets-business-banking/pdfs/sustainability-referenced-deposits-framework.pdf>

2. Our sustainable lending is defined within our Sustainability Referenced Deposits product factsheets:

i) Sustainability Referenced Fixed Term Deposit

ii) Sustainability Referenced 95 Day GBP Notice Account

For awareness, our full lending portfolio includes customers in sectors with increased climate risk and a full breakdown of these sectors and our total exposure to them can be found in our latest Sustainability Report (Environmental sustainability - Lloyds Banking Group)

The accounts in a nutshell

We offer two products that provide businesses with a cash management solution that contributes towards funding eligible Lloyds Bank sustainability lending:

Sustainability Referenced Fixed Term Deposits

- Available in major currencies, including Sterling (GBP), Euro (EUR), and US Dollars (USD)
- Can be placed for a fixed term between over-night, up to a maximum tenor of three years

Sustainability Referenced 95 Day Notice Account

- No set term
- The client must provide 95 days' notice to request withdrawal of funds
- Interest on deposited funds is based on a variable rate which is calculated and paid on a daily basis
- Sustainability Referenced 95 Day Notice Accounts are only available in Sterling (GBP)

For both Sustainability Referenced Deposit products, the deposited amount may be between a minimum of £10,000 and a maximum of £25,000,000.³

This product is available to commercial businesses with an annual turnover of £25 million and over

The full eligibility criteria are included as an appendix to this brochure.

If you would like to discuss how Sustainability Referenced Deposits can help your business, speak to your Relationship Manager.

³. Larger or smaller amounts may be available on request/at our discretion.

Low Carbon Case Study

Having supported Low Carbon as house bank since its inception in 2011, Lloyds Bank and Low Carbon have a long-standing relationship throughout their growth story.

Accelerating new renewable energy capacity Low Carbon are on a mission to build a global net zero energy company and are targeting 20GW of new renewable energy capacity, enough to power over 8 million homes, by 2030.

Founded in 2011, Low Carbon create large-scale renewable energy to fight climate change by investing in, developing, and operating solar, wind, energy storage, and energy from waste projects across the UK, Europe, and North America.

In 2022, Lloyds Bank supported Low Carbon with a construction bridge facility, a key milestone in the relationship and in support of Low Carbon's 2030 strategic target.

The financing supported the construction of 500MW of new solar photovoltaic capacity across 17 assets in the UK and Netherlands, resulting in the creation of at least 1GW of capacity, with the potential to power more than 360,000 homes.

This is one example of the eligible projects captured within our lending criteria.

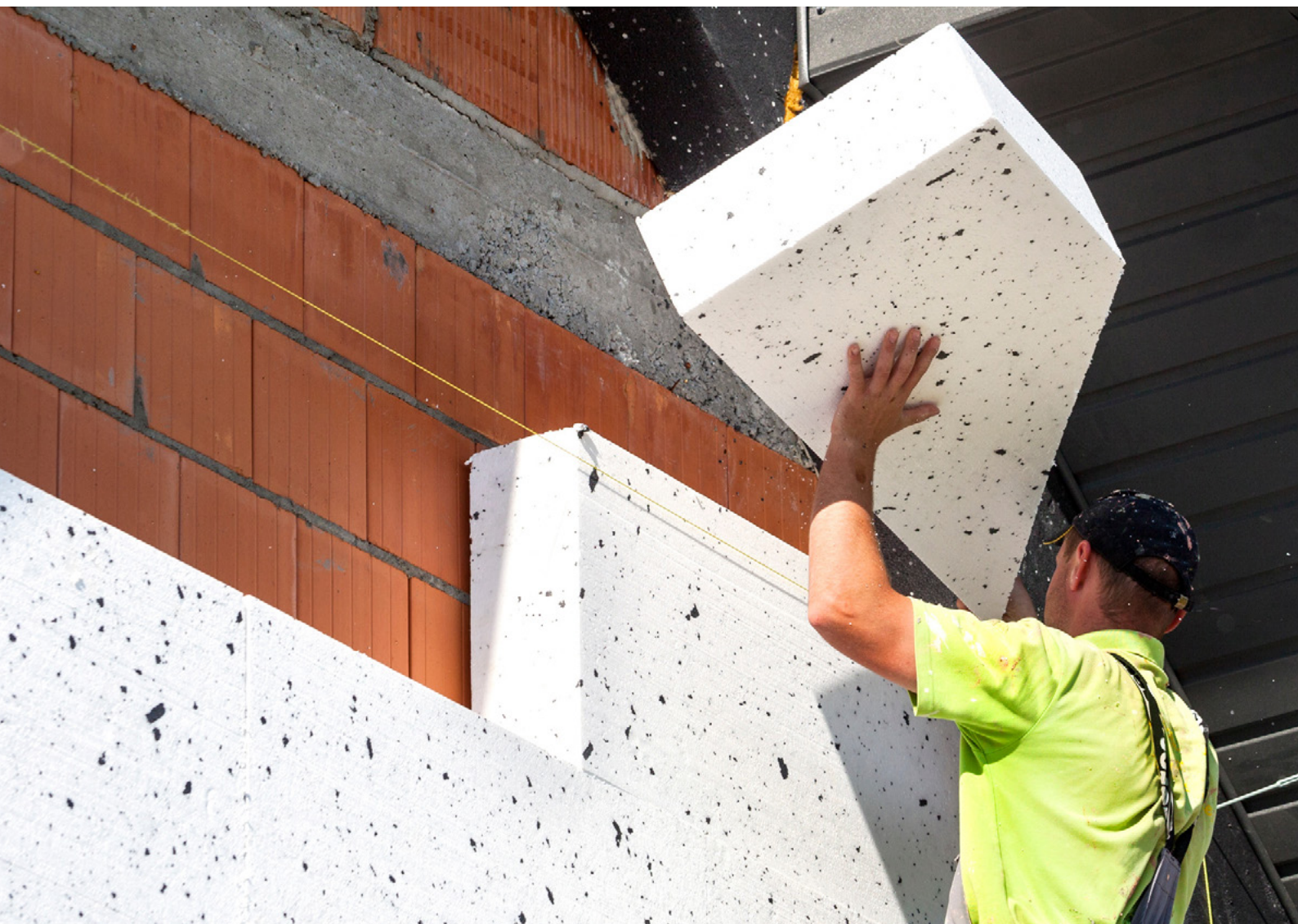
More information on this case study can be accessed here:
[Lloyds Bank – Case Studies – Low Carbon](#)

Seal of approval

To ensure that you can confidently use our Sustainability Referenced Deposit solutions to contribute to fulfilling your ESG objectives, we've sought external validation.

We have engaged with Sustainalytics, an independent provider of ESG research and ratings, to provide a Second Party Opinion (SPO). The SPO confirms alignment of the Framework to the International Capital Market Association (ICMA) Principles.

“ Sustainalytics is confident that Lloyds Bank is well positioned to issue sustainability deposits, and that the Lloyds Bank Sustainability Referenced Deposits Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.⁴ ”



Financing a sustainable future

Our sustainability strategy outlines our commitments to support our customers to transition to a sustainable, low carbon economy through providing funding to transition, convening experts and learning together, and influencing change.

As part of Lloyds Banking Group, we have set ourselves an ambition to work with customers, government and the market to reduce the carbon emissions we finance by more than 50 per cent by 2030, on the path to net zero by 2050⁵ or sooner for our scope 1 and 2 emissions.

Alongside our client-focused ambitions, we are taking steps to reduce emissions associated with our own operations and supply chain. With an overarching ambition to be net zero in our operations by 2030, our supporting targets focus on emissions, energy consumption, water, waste and nature.

We know there is much more to be done to support customers as they transition to net zero, but our commitment and focus remain strong.

Our priority is to be a constructive partner in the transition that supports our clients throughout their own decarbonisation journeys.

50%
Carbon emissions
reduction ambition
by 2030⁵

£30bn

New sustainable finance
target for 2024 – 2026⁶

We have provided our Corporate & Institutional Banking customers with £15.8 billion of sustainable finance between January 2022 and December 2023. Looking ahead, we've set an ambitious and challenging new target of £30 billion between 2024 and 2026 for our commercial customers – which includes corporates, institutions, and small and medium sized businesses.⁶

At the heart of our continually evolving sustainability offering is our Group Sustainable Financing Framework, which sets out our methodology for how we define and classify a sustainable product or service. We published this in February 2024, providing clarity and transparency to the marketplace.



More information on our sustainability strategy and progress can be found within our [Sustainability Report 2023](#).

4. <https://www.lloydsbank.com/assets-business-banking/pdfs/sustainability-referenced-deposits-framework.pdf>

5. From a 2018 baseline, covering Scope 1 and 2 emissions

6. New Commercial Banking target relates to both corporate and institutional customers and small-and medium-sized businesses.

University of Leeds – A specialist banking partner

The University has selected Lloyds Bank as its new banking provider given its strong record in higher education, historic relationships with Leeds and its environmental and social policies.

Lloyds was chosen after a competitive tendering process which assessed bids from a range of global banking providers against their core service requirements, internet banking, client management, innovation, pricing and environmental, social and governance (ESG) policies.

In considering Lloyds' selection as a banking provider, the University was impressed with its already strong collaborative relationships across public and private sector organisations in the region.

“We were extremely impressed with Lloyds’ experience and track record across a range of core capabilities essential for the University of Leeds, including their client management, innovation, and commitment to ESG policies. A dedicated onboarding team of specialists from Lloyds will be working with us as we transition our banking arrangements to them.”

Jane Madeley

University of Leeds Chief Financial Officer



Testimonial by University of Essex Student Union

“Lloyds Bank has been an invaluable banking partner for us, providing a diverse range of sustainable finance products which offers us the opportunity to align our investment strategies with our own sustainability goals.”

“The University of Essex Students’ Union opted to place a Sustainability Deposit with Lloyds Bank as part of our commitment to responsible investment and to be a more socially responsible organisation, ensuring we are directing our funds towards projects that support a positive impact on society and the environment. The interest rates offered by Lloyds Bank on the Sustainability Deposit are competitive, which further reinforced our decision to invest in this way.



“Placing a Sustainability Deposit has helped the Students’ Union to maximise our returns, provide additional funds towards our reserves, enhance the student experience and address any challenges that may arise from stakeholders regarding our sustainable finance strategy within the Union. As the Students’ Union is part of the University of Essex’s Sustainability Sub-Strategy and Climate Action Plan, the decision to place a Sustainability Deposit aligns with the University’s ESG strategy, where we seek to invest in organisations, companies, and projects that are committed to operating in a way that is sustainable for the future.

“The team at Lloyds Bank regularly communicate updated deposit rates to ensure that we can make informed decisions. Their support and the competitive returns offered on Sustainability Deposits have helped encourage us on our journey towards becoming a more sustainable organisation.”

Nickho Wijaya

University of Essex Student Union Head of Finance



If you would like to discuss how Sustainability Referenced Deposits can help your business, speak to your Relationship Manager.

Sustainable lending eligibility

	Eligible activities	Exclusions ⁷
Green Buildings	Construction, acquisition or retrofitting of buildings which meets one of the regional, national, or internationally recognised standards or certifications outlined below: Commercial Lending for Housebuilding: • Minimum EPC B for each individual unit and a project weighted average of “EPC B+” i.e. Minimum weighted average Standard Assessment Procedure (SAP) scores⁸ within the B rating • Next Generation Project criteria – “Bronze” or higher • Or meets other equivalent standards (or better) such as BREEAM or HQM as per the below Commercial Lending for Existing Residential, or all Commercial Buildings: • EPC Rating B or higher • Buildings identified as being in the top 15% for national Primary Energy Demand • NextGeneration Project criteria – “Bronze” or higher • BREEAM: Excellent or Higher • LEED: Gold or Higher • EDGE: Certified or higher • Home Quality Mark 4 or higher (residential buildings only) • NABERS 5 or higher (commercial buildings only) Retrofit of Existing Residential or Commercial Buildings: • Retrofit which results in a 30% reduction in Primary Energy Demand use or carbon emissions or improvement into EPC B or higher⁹	• Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels • Projects which use waste heat from fossil fuel production or operations • Cogeneration systems applied to the fossil fuel industry • Improvements to appliances and equipment primarily using fossil fuel

7. The Eligible Portfolios also exclude any assets in the Group’s external sector statements and adhere to ESG Risk Management

8. Minimum weighted average SAP score of 86

9. For the avoidance of doubt this also includes retrofitting activities that finance a property’s energy performance to improve from EPC B into EPC A

	Eligible activities	Exclusions ⁷
Renewable energy	Generation, equipment, development, manufacturing, construction, operation, storage, and maintenance of renewable energy generation sources namely: • Onshore and offshore wind energy projects • Solar power or solar photovoltaic energy projects • Low Carbon Hydrogen¹⁰ Additional eligible assets also include: • Assets supporting electricity transmission and distribution projects which facilitate the development of renewable energy projects by connecting them to the UK National Grid or European grid system • Energy storage technologies, including battery storage¹¹	• Application of technology in the fossil fuel industry • Equipment powered by any fossil fuel • Transmissions lines directly connected or dedicated to fossil fuel power • Battery Energy Storage Systems directly connected to fossil fuel assets

	Eligible activities	Exclusions ⁷
Energy efficiency	Energy efficiency technologies: Development, manufacture, repair, maintenance or installation of energy efficiency technologies, products, and systems including: • Smart meters for electricity • Energy efficient lighting • Highly efficient heating, ventilation, and air conditioning (HVAC) systems • Distributed generation¹² • Peak demand management • Devices measuring, regulating or controlling energy performance of buildings Equipment: • Renewable powered (electric or hydrogen fuelled) equipment, access equipment or construction equipment (e.g. fork-lift trucks, scissor lifts and excavation machinery)	• Energy efficiency improvements to transmissions lines connected or dedicated to fossil fuel power • Projects to improve energy efficiency of equipment or technologies used in fossil fuel production and/or distribution • Projects using waste heat from fossil fuel production/ operation • Energy efficiency projects in non-energy sectors which are in heavy industries such as steel, cement, and aluminium

10. Production of hydrogen with an emissions intensity of no more than 20g CO₂e/MJLHV (megajoule lower heating value) or less for produced hydrogen up to the point of production

11. Where either:

More than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO₂e/kWh, measured on a life-cycle basis in accordance with electricity generation criteria, over a rolling five-year period; or

The average system grid emissions factor (calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system) is below the threshold value of 100 gCO₂e/kWh, over a rolling five-year period

12. Only including renewable technologies that meet the criteria within this Framework

	Eligible activities	Exclusions ⁷
Clean Transportation	Development, sale, leasing¹², operation and upgrade of low carbon transportation for people and materials, including: • Passenger vehicles and Commercial Vehicles with zero direct tailpipe CO₂ emission (battery electric vehicles or hydrogen fuel cells) • All buses require a Zero Emission Bus (ZEB) certification • Infrastructure projects such as charging stations for electric vehicles and hydrogen fuelling stations (both private transport and public transport) • Infrastructure for personal mobility and cycle logistics (e.g. footpaths and bike paths) • Public transport (e.g. metro and railway stations and tracks) • Battery research and development for low carbon transport projects New and replacement Bi mode and Tri mode Rolling Stock must be acquired principally for use in electric mode, with diesel only for use where electrified overhead wires / third rail not available. Diesel engine usage must be forecast to be the minority.	• Efficiency improvements involving conventional fossil fuel combustion engines • Vehicles dedicated to transportation of fossil fuels • Infrastructure used for the transportation or storage of fossil fuels • Development and improvement of transport links to airports • New construction and existing road infrastructure retrofits, including roads, road bridges and parking facilities • Freight rail with expected emissions over 25 gCO₂/tkm • Passenger rail with expected emissions over 50 gCO₂e/pkm

12. Or other asset-specific financing

	Eligible activities	Exclusions ⁷
Affordable housing	Generation, Eligible Assets to UK accredited or registered Housing Associations, which are not-for-profit organisations supporting the provision of affordable housing in the UK and contribute to enhanced access for low-income residents or marginalised communities. The Housing Associations offer social rented, affordable rented and intermediate housing to specified eligible households whose needs are not met by the private market. To be classified as an Eligible Social Asset, the Housing Associations must be involved in providing, constructing, improving, managing or facilitating the construction or improvement of housing accommodation for at least one of the following¹³: • Social Rent¹⁴ • Affordable Rent¹⁵ • Shared Ownership¹⁶ • Supported Housing¹⁷ Target populations include but are not limited to: Individuals or families who need sheltered housing, individuals or families on low income and/or on income allowances or benefits, and socioeconomically vulnerable groups. Target populations are identified by UK local authorities and set according to the needs for the local area.	• Registered Social Landlords which no longer meet Governance and Viability standards of the UK regulator • For profit, shared ownership or joint ventures between Registered Social Landlords and non-registered entities

13. Definition aligns to Section 51 paragraph 1 of the Housing Association Act 1985 "housing association" definition

14. Social Rent – Involves homes that are provided by local authorities and housing associations. Rent levels are around 50-60% of market rents for the local area and rent increases are limited by Government. This usually results in a more secure, long-term tenancy than private renting

15. A scheme open to a broader range of household incomes than social rent and involves homes provided by local authorities and Housing Associations with controls that ensure rents charged are no higher than 80% of local market rent. This scheme is also sometimes known as Intermediate Rent

16. A scheme which allows applicants to purchase a share of a property (between 25% and 75%) from a Housing Association, paying an affordable rent on the part still owned by the Housing Association. An individual's eligibility to access shared ownership housing is subject to certain criteria and conditions including household income cap

17. A scheme where housing, support and sometimes care services are provided to help people to live as independently as possible in the community. Examples include care, nursing, and sheltered housing

Disclaimer

The Group notes that there is currently no global framework or taxonomy, or consistently applied legal or regulatory definition, as to what constitutes an 'ESG' (Environmental, Social, or Governance), 'Green', 'Social', 'Sustainable' or equivalent labelled product, or as to what precise attributes are required for a particular product, investment, or asset to be defined as 'ESG', 'Green', 'Social', 'Sustainable', or with an equivalent label, nor can any assurance be given that such a clear global definition or consensus will develop over time.

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Our service promise

Please let us know if you have a problem – we're here to help. See our complaints process on our 'Help & Support' page at: lloydsbank.com/business/complaint



Go online:
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Speak to your
Relationship Manager

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

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