

LLOYDS  
BANKING  
GROUP



2012 RESPONSIBLE BUSINESS REPORT SUMMARY

**DOING MORE...  
TO HELP BRITAIN  
PROSPER**

## OUR VISION

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We take responsible business very seriously because we know that the impact we can have on people's lives is enormous. We want to be recognised as a responsible business, but it is a journey. While we are making great progress, we still have more to do.

I'm pleased about our progress in responsible business during the past year. We have a clear responsible business strategy and targets that align with the strategy of the bank.

In essence, we are trying to do the right thing, based on the right judgements. Being legal is not enough. There is the right way to do things and the wrong way to do things. For us, what is important is that our choices meet the test of morality.

Our purpose is to help Britain prosper across the UK's households, businesses and communities. This is a vision that we are already starting to bring to life.

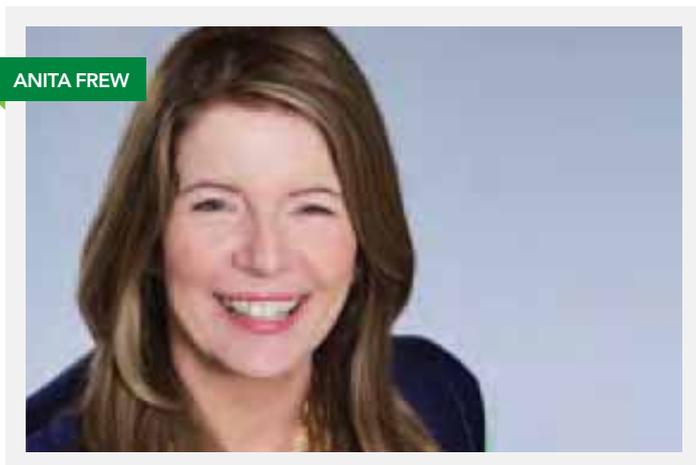
***António Horta-Osório***  
*Chief Executive of Lloyds Banking Group*

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# INTRODUCTION

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## Introduction

As Chair of the Responsible Business Steering Group, I am delighted to introduce this summary of our Responsible Business report for 2012. This is a taster of our progress and the full report, available on our website, is our year in review which more fully documents our journey to become a leader in responsible business.

## Responsibility inside the Group

During 2012, we did more to embed and monitor responsible business across the Group. The Steering Group is now comprised of representatives from all of our business units and functions, including Board level involvement. These senior representatives are able to guide their individual business units to implement the responsible business approach among colleagues, supported by the Codes of Responsibility. In 2012, we also invested a lot of energy into reinforcing our governance structures – a vital building block to strengthen our reputation in this space.

We've also been working to make responsible business more connected with our overall business strategy and our day-to-day work. This is so it resonates more clearly inside the business. We have successfully elevated the discussion around responsible business to link it to our strategy, and asking ourselves how responsibility can help us be the best bank for customers.

Our responsible business strategy supports our Group-level ambitions by focusing on doing more in the areas where we can make the biggest difference across the UK. In 2012, we reviewed and redefined our focus across households, businesses and communities.

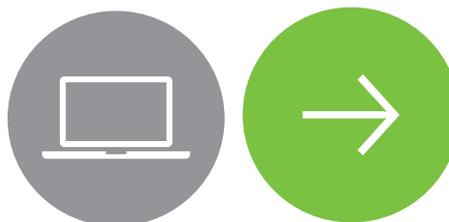
## Helping Britain prosper

Over the coming year, we want our customers and other stakeholders to see the work we are doing. It's my hope that when a customer walks into a branch, or an employee says that they work for Lloyds Banking Group, they feel pride and a connection with a bank that passionately believes in being responsible.

We've a strong tradition that stems from the banking basics – of lending and taking deposits; of helping to fund industry; and looking after our customers' financial health. It is this tradition that built our strong brand and it's where we're returning to, responsibly, to become the best bank for customers.

### *Anita Frew*

*Non-Executive Director, Lloyds Banking Group  
and Chair, Responsible Business Steering Group*



Discover more at

[www.lloydsbankinggroup-cr.com](http://www.lloydsbankinggroup-cr.com)

# WHERE WE MAKE A DIFFERENCE

As a bank, we have to balance the needs of our customers with the needs of our other stakeholders. In 2012, we reviewed and redefined our focus to do more across the UK's households, businesses and communities.

## Doing more for...

### HOUSEHOLDS



We're helping generations of customers across the UK's households to feel secure about the future by offering the right financial products at the right time that look after their financial health.

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*We're making banking accessible to UK households. In 2012, we enhanced mobile banking, made a commitment to longer branch opening hours, and launched new services to support financial inclusion.*



Discover more at [www.lloydsbankinggroup-cr.com/uk-households](http://www.lloydsbankinggroup-cr.com/uk-households)

### BUSINESSES



We ensure that businesses, small and large, have access to the advice or funding they need to grow and thrive. In 2012, we increased our support for start-ups, social enterprises and small to medium-sized businesses (SMEs).

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*Small to medium-sized businesses are the lifeblood and engine of the UK economy. We are committed to growing this market and supporting 100,000 new SMEs to start in 2013.*



Discover more at [www.lloydsbankinggroup-cr.com/uk-businesses](http://www.lloydsbankinggroup-cr.com/uk-businesses)

### COMMUNITIES



We want to make a sustained and positive contribution to the communities in which we operate; supporting activities with outcomes that result in education, employability or enterprise. In 2012, we invested £85m<sup>✓</sup> across the UK's communities.

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*We're currently measuring the impact that we have in communities. This will define our focus, moving forward, to achieve the most impact that matches with our skills.*

✓ Independently assured key performance indicators



Discover more at [www.lloydsbankinggroup-cr.com/uk-communities](http://www.lloydsbankinggroup-cr.com/uk-communities)

## HIGHLIGHT

**2012 HAS BEEN A YEAR OF FURTHER STRENGTHENING OUR RESPONSIBLE BUSINESS FOUNDATIONS, TO BE BOTH PART OF THE GROUP'S BUSINESS STRATEGY AND PART OF OUR COLLEAGUES' DAY-TO-DAY ACTIVITIES**

### Our approach

As the UK's largest retail and commercial bank, we can do more than any of our peers to help Britain prosper. Our vision is to do more to add societal value in the areas most closely connected to our products and services, and to create a business our stakeholders are proud of long into the future.

We do this in line with the Group's values – putting customers first, keeping it simple, and making a difference together – in order to be the best bank for customers. We know that proud colleagues will work harder for our customers, bringing greater returns for our shareholders.

Our responsible business strategy supports these Group-level ambitions by focusing on doing more in the areas where we can make the biggest difference across UK households, businesses and communities. We do this under the banner of Doing More, which reflects our journey to be recognised as a leader in responsible business.

### Our responsible business strategy

The responsible business strategy is aligned to our core business strategy – being the best bank for customers – and aims to put Lloyds Banking Group in a leadership position in the UK. We also want to stand out as a bank that is trusted and recognised in the community as helping Britain prosper.

To meet this goal, our responsible business strategy sets and delivers Group wide KPIs and targets.

### Further development of our responsible business targets

We currently monitor our responsible business progress and performance against these five pillars of responsible business:

- ▶ put customers at the heart of our business
- ▶ be a great company to work for
- ▶ invest in communities to help them prosper and grow
- ▶ work to continually reduce our environmental impact
- ▶ work responsibly with our external stakeholders

These pillars underpin the Codes of Responsibility, which guide how we operate as a business and define ethical behaviour among colleagues and suppliers.

In 2012 we refreshed our previous Code of Business Conduct with two new Codes, called the Code of Business Responsibility and the Code of Personal Responsibility. The Codes set common foundations for responsible behaviour across the Group, among colleagues and suppliers. The Codes of Responsibility take account of the material issues facing our business and hold us to high standards concerning our engagement with society and the environment.

However, we want to go further. During 2012, we have been working to create a 'responsible business scorecard' that will mark the bank against its responsible business targets. This ties in with the 'helping Britain prosper' metrics that we are developing which will assess, externally, how the bank is contributing to helping Britain prosper, across households, businesses and communities. Our 2013 Responsible Business report will include measures against these new metrics.

# DOING MORE FOR OUR CUSTOMERS

## CASE STUDY

Our Local Lend a Hand mortgage scheme partners with local councils to support first-time buyers and help get the housing market moving again. The partnership helps those who are struggling to raise the deposit needed to purchase a home. To date, more than 1,100 first-time buyers have bought a home, with almost £125m lent in mortgages.



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/customers](http://www.lloydsbankinggroup-cr.com/responsibility-report/customers)



HIGHLIGHT

**WE'VE COMMITTED TO LEND  
£6.5BN IN 2013 TO 60,000  
FIRST-TIME BUYERS**

Our vision as a business is to become the best bank for customers, which we believe can help Britain prosper and deliver strong, stable and sustainable returns for our shareholders. With over 30 million customers, we do more than many other banks to make a difference in the UK's households, businesses and communities. In line with what our customers tell us, we believe offering great service and products are central to how we define a responsible bank.

### How we are doing more for customers

In 2012, we worked hard to make banking more accessible. This resulted in an extension of mobile banking services; a commitment to longer branch opening hours; and providing better services to support financial inclusion.

We've invested heavily to improve our products and services, in line with our goals of creating a simpler and more agile organisation.

Supporting SMEs, social enterprises and larger businesses will also contribute to a prosperous UK economy.

### 2012 highlights

Our responsible business approach has led to us doing more for customers in 2012 by:

- ▶ supporting 120,000 new small and medium sized businesses to start up in 2012, helping a total of 350,000 businesses in three years
- ▶ adding mobile and voice recognition technologies to guide customer calls to the right services
- ▶ simplifying processes to make things more straightforward from a customer perspective
- ▶ making significant headway among our high street brands to achieve their highest ever NPS scores for customer satisfaction
- ▶ interviewing 50,000 customers a month as part of our customer insights activity
- ▶ deploying a rapid response vehicle service during severe flooding incidents to better support our insurance customers

### Doing more in 2013

Our vision challenges us to be the best bank for customers. In 2013, we've publicly committed to the following to make this happen:

- ▶ lend £6.5bn in 2013 to 60,000 first-time buyers
- ▶ reduce complaints to 1.0 complaints per 1,000 accounts (compared to 1.1 in the second half of 2012)
- ▶ help a further 100,000 new businesses start-up in 2013



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/customers](http://www.lloydsbankinggroup-cr.com/responsibility-report/customers)

# DOING MORE FOR OUR COLLEAGUES

## CASE STUDY

Footprints in the Snow is a colleague programme that showcases the path of the Group's most senior women, providing footprints and stepping stones for other women to follow and succeed. This programme is led by some of the Group's most senior female colleagues.



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/colleagues](http://www.lloydsbankinggroup-cr.com/responsibility-report/colleagues)



HIGHLIGHT

## ONE IN THREE COLLEAGUES REGISTERED TO VOLUNTEER IN 2012

Our colleagues do more to put customers first, to deliver a service that will make us the best bank for customers. We have around 90,000 colleagues across the bank and each of them plays an important role in building trust among our customers and the UK's communities.

### How we are doing more for colleagues

Our colleagues connect us to our customers. It's vital that we recognise and celebrate the contribution each can make to improve our business, and offer them the opportunity to grow and learn throughout their career.

In return, we need colleagues to help us uphold the highest standards, as set out in our Codes of Responsibility. Colleagues are also the impetus of our Sustainability Network, focused on reducing our environmental footprint. They are fundamental to our employee volunteering programme, which attracted around one in three of our people in 2012.

All of this helps colleagues to feel valued, recognise our purpose, and build pride in the bank.

### 2012 highlights

In 2012, we helped colleagues to do more by:

- ▶ increasing participation of volunteering to one in three colleagues, encouraged by our partnership with London 2012 Olympic and Paralympic Games
- ▶ giving 250 colleagues the opportunity to be an Olympic Torchbearer for London 2012
- ▶ establishing a taskforce on agile working, headed by the Group's Chairman, Sir Winfried Bischoff
- ▶ exceeding our commitment to meet the Lord Davies recommendation of 25 per cent female representation on the Board – with 27 per cent female representation
- ▶ delivering internal leadership development programmes for over 3,000 managers

### Doing more in 2013

We want to be the best bank for colleagues. We have committed to do more for colleagues in 2013 by:

- ▶ building a diverse and inclusive workforce
- ▶ remaining on target to achieve 1 million colleague volunteer hours by the end of 2015 (since 2011)
- ▶ expanding our National Apprenticeship Programme to 1,000 apprentices in 2013
- ▶ assessing 55,000 colleagues against the Chartered Banker Professional Standard for Bankers



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/colleagues](http://www.lloydsbankinggroup-cr.com/responsibility-report/colleagues)

# DOING MORE FOR OUR COMMUNITIES

## CASE STUDY

Blind or partially-sighted grandparents can now read much-loved stories to their grandchildren. Funding from our Social Entrepreneurs Programme enabled blind grandmother, Eileen Finch, to produce beautifully-made classic children's books for people with visual impairments and other disabilities.



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/communities](http://www.lloydsbankinggroup-cr.com/responsibility-report/communities)



HIGHLIGHT

**OUR WORK WITH COMMUNITIES SUPPORTS ACTIVITIES WITH OUTCOMES THAT RESULT IN EDUCATION, EMPLOYABILITY AND ENTERPRISE**

We are the UK's largest retail and commercial bank with 30 million customers and a network of branches across the UK. By doing more, we can make a long-term, positive contribution to UK communities, and help them to prosper. Our colleagues have skills and experience that can make a real difference to communities.

**Doing more for UK communities**

Our community involvement enables us to connect to our customers and inspires our colleagues.

Our work with communities supports activities with outcomes that result in education, employability and enterprise. We can help communities with the skills of our colleagues and the bank.

Our community involvement is shared by the enthusiasm of our colleagues. For one day each year, every colleague can volunteer for an organisation in their local community.



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/communities](http://www.lloydsbankinggroup-cr.com/responsibility-report/communities)

**2012 highlights**

In 2012, we made a difference to the UK's communities in the areas of education, employability and enterprise by:

- ▶ investing £85m<sup>✓</sup> in communities across the UK
- ▶ training 1,400 people to run money management sessions through our Money for Life programme, backed by an £8m investment between 2009 and 2014
- ▶ offering 90 students places on our award-winning Lloyds Scholars programme that partners with leading UK universities, supported by our £1.6m investment
- ▶ seconding 60 senior managers from the Group over three years to Business in the Community (BITC)'s Business Connectors programme

**Doing more in 2013**

In 2013, we want to do more to help Britain's communities prosper. We've set the ambition to:

- ▶ raise £2m among colleagues for our Charity of the Year partner, the Alzheimers Society and Alzheimer Scotland's Live Well Campaign, by the end of 2014
- ▶ place 20 senior managers from the Group in BITC's Business Connectors programme in 2013
- ▶ train a further 1,400 people to run money management sessions with Money for Life and deliver 1,500 money management workshops to vulnerable families
- ▶ help over 1,300 social enterprises to start up between 2012 and 2017, under our School for Social Entrepreneurs programme

<sup>✓</sup> Independently assured key performance indicators

# DOING MORE FOR THE ENVIRONMENT

## CASE STUDY

We closely considered the environmental impact of our newly built data centre. Its design achieved an 'Outstanding' BREEAM rating – the tool that sets standards for best practice in sustainable building design and construction. We have also included measures to reduce the ecological impact of the site.



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/environment](http://www.lloydsbankinggroup-cr.com/responsibility-report/environment)



HIGHLIGHT

**RANKED NINTH IN THE  
WORLD'S GREENEST BANK  
2012 BY BLOOMBERG –  
THE HIGHEST IN THE UK**

As a bank, we recognise the fact that financial and environmental security are intrinsically linked. A changing climate represents a risk to households, businesses and communities so, like many other businesses, we aim to tread lightly when it comes to our direct impacts and manage indirect environmental risks where they are presented to us.

### Doing more for the environment

We are in a position to play our part and influence other businesses to support the UK Government's goal of transitioning to a low-carbon economy. We do this through our membership of industry bodies such as the Corporate Leaders Group on Climate Change, and Cambridge Programme for Sustainability Leadership's Banking Environment Initiative.

We are also using our influence to do more for the environment – encouraging the large businesses in which we invest to reduce their carbon footprint; offering advice to small business customers on reducing their environmental impact; and incentivising people to buy new low carbon homes, by creating an exclusive mortgage product.

### 2012 highlights

In 2012, we continued to do more to reduce our own environmental impact:

- ▶ reducing our reportable CO<sub>2</sub> emissions across the bank by around 9 per cent, including emissions from data centres
- ▶ increasing the amount of operational waste diverted from landfill to 94 per cent – reaching our 2020 target of 92 per cent, eight years early
- ▶ achieving our Business Travel reduction target for 2020 by reducing our business travel by over 25 per cent against the Oct 09 – Sept 10 reporting period
- ▶ engaging colleagues through our Sustainability network – around 1,000 participating members

### Doing more in 2013

Reducing our environmental impact is a continuous process and many of our goals will extend for more than a year. In 2013 we aim to:

- ▶ remain on track to achieve our 30 per cent energy usage reduction by 2020 as part of our Environmental Action Plan
- ▶ undertake research in partnership with the property sector to further incentivise people to buy low energy homes
- ▶ involve our key suppliers in learning and collaboration to further reduce our environmental impact



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/environment](http://www.lloydsbankinggroup-cr.com/responsibility-report/environment)

# DOING MORE FOR OUR STAKEHOLDERS

## CASE STUDY

Our Group Ambassadors for the Nations and Regions provide leadership on the Group's activities across the UK, particularly in terms of engaging key local MPs, Local Authorities and business stakeholders to benefit local communities.



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/stakeholders](http://www.lloydsbankinggroup-cr.com/responsibility-report/stakeholders)

HIGHLIGHT

## MONTHLY BEST-PRACTICE FORUMS HELD FOR OVER 200 COLLEAGUES, WHO MANAGE THE DAY-TO-DAY RELATIONSHIP WITH SUPPLIERS

Building trusting and lasting relationships with our stakeholders is central to the success of our business. Working responsibly with our stakeholders is one of the five pillars of responsible business. Maintaining these good relationships will help us to become the best bank for customers.

### Doing more with our stakeholders

We operate in a constantly changing market and economic climate, and sometimes need to look outside the bank to address challenges. We need to consult with stakeholders, as experts in their area, to give us insight about the market and to critique our approach. Equally, we share our views on how we see the sector moving and changing in the future.

Across the Group, we consult and collaborate with suppliers, trade unions and others, such as industry bodies. These relationships are managed at many levels, by the business area best suited to listen and respond to their needs.

It is imperative that we work effectively and directly with the UK Government and parliamentarians to address the serious issues around the evolution of banking regulation.

### 2012 highlights

In 2012, we developed several new relationships that progressed our responsible business work. Some highlights from across the bank included:

- ▶ creating an independent stakeholder panel to shape our Responsible Business report and provide assurance\*
- ▶ undertaking a review of our supply chain to explore further opportunities to embed responsible behaviours
- ▶ becoming the first participant in the UK Government – Funding for Lending Scheme
- ▶ sending a monthly economic insights report to all MPs

### Doing more in 2013

We aim to continue to build trusting and lasting relationships with our stakeholders in 2013. We have committed to:

- ▶ involving more suppliers in our responsible business approach
- ▶ collaborating further with government and industry bodies on our responsible business approach
- ▶ meeting with investors on responsible business issues



FTSE4Good



Discover more at [www.lloydsbankinggroup-cr.com/responsibility-report/stakeholders](http://www.lloydsbankinggroup-cr.com/responsibility-report/stakeholders)

\* The Stakeholder panel assurance statement is available online [www.lloydsbankinggroup-cr.com/downloads/stakeholderpanel](http://www.lloydsbankinggroup-cr.com/downloads/stakeholderpanel)



# WHAT HAPPENS NEXT?

We want to be recognised as a responsible business leader going forward. It is a journey for us and 2012 was a year where our responsible business approach resonated more clearly inside the business.

But there is more to be done. We've been working on new measures that will explicitly connect responsible business with our business strategy. In 2013, a new 'responsible business internal scorecard' will set objectives and measures to track our progress.

We also want to show how we're contributing to the broader economy of the UK. We've been developing new metrics for 2013 to demonstrate how our responsible business work is helping Britain prosper.

Our vision is to do more to add societal value in the areas most closely connected to our products and services. Working responsibly underpins our purpose as a business; it will create a business our stakeholders are proud of, long into the future.

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*We make a positive difference by assisting the UK's households, businesses and communities – which in turn means we're helping Britain prosper.*

**Sir Winfried Bischoff**  
Chairman,  
Lloyds Banking Group



Contact us:

[responsible.business@lloydsbanking.com](mailto:responsible.business@lloydsbanking.com)

Alternative formats available on request.

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