



OUR IMPACT

BEING A RESPONSIBLE BUSINESS

Lloyds Banking Group
Responsible Business
Update 2019



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Helping the transition to a sustainable low carbon economy



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Overview

About us

We are a financial services group with 26 million customers and a presence in nearly every community. Our main business activities are retail and commercial banking, general insurance and long-term savings, provided under recognised brands including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows. Our shares are quoted on the London and New York Stock Exchanges and we are one of the largest companies in the FTSE100 index. Our purpose is to Help Britain Prosper.

About this report

This report outlines the performance of our key responsible business activity. It covers the period from January to December 2019 but, where relevant, also refers to activities and events before and after this period. Its contents are aligned to our Group Strategy and our Helping Britain Prosper Plan, as well as responding to topics highlighted as important by our stakeholders in our 2019 materiality assessment. It also contains information that we consider relevant to our performance as a responsible business or that meets the requirements of external benchmarks and frameworks.

We're actively supporting the low carbon economy, and aim to help reduce the emissions we finance by more than 50% by 2030.

We are transforming our own business with 100% of our UK power needs from certified renewable sources, and our £2 billion Clean Growth Finance Initiative is helping businesses reduce their environmental impact.

We've also lent over £13 billion to first time buyers, helped over 100,000 new business start up and trained over 700,000 people, businesses and charities to improve their digital skills.



Overview continued

Since 2018 we supported renewable energy projects that power the equivalent of

5.1 million
homes

In 2019 we lent
£13.8 billion
to first time buyers across the UK

Increased net lending to start ups,
SMEs and Mid Market customers to
£3.4 billion
since 2018

£37 billion

open book assets under administration for saving and investment customers since 2018

More than
246,000

hours volunteered by colleagues in 2019

£50.8 million

donated to help communities in 2019

Supported over
2,900

charities through our Foundations in 2019

36.8%

of senior roles were held by women in 2019

Exceeded our 2020 target delivering

10.2%

of roles held by BAME colleagues



Being a responsible business

With the Group's unique position at the heart of the British economy, we have been Helping Britain Prosper for the past 250 years, by delivering for our customers and communities as a responsible, sustainable and inclusive business.

Our approach to responsible business ensures that colleagues are equipped to make the right decisions supported by our values-based culture, and the way we embed responsible business through our policies, processes and training.



We embrace our economic, social and environmental responsibilities to Help Britain Prosper by operating as a responsible, sustainable and inclusive Group.

Sara Weller

Non-Executive Director and Chair,
Responsible Business Committee

Responsible governance and accountability

Creating and sustaining our values-based culture with good governance is crucial to ensuring engaged, well-informed colleagues who can effectively deliver our strategy. Our rigorous internal governance and controls, comprising numerous policies and standards ensure that we treat all stakeholders fairly, while minimising risk.

Our Board-level Responsible Business Committee (RBC) oversees the Group's performance as a responsible business, and delivery of our sustainability strategy. Both the Board and RBC are supported by the Group Executive Committee, which is in turn supported by a dedicated Sustainability Committee.

UN Principles for Responsible Banking

In September 2019 the United Nations Environment Programme Finance Initiative (UNEP FI) launched the Principles for Responsible Banking. Lloyds Banking Group is a founding signatory of the Principles, joining banks from around the world to build a more sustainable future.

We recognise that change is happening. Our economies are becoming greener and the Principles provide a single framework that embeds sustainability at strategic, portfolio and transactional

levels across all business areas. To continue our role in the UK economy in the 21st century, Lloyds Banking Group will show how it is meeting society's changing needs and demands by aligning our actions to those Principles.

In our 2020 Annual Report and Accounts, Lloyds Banking Group will publish its initial assessment and action plan against the Principles. This work further supports our efforts to be part of a responsible banking industry integral to serving an inclusive society that uses its natural resources sustainably. We want our products, services and relationships to support and accelerate the changes

needed in our economies and lifestyles to achieve shared prosperity for both current and future generations.

Founding Signatory of:



PRINCIPLES FOR RESPONSIBLE BANKING

 Visit the UN pages [here](#)

Protecting our customers' finances and data

Customers trust us to keep their money and data safe, and the Group deploys sophisticated technology to protect both. In addition, we play a significant role in the Joint Fraud Taskforce, a collaboration between Government and industry, and champion the Banking Protocol, which enables colleagues to request immediate police support for at risk customers.

The Group also works continuously to bolster defences against cyber attacks, paying particular attention to reducing the risks that vulnerable people face.

We have played a leading role in the development of the Authorised Push Payment Scams Voluntary Code via the Industry Steering Committee. Following its implementation we continue to support future developments via the newly established Industry Advisory Panel. We also meet requirements set out in the EU General Data Protection Regulation that came into force in May 2018.

We are a founding member of the Financial Services Cyber Collaboration Centre, working with the Government's National Cyber Crime Centre, and the Cross Market Operational Resilience Group. We also work closely with other

banks recognising the importance of collaboration when it comes to security, including as part of the Cyber Defence Alliance (CDA).

While there's much we can do, customers play a significant role in keeping their accounts secure. Public awareness campaigns are therefore crucial, and we support the 'Take Five' campaign, while also training colleagues so that they can help protect our customers.

Understanding the issues that matter to our stakeholders

Engaging with stakeholders is fundamental to ensuring we continue to support the economic, social and environmental challenges the UK faces. It enables us to understand their issues and expectations of the Group.

We engage with stakeholders in many different ways during our regular business activities, in face-to-face meetings about specific issues such as regulation or financial performance, and increasingly through new media, such as digital broadcasts.

We also run a dedicated responsible business materiality assessment every year to help us shape our corporate reporting and inform our strategic thinking. This year we used insight from key stakeholders including colleagues, customers, investors, commercial organisations, industry bodies, special interest groups and key opinion formers.

Our approach to materiality

Good practice materiality assessment comprises four stages: issue identification, prioritisation, validation and review. Through this process a wide range of issues relating directly to environmental, social and governance (ESG) impacts were identified.

These were informed by our Group strategic priorities, dedicated insight sources from established surveying organisations including Ipsos Mori and YouGov, as well as internal colleague surveys and a wide ranging analysis of the financial sector.

Additionally, in depth interviews with key stakeholders were held. They were invited to rank key issues as well as tell us what mattered to them, and how we were tackling those issues, both good and bad. This year we also updated and improved our scoring calculation process. Issues and changes compared to last year were also logged and recorded.

1. Issue Identification

2. Prioritisation

3. Validation

4. Review

How materiality informs our reporting

The findings of the materiality assessment were discussed and validated internally. Our Responsible Business team, Investor Relations and our external advisers thoroughly reviewed the process and its outcomes. The categories and issues ranked as most material directly inform the Responsible Business content of our 2019 Annual Report and Accounts, and this Responsible Business Update.

Focus areas

Stakeholders identified a number of critical themes, which we address through our Helping Britain Prosper Plan. These include environmental sustainability (p. 09), digital skills (p. 23), support for homeowners (p. 17), savers (p. 18), and businesses (p. 19). Further topics highlighted by stakeholders, include support for colleagues (p. 6), customer privacy & data security (p. 4), and support for vulnerable customers (p. 22).



Further detail on all the material themes identified as part of our assessment can be found [here](#)

Supporting colleagues to do the right thing

Operating as a responsible business is only made possible by our people. All of our colleagues must be equipped to make the right decisions, and the Group makes that happen by consistently promoting and embedding our policies, processes and training. Each year as part of mandatory training colleagues review our Code of Responsibility, which outlines Group values and behaviours, and our Anti-Bribery Policy.

If our colleagues witness something inappropriate, they can report the matter to the Colleague Conduct Management Team, or make use of our independent and confidential whistleblowing service, Speak Up. This year, colleagues reported 451 concerns, of which 216 were formally investigated following triage, with 39 per cent of those investigations substantiated resulting in remedial action.

The Group understands that engagement is a two-way process, so each year we ask colleagues to share their views via our independently-run colleague survey, and participate in the annual Banking Standards Board Culture Assessment.

Behavioural Experiments

We are working to empower our colleagues; one example is our award winning Behavioural Experiments initiative, where colleagues test new ways of working that can lead to permanent process and policy changes, including those that improve customer satisfaction.

Behavioural Experiments empower colleagues to tackle everyday challenges in new ways without fear of negative consequences. They create a mindset shift, resulting in increased innovation, creativity and effective problem solving.

This approach is designed to speed up the adoption of our Group behaviours, and turn them into direct action, supporting our aspiration of being a values-led organisation.

Colleagues are becoming agents of positive change. Behavioural Experiments are helping to remove the fear of failure when colleagues try new ways of working. We have trained over 2,500 colleagues as Experiment Champions and estimate more than 20,000 colleagues are involved in experimenting with our Group behaviours.



Our Helping Britain Prosper Plan

Addressing some of the social, economic and environmental challenges facing the UK is the foundation of our Helping Britain Prosper Plan. The Plan takes us beyond business as usual, uniting the Group behind an inspiring set of objectives. It differentiates, unites and inspires our Group and colleagues to meet some bold commitments. During the last three years, we've made a positive difference for individuals, communities and businesses across Britain, but it's just one aspect of our all-encompassing responsible approach to banking.

How the Plan has developed

Launched in 2014 and reviewed annually, the Plan focuses on the areas where we believe we can make the biggest difference. In 2018, as part of its inclusion in the Group Balanced Scorecard, we set specific targets across seven key themes aligned to our three year strategy, including environmental sustainability.

Helping Britain Prosper Plan targets achieved

20/22

2019	20/22
2018	20/22
2017	21/22
2016	20/24
2015	27/28
2014	20/25



[View our Helping Britain Prosper Plan **here**](#)

Supporting the UN Sustainable Development Goals

Through both our Helping Britain Prosper Plan and wider responsible business activities, we're actively supporting the UN's sustainable development agenda, working towards the UN Sustainable Development Goals (SDGs).

The UN SDGs set out a global agenda for action to improve the wellbeing of present and future generations. Our Helping Britain Prosper Plan directly supports a number of the SDGs, and believe they provide a point of focus for our responsible business activities and a common reference point for building relationships with external partners who share our vision and values.

SUSTAINABLE DEVELOPMENT GOALS



[Learn more about the UN SDGs **here**](#)



Our Helping Britain Prosper Plan continued

	2018 Achieved	2019 Achieved	2020 Target	SDG Supported
Average number of homes that could be powered as a result of our support of UK renewable energy projects	2.6m	5.1m*	5m*	    
Amount of commercial real estate space we will fund to become more energy efficient with green loans	1.4m sq. ft.	17.4m sq. ft.*	5m sq. ft.*	 
Amount of lending committed to help people buy their first home	£12.4bn	£13.8bn	£30bn*	
Number of homes our Housing Growth Partnership has committed to build with SME builders	837	1,636	1,500*	
New funding support provided for the social housing sector	£4.1bn	£6.4bn*	£5.5bn*	
Growth in assets that we hold on behalf of customers in retirement and investment products	£7.4bn	£37.1bn*	£50bn*	
Increased amount of net lending to start up, SME and Mid Market businesses	£3.0bn	3.4bn*	£6bn*	 
Investment in the UK manufacturing sector through our financial support	£1.5bn	£2.6bn*	£3bn*	
Number of clients helped to export for the first time	6,247	11,117*	15,000*	
Number of businesses we will help to start up	124,182	233,290*	300,000*	

 View our Helping Britain Prosper Plan [here](#)

	2018 Achieved	2019 Achieved	2020 Target	SDG Supported
Number of charities we support as a result of our £100m commitment to the Group's independent charitable Foundations	3,113	2,929	2,500	 
Share of social bank accounts we support	33%	31.3%	1 in 4	
Annual commitment to Credit Unions for them to provide additional sustainable lending to their customers across the UK	£5.6m	£1m	–	
Number of colleague volunteering hours supporting community projects (minimum of 50% used to support skills-based activity such as mentoring)	235,201	246,603 (52%)	720,000* (50%)	
Amount raised by colleagues and communities for our charitable fundraising partners (including Matched Giving from the Group's independent charitable Foundations)	£3.8m	£2.3m	£6m*	
Number of Social Entrepreneurs supported through the Lloyds Bank and Bank of Scotland Social Entrepreneurs programme	236	246	700*	
Number of individuals, SMEs and charities trained in digital skills, including internet banking	700,232	738,504	1.8m*	 
Number of undergraduates from lower income households supported through our Lloyds Scholars Programme	138	139	405*	
Number of internal apprenticeship positions created within the Group that result in permanent employment	1,490	1,103	2,500*	
Number of manufacturing apprentices, graduates and engineers trained as a result of our £1m annual investment in the Lloyds Bank Advanced Manufacturing Training Centre	354	915*	750*	
Percentage of senior roles to be held by women	35.3%	36.8%	40%	
Percentage of roles held by Black, Asian and Minority Ethnic colleagues	9.5%	10.2%	10%	
Percentage of senior roles held by Black, Asian and Minority Ethnic colleagues	6.4%	6.7%	8%	

* Cumulative 2018 – 2020.

Helping the transition to a sustainable low carbon economy

The UK is committed to the vision of a sustainable, low carbon future. Our unique position within the UK economy means that the successful transition to a more sustainable, low carbon economy is of strategic importance to us.

We support the aims of the 2015 Paris Agreement and the UK Government's Clean Growth Strategy, which will require a radical reinvention of the ways of working, living and doing business including new Government policies and sustainable finance solutions.

In 2018 we set out our Sustainability Strategy and when reporting on our progress, we support the Taskforce on Climate-Related Financial Disclosure (TCFD) framework, and currently plan to achieve full disclosure by 2022 in line with the TCFD recommendations and the UK Government's Green Finance Strategy.

Our goal and approach

As a signal of our commitment we have set an ambitious goal, working with customers, Government and the market to help reduce the emissions we finance by more than 50 per cent by 2030, supporting the UK's ambition to be net zero by 2050 and the 2015 Paris Agreement. During the course of 2020, we intend to conduct a review of our portfolio to establish our current financed emissions and set appropriate metrics and targets for material sectors.

In order to meet our goal, we will:

- ➊ Identify new opportunities to support our customers and clients and finance the UK transition to a low carbon economy
- ➋ Identify and manage material sustainability and climate related risks across the Group, disclosing these, their impacts on the Group and its financial planning processes, in line with the TCFD framework
- ➌ Use our scale and reach to help drive progress towards a sustainable and resilient UK economy through engagement with customers, communities, industry, Government, investors, and suppliers
- ➍ Embed sustainability into the way we do business and manage our own operations in a more sustainable way

OUR STRATEGY

Our ambition

We have set ourselves seven leadership ambitions to support the UK's transition to a sustainable future:

Business: become a leading UK commercial bank for sustainable growth, supporting our clients to transition to sustainable business models and operations, and to pursue new clean growth opportunities

Homes: be a leading UK provider of customer support on energy efficient, sustainable homes

Vehicles: be a leading UK provider of low emission/green vehicle fleets

Pensions & investments: be a leading UK pension provider that offers our customers and colleagues sustainable investment choices, and challenge the companies we invest in to behave more sustainably and responsibly

Insurance: be a leading UK insurer in improving the resilience of customers' lives against extreme weather caused by climate change

Green bonds: be a leading UK bank in the green/sustainable bonds market

Our own footprint: be a leading UK bank in reducing our own carbon footprint and challenging our suppliers to ensure our own consumption of resources, goods and services is sustainable



Helping the transition to a sustainable low carbon economy continued

How we are delivering against our ambitions

In 2019, we have focused on developing new products, services and processes to achieve our ambitions, and our progress has been recognised.

- ➊ Lloyds Banking Group achieved the Leadership level in the 2019 Carbon Disclosure Project (CDP) Climate Change survey, scoring an A minus; the highest placed financial services firm on the Fortune Sustainability All Stars list; and won the Real Estate Capital Sustainable Finance Provider of the Year
- ➋ One in 14 electric cars in the UK was supplied by Group subsidiary Lex Autolease in 2019, supported by a £1 million cashback offer on pure electric vehicle (EV) orders, reducing future carbon dioxide emissions by an estimated 28 kilotonnes
- ➌ We continue to partner with the Cambridge Institute for Sustainability Leadership to provide high quality training to executives and colleagues in risk management, product development and client facing roles. In 2019, over 800 colleagues were trained, ensuring they are able to support clients on this journey
- ➍ Since 2018 the Group has supported renewable energy projects that power the equivalent of 5.1 million homes, achieving our Helping Britain Prosper Plan 2020 target a year early

Evolving our disclosure

In 2020, we will continue to review and enhance our methodologies and framework for reporting Environmental, Social and Governance risks. This review will take into account a range of industry guidelines including TCFD, Principles for Responsible Banking, Sustainability Accounting Standards Board (SASB), the World Economic Forum (WEF) ESG standards, and regulatory reporting requirements with a view to further enhancing our disclosures and responding to the evolving needs of both our shareholders and other stakeholders.

£2.3 billion Greenfield Offshore Wind Farm

In November, Lloyds Banking Group provided funding and risk management services to the £2.3bn Neart na Gaoithe (Strength of the Wind) Offshore Wind Farm by a consortium of EDF Energy Renewables and ESB Group. Located 15km off the coast of Fife, with the potential to power c. 375,000 Scottish homes and offsetting 400,000 tonnes of CO₂ emissions annually.



Helping the transition to a sustainable low carbon economy continued

Clean Growth in the fashion industry

Teemill Tech, a sustainable t-shirt manufacturer, bought a 15,000 square feet site to expand its operations with support from Lloyds Bank's Clean Growth Finance Initiative. Their renewable energy-powered factory on the Isle of Wight uses robotics and AI, creating efficiencies that make sustainability affordable. Their expansion will increase capacity tenfold, creating 100 new jobs over the next three years.

 Find out more about financing a green future together [here](#)



Teemill Tech is an ambitious firm, which operates with sustainability at its core. The rapid growth of Teemill's customer base speaks for itself, with customers across the UK valuing the quality of its products.

Ben Mackett
Relationship Manager at Lloyds Bank

Helping the transition to a sustainable low carbon economy continued

Initiatives and collaboration

Climate change is a global challenge that requires collaboration across companies and industries to ensure the risks and opportunities can be adequately identified and managed. To support this, we participate in several industry initiatives and have signed up to key principles that drive action on climate change and sustainability, including:

• **United Nations Environment Programme Finance Initiative (UNEP FI):** We became a member of UNEP FI in 2019, and joined its Phase 2 Banking TCFD Pilot. We also became a signatory to the Principles for Responsible Banking and Principles for Sustainable Insurance

• **Coalition for Climate Resilient Investment:** In September 2019, we joined this newly formed coalition that aims to transform infrastructure investment by integrating climate risks into decision making

• **University of Cambridge Banking Environment Initiative (BEI) – Bank 2030:** We have been working with 12 leading banks to develop a roadmap for how the industry can direct capital towards environmentally and socially sustainable economic development

• **The Climate Group:** In 2019, we were one of only a handful of businesses globally to sign up to all three of The Climate Group's campaigns:
 RE100 – a commitment to source 100 per cent of our energy from renewable sources by 2030 (which we achieved in 2018);
 EP100 – a commitment to set ambitious energy productivity targets by 2030;
 EV100 – a commitment to accelerate the transition to Electric Vehicles by 2030

• **Climate Financial Risk Forum:** In 2019, we joined the PRA and FCA's joint Climate Financial Risk Forum, participating in the Risk Management Working Group that aims to deliver a UK best practice handbook on implementation of the TCFD recommendations

Supporting sustainable finance for the long term

Yorkshire Water has established a sustainable finance framework, published in January 2019, to finance its existing operations and continued investment in projects that have a positive green and social impact.

In October 2019, supported by Lloyds Banking Group, Yorkshire Water issued £400 million of sustainability bonds under this framework, including a £300 million seven year new issue and £100 million tap of the company's existing 2041 bond.



Yorkshire Water are responsible for providing one of society's most essential services, the treatment and supply of water and waste water. The company supplies c. 1.3 billion litres of drinking water a day to over 5 million consumers, as well as employing over 3,000 people across the region, making it one of Yorkshire's largest employers.

As custodians of this critical infrastructure and the natural environment, sustainability is at the heart of Yorkshire Water's operations. This includes a number of public interest commitments, such as achieving net zero carbon emissions by 2030 and preventing the equivalent of four billion plastic bottles ending up as waste.

Helping the transition to a sustainable low carbon economy continued

Governance

Given the strategic importance of our sustainability ambitions, our governance structure provides clear oversight and ownership of the sustainability strategy. This includes:

- ➊ The Responsible Business Committee (RBC), a sub-committee of the Board, chaired by Sara Weller, Group Non-Executive Director and includes the Chairman, Lord Blackwell as a member
- ➋ The Group Executive Sustainability Committee (GESC), provides oversight and recommends decisions to the Group Executive Committee (GEC)
- ➌ The TCFD Working Group, co-chaired by senior executives in risk and sustainability, coordinates the implementation of the TCFD recommendations and supports adherence to key regulatory requirements on climate risk
- ➍ The Group Chief Risk Officer (CRO) has assumed responsibility for identifying and managing the risks arising from climate change, alongside the CROs for the Group's key legal entities

Our Group Sustainability team is supported by divisional sustainability governance forums led by Divisional Managing Directors, ensuring a coordinated approach to oversight, delivery and reporting of the Group's sustainability strategy.



Risk management

Climate risk is a key emerging risk for the Group. Our approach to identifying and managing climate risk is founded on embedding it into our existing risk management framework, and integrating it through policies, authorities and risk control mechanisms. During 2019, we updated our TCFD implementation plan to incorporate Prudential Regulatory Authority (PRA) supervisory expectations and refine deliverables, with further resource invested in the programme.

In 2019, we included commentary on climate change risk within our Internal Capital Capacity Adequacy Assessment Process (ICAAP) submission, and in 2020 we are building on this through our analysis of initial scenarios to assess the impact on capital requirements. We are also engaged in the industry response to the Bank of England Discussion Paper to identify the best approach to explore the financial risks posed by climate change within its 2021 Biennial Exploratory Scenario (BES).

We have updated our external sector statements to include positions on six new sectors including manufacturing, automotive, agriculture, animal welfare, fisheries and UNESCO World Heritage Sites. This is in addition to the existing statements on power, coal, mining, oil and gas, forestry and defence. Our statement on coal has been updated and made more ambitious. We continue with our policy of not financing new coal fired power stations. We have now tightened our requirements for providing general banking or funding, and now require new clients to have less than 30 per cent of their revenue from the operation of coal fired power stations and/or coal mines (previously less than 50 per cent).

In addition, existing customers whose overall operations include coal mining and coal power generation or who supply equipment or services to the sector will be expected to explain how they plan to reduce their reliance on revenue from coal fired power stations and/or coal mines. This includes reducing such revenue to less than 30 per cent by 2025 and, where relevant, to eliminate UK coal power generation in line with UK Government commitments.

Sustainability is now a mandatory part of credit applications in Commercial Banking for facilities greater than £500,000, and we continue to develop sector specific guidance to help relationship managers identify climate risks. We will review climate risk as part of the 2020 annual refresh of the Group's Risk Appetite.

In line with TCFD, we are also developing forward looking scenario analysis, incorporating physical and transition risks, to help us identify risks and opportunities over the short, medium and long-term. For example, Commercial Banking are conducting analysis on the real estate sector for business as usual and low carbon transition scenarios, and our Insurance business has conducted an initial climate stress test. We are working with external consultants to enhance scenario analysis across our divisions and will use the outputs to support our scenario analysis assessments and inform our credit risk appetite decisions and future disclosures.



View our sector statements online [here](#)

Helping the transition to a sustainable low carbon economy continued

Metrics and targets

In 2018 we committed to develop a reporting framework to track performance against our sustainability strategy. This includes measures for: our own energy, emissions, water and waste; Group and portfolio metrics that drive emission reductions related to our financing activity; the amount of green finance we provide; and metrics that track climate change risk (including exposure to high carbon sectors and sectors at high risk from climate change).

The complexity of accessing robust data has prevented us from setting a full suite of targets in 2019, however we will set appropriate targets during 2020 for material sectors. Our new goal to help reduce the emissions we finance by more than 50 per cent by 2030 will frame the level of ambition across our targets and metrics.

Extending our own carbon footprint measurement

We met our 2030 carbon reduction target in 2019, having reduced emissions by 63 per cent since 2009. We also expanded our Scope 3 emissions measurement to include additional categories of emissions from business travel and colleague commuting. We continue to pursue our targets to reduce emissions by 80 per cent by 2050, operational waste by

80 per cent by 2025 (compared to 2014/15) and water consumption by 40 per cent by 2030 (compared to 2009). We will be developing new carbon, energy and travel targets in 2020.

Green Finance

We have provided more than £4.9 billion in green finance since 2016 through our Clean Growth Finance Initiative, Commercial Real Estate Green Loans Initiative, Renewable Energy Financing, and green bonds facilitation. While green loan standards are evolving, we have teamed up with leading sustainability consultants when developing green finance products to determine a list of qualifying green criteria. These green finance products support a range of eligible product activity including; reducing emissions, improving energy efficiency, reducing waste, improving water efficiency, and funding low carbon transport and renewable energy.

Climate risk sectors

In line with TCFD recommendations, we have identified our loans and advances to customers in high carbon sectors and key sectors that will be exposed to transition risk (see table). This is our initial view and will be reviewed as our transition risk insight develops. We continue to work with our customers to support transition, taking into account both risks and opportunities.

Our exposure to high carbon sectors is low (less than 0.5 per cent of total loans and advances to customers). In addition, data for these loans and advances is presented at an overall sector level and not all customers in these sectors will have high emissions or be exposed to significant transition risks. For example:

- ➊ Utilities includes financing to entities that have both renewable energy and non-renewable energy generation. We have provided finance for more than 40 renewable energy projects;
- ➋ Real estate and mortgages will include loans and advances supported by assets which have a full range of Energy Performance Certificate (EPC) ratings including energy efficient properties; and
- ➌ UK motor finance includes loans and advances for low emission vehicles.

>50% by 2030

We aim to help reduce the emissions we finance by over 50 per cent by 2030



Read more on emissions data on page 97 of the 2019 Annual Report [here](#)

Sector/area ¹	Loans and advances to customers (£m) ²		% of total loans and advances ³	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Energy	21	28	<0.01%	<0.01%
	Oil and Gas	1,368	975	0.27%
Utilities (Electric and Gas)	964	1,251	0.19%	0.26%
Total	2,353	2,254	0.47%	0.46%
Agriculture, Forestry & Fishing	7,558	7,314	1.52%	1.50%
Construction & Real Estate	28,228	29,470	5.67%	6.04%
Transportation (Automotive, Aviation, Shipping and Rail)	4,353	5,429	0.87%	1.11%
Cement, Chemicals & Steel Manufacture	143	250	0.03%	0.05%
Mortgages	299,141	297,497	60.05%	60.96%
UK Motor Finance	15,976	14,933	3.21%	3.06%

1. Exposures are based on 2007 Standard Industrial Classification codes except for Agriculture, Forestry and Fishing (based on NACE code A00-0) and Mortgages and UK Motor Finance, where the full portfolios have been used. These exposures will include green and other sustainable finance loans, which support the transition to the low carbon economy. As such, these figures and/or trends should not be read as the only measure to gauge transition risk or financed emissions.

2. Disclosures are based on loans and advances to customers on a statutory basis, before allowance for impairment losses. Analysis covers at least 95 per cent of loans and advances and does not include data from the Insurance and Wealth division.

3. Total loan and advances to customers were £488,088 million at 31 December 2018 and £498,247 million at 31 December 2019.

Helping the transition to a sustainable low carbon economy continued

Greenhouse gas emissions

The Group has voluntarily reported greenhouse gas emissions and environmental performance since 2009, and since 2013 this has been reported in line with the requirements of the Companies Act 2006.

Our total emissions, in tonnes of CO₂ equivalent, are reported in the table opposite.

Methodology

The Group follows the principles of the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard to calculate our Scope 1, 2 and 3 emissions from our worldwide operations. The reporting period is 1 October 2018 to 30 September 2019, which is different to that of our 2019 Annual Report & Accounts report (January to December 2019). This is in line with Regulations in that the majority of the emissions reporting year falls within the period of the 2019 Annual Report & Accounts. Emissions are reported based on an operational boundary.

Reported Scope 1 emissions cover emissions generated from gas and oil used in buildings, emissions from UK company owned vehicles used for business travel and emissions from the use of air conditioning and chiller/refrigerant plant.

Reported Scope 2 emissions cover emissions generated from the use of electricity, calculated using both the location and market based methodologies.

Reported Scope 3 emissions relate to business travel and commuting undertaken by colleagues and emissions associated with waste and the extraction and distribution of each of our energy sources – electricity, gas and oil. In 2019 we have expanded Scope 3 emissions as part of our sustainability strategy to increase transparency of reporting of our carbon footprint, and to drive reductions in additional categories of emissions – these include Waste Emissions, Upstream Business Travel (the well to tank emissions of rail, air, road vehicles, and hired vehicles); Hotels; Commuting; Tube; Taxis.

 A detailed definition of these emissions can be found in our 2019 Reporting Criteria online [here](#)

Intensity ratio – legacy	Oct 2018-Sept 2019	Oct 2017-Sept 2018	Oct 2016-Sept 2017
GHG emissions (CO ₂ e) per £m of underlying income (Location Based)*	11.5	13.0	15.5
GHG emissions (CO ₂ e) per £m of underlying income (Market Based)*	5.6	6.2	16.4
Intensity ratio – expanded	Oct 2018-Sept 2019	Oct 2017-Sept 2018	Oct 2016-Sept 2017
GHG emissions (CO ₂ e) per £m of underlying income (Market Based) expanded scope**	15.8	17.3	–
GHG emissions (CO ₂ e) per £m of underlying income (Location Based) expanded scope**	9.9	10.5	–

* Intensities have been restated for 2016-2017 and 2017-2018 to reflect changes to emissions data only, replacing estimated data with actuals; underlying income figures for those years have not changed.

** Scope 3 emissions have been expanded to include additional elements within the Group's own operations including emissions from waste, colleague commuting and additional elements of business travel (including taxis, tube, well to tank emissions of business travel and hotels). We have disclosed these figures parallel to legacy scope numbers to allow fairer comparison to numbers previously disclosed and to demonstrate performance versus our previous targets.

Helping the transition to a sustainable low carbon economy continued

CO ₂ E tonnes – Expanded scope	Oct 2018-Sept 2019	Oct 2017-Sept 2018 ¹	Oct 2016-Sept 2017 ¹
Total CO ₂ e (market based)	179,324	197,484	N/A
Total CO ₂ e (location based)	286,051	324,816	N/A
Total Scope 1	47,524	49,299	51,935
Total Scope 2 (market based)	387	1,951	178,711
Total Scope 2 (location based)	107,113	129,284	162,598
Total Scope 3 ²	131,414	146,233	N/A

CO ₂ E tonnes – Legacy scope	Oct 2018-Sept 2019	Oct 2017-Sept 2018 ¹	Oct 2016-Sept 2017 ¹
Total CO ₂ e (market based)	101,042	115,961	303,065
Total CO ₂ e (location based)	207,768	243,293	286,892
Total Scope 3 ²	53,131	64,710	72,876

1. Restated 2018/2017 and 2017/2016 emissions data to improve the accuracy of reporting, using actual data to replace estimates. Emissions in tonnes CO₂e in line with the GHG Protocol Corporate Standard (2004) including revised Scope 2 guidance (2015) which discloses a Market Based figure in addition to the Location Based figure.

The measure and reporting criteria for Scope 1, 2, 3 emissions is provided in the Lloyds Banking Group Reporting Criteria available online [here](#)

Scope 1 emissions include mobile and stationary combustion of fuel and operation of facilities.

Scope 2 emissions have been calculated in accordance with GHG Protocol guidelines, in both Location and Market Based methodologies.

2. Scope 3 emissions have been expanded to include additional elements within the Group's own operations including emissions from waste, colleague commuting and additional elements of business travel (including taxis, tube, well to tank emissions of business travel and hotels). We have also disclosed legacy scope numbers to allow fairer comparison to numbers previously disclosed and to demonstrate performance versus our previous targets.

This year, our overall location based carbon emissions were 207,768 tCO₂e; a 14.6 per cent decrease since 2018 and 63.1 per cent against our 2009 baseline (legacy scope). Reductions achieved are attributable to an extensive energy optimisation programme and reductions in business travel, alongside decarbonisation of the UK electricity grid. In addition, there has been a reduction in property footprint and headcount.

Our market based emissions figure is equal to 101,042 tCO₂e a comparative decrease of 12.9 per cent year on year and a 82.0 per cent decrease against 2009 baseline. Further reductions in market emissions are attributable to the purchase of renewable energy certificates for each of our operations outside of the UK equivalent to their consumption since January 2019. We continue to source solar, wind hydro and biomass Renewable Energy Guarantees of Origin (REGOs) equivalent to our total UK electricity consumption.

Indicator is subject to Limited ISAE 3000 (revised) and 3410 (ISAE 3410) assurance by Deloitte LLP for the 2019 Annual Responsible Business Reporting. Deloitte's 2019 Assurance Statement and the 2019 Reporting Criteria are available online [here](#)

Omissions

Emissions associated with joint ventures and investments are not included in this disclosure as they fall outside the scope of our operational boundary. The Group does not have any emissions associated with imported heat, steam or imported cooling and is not aware of any other material sources of omissions from our reporting.

Helping Britain get a home

As the largest lender to the UK housing sector, we are committed to supporting home ownership across the UK and we're working to make it an affordable reality for millions of people. Achieving our objective of Helping Britain get a home also requires support for home builders and social housing alongside individual customers.

We recognise that a lack of affordable housing can be a potential barrier to tackling social disadvantage. We have worked with over 200 housing associations across all nations and regions of the UK, and since 2018 we have provided more than £6.4 billion of new funding for the social housing sector, exceeding our 2020 target a year early.

We support UK house builders, large and small, helping them buy land and build new homes everyday. We also support their supply chain and their consumers, being the UK's leading mortgage provider to the new build market.

The house building sector is important to the Group and we provide backing for initiatives such as The Housing Growth Partnership, which provides help and mentoring to small and mid-sized house builders, who ultimately built 1,636 new homes across the UK since 2018.

In August 2019 Vanessa Murden, Retail Chief Operating Officer, was appointed as a board member of Homes England, the UK Government's housing accelerator for affordable housing.

We recognise the importance of buying a home in customers' lives and we are making that process as simple and easy as possible however people choose to engage with us. This year, we lent £13.8 billion to first time buyers and introduced the Lloyds Bank Lend a Hand and Halifax Family Boost mortgages. These make it easier for those with little or no savings to buy their first home.

Delivering affordable homes for everyone

LiveWest has ambitious plans to provide 7,000 new homes in the South West over the next five years and invest £2 billion in the regional economy over the next 10 years to alleviate the region's housing shortage. In September 2019 LiveWest issued a £250m bond. Lloyds Bank was delighted to support the LiveWest team in securing this finance package, underpinning its strategy of delivering much needed affordable homes.

LiveWest's Deputy Chief Executive Officer and Executive Director of Finance, Melvyn Garrett, said: "Our focus is very much on delivering

a substantial increase in the number of new affordable homes, delivering high quality services and ensuring that our financial and organisational resilience underpins our ambitious plans."

LiveWest owns and manages over 36,000 homes, offering homes for affordable rent, shared ownership and private sale. It reinvests profits to provide even more affordable homes. LiveWest's investment plans will sustain around 7,000 jobs in the building supply chain, protecting livelihoods and offering fresh opportunities. LiveWest employs over 1,400 people and has a strong track record of positive social impact.



Giving families a boost



In Peterlee, County Durham, a customer called into his local Halifax branch to enquire about the Family Boost scheme. Mr W was very reluctant to rent, as he wanted to make a home for him and his son following a family break up. After seeing an advert on social media, Mr W's brother had offered to help him, and get a good return on his savings.

Halifax Family Boost helps first time buyers without a deposit get onto the property ladder by using savings from family members to support the mortgage. Within 48 hours of applying, the customer secured a mortgage offer, meaning that now with the help of his brother, he has bought a home to put down roots in an area he wants his son to grow up in.

Helping people save for the future

We recognise the importance of savings to build financial resilience and to help tackle disadvantage. We want to make saving for the future as easy as possible and we continue to improve choice, flexibility and control for customers who are investing, saving or planning for retirement.

Our personal savings product range operates with transparent introductory pricing available to new and existing customers, with a single reversionary rate. All customers can upgrade their accounts online in one click when better products become available, and we have made it straightforward to switch to other providers if they choose to do so. We continue to enhance our range of children's savings accounts which make it easier to save for them than ever before.

Savings tools, including extending our Lloyds Bank Save the Change™ proposition to Halifax and Bank of Scotland customers, helps to build a savings habit and grow financial resilience, coupled with our renewed Halifax Savers Prize Draw which rewards customers for saving.

The introduction of open banking functionality to our digital channels has increased transparency for our customers and further improved customer choice. We have also combined pension and personal banking services on a single platform, removing complexity through the integration of customer journeys.

We are widening access to support our aging population, with more options to manage savings without having to visit a branch. Our third party mandate, which carers can use on customers' behalf, can be managed via a mobile phone. For those with speech impairments, our Next Generation Text service lets customers have a typed conversation with us. We offer alternative formats for individual customers that request them, and we are currently the only UK bank to offer EasyRead statements for our savings accounts, where customers can use pictures to support the meaning of the text.

In June Schroders Personal Wealth was launched creating a market leading wealth proposition that aims to tackle a growing need for professional financial advice as the number of people having to take responsibility for their financial future increases. We remain committed to responsible investment and the Group is a signatory to the Equator Principles and the UN Principles for Responsible Investment.

We are committed to expanding the options for customers approaching retirement, and in September Scottish Widows launched its standard annuity into the open market enabling a wider range of customers to access the product. Through significant investment in technology we are able to support customers looking to secure an income for life with their pension savings. It also introduces greater competition and demonstrates our ability to offer a solution to all customers in a market where others have exited.

Supporting Women and Retirement



In the 15th year of the Scottish Widows Women and Retirement report, looking at trends in retirement, we're now starting to see generational differences. Surveying men and women across the UK looking at savings levels and attitudes towards saving, we're able to track some real improvements as well as areas that continue to lag.

In 2019 we saw the highest level of women saving adequately for retirement, 57 per cent compared to 41 per cent fifteen years ago mainly due to the Government's policy of automatic enrolment. There has also been a 17 per cent increase in younger women aged 20 to 29 saving adequately for retirement,

also brought on by automatic enrolment and the subsequent step up in minimum contribution rates. However there are still some challenges, including the difference in gender pay gap flowing through into the gender pensions gap.

Even with 17 per cent of younger women saving more that's still around 25 per cent less than their male counterparts.

We also continue to see specific life events such as motherhood and divorce, significantly impact earnings and savings. This manifests itself in later life, where women over 50 continue to show the lowest levels of savings with actual pension pots around a third of men of equivalent age.

Scottish Widows continue to lobby Government on some of the areas that we think we need policy change, and we are also improving support to our customers at key stages to improve awareness. We've created a dedicated online resource, Women and Retirement, accessible by anyone, which gives real practical support and advice to women making important financial decisions at key life stages to improve their long term retirement outcomes.

 Read more about Women and Retirement [here](#)

Supporting businesses to start up and grow

Supporting businesses of all types and sizes is fundamental to Helping Britain Prosper. In 2019 small businesses and SMEs represent over 99 per cent of the business population, three fifths of employment and half of all turnover in the private sector.

Since 2018, we have helped over 233,000 businesses start up, increased net lending to start up, SME and Mid Market businesses, to £ 3.4 billion, and re-affirmed our commitment to the UK's manufacturing sector providing £2.6 billion of dedicated investment.

Our £2 billion Clean Growth Finance Initiative (CGFI), which aims to offer the most inclusive UK green funding in the commercial banking market, provides the incentive of discounted borrowing to all types of businesses that invest in reducing their environmental impact.

Since 2018, we helped over 17 million square feet of commercial real estate become more energy efficient, helping to reduce carbon and greenhouse gas emissions for core business processes, properties and infrastructure.

This year, we also built on our financial commitments, broadening our support for a range of issues that impact businesses every day. For example, we are giving SMEs access to information and support on mental health so that they can manage it more effectively, and we are proud to be the first financial partner of 'Be the Business', which offers funding, research and tools to help UK businesses measure and increase their productivity.

Reducing waste, creating growth

Company Shop Group is the largest commercial redistributor of surplus food and household products in the UK, enabling some of the biggest retailers, manufacturers, food service and logistics providers to unlock value from surplus, which may have otherwise gone to waste.

Supported by a £4.2 million funding package from the Lloyds Bank Clean Growth Financing Initiative (CGFI), Company Shop Group opened three new stores in 2019, handled over 75 million units, saved 25,179 tonnes of good food from going to waste and diversified into more non-food categories.

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Lloyds Bank plays a key role in helping us to expand and increase our positive commercial, social and environmental impact as we aim to handle more stock, open more stores and attract more members.

John Marren
Founder and Chairman of Company Shop Group

Supporting businesses to start up and grow continued

Helping a leading independent brewery boost production



A leading Welsh craft brewery is set to boost production at its Newport site after announcing plans to build a new 30,000 sq. ft. distribution centre.

Tiny Rebel Brewery has bought land opposite its current headquarters where it plans to move distribution operations. This will allow expansion of production at its main brewery, increasing capacity by seven times which equates to 12 million litres of beer annually.

As a result of the move to the new distribution centre, the company expects to achieve a turnover of £10 million and will be creating 25 new jobs to support its ongoing growth.

Since founding seven years ago, the business has gone from strength to strength. It now works with distributors and wholesalers in 36 countries across the globe and has recently started exporting to a number of new markets, including Korea and Japan.

Tackling social disadvantage across Britain

As one of the UK's largest corporate donors, we use our scale to reach millions of people and help tackle social disadvantage in communities across the UK.

In 2019 our total community investment was £50.8 million, which includes our colleagues' time, direct donations, and in kind giving.

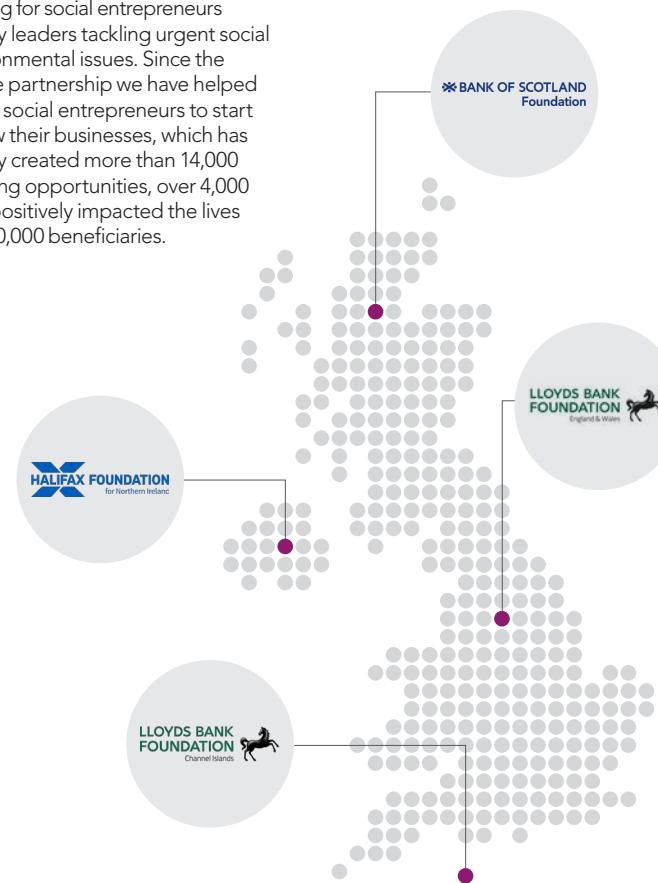
Our four independent charitable Foundations are fundamental to our vision of tackling social disadvantage.

They cover the whole of the UK and Channel Islands partnering with local charities to help people overcome complex social issues, and rebuild their lives.

Through receiving a share of the Group's profits annually, which in 2019 was £25.9 million, the Foundations were able to support 2,929 charities. In addition to funding we support through volunteering with colleagues across the UK active as mentors to charities supported by each of the Foundations.

This year, we ran a pilot with the Lloyds Bank Foundation for England and Wales to recruit some of our senior leaders as charity trustees and launched a Community Forum through which colleagues support charities. Through these initiatives, the Foundations help us better understand some of the social issues people may be facing and we use these insights to help shape effective responses.

This is the eighth year of our ten-year partnership with School for Social Entrepreneurs, which provides grants and training for social entrepreneurs and charity leaders tackling urgent social and environmental issues. Since the start of the partnership we have helped over 1,800 social entrepreneurs to start up or grow their businesses, which has collectively created more than 14,000 volunteering opportunities, over 4,000 jobs and positively impacted the lives of over 350,000 beneficiaries.



Looking to a brighter future



Angel Eyes NI is a small charity based in Belfast, which was set up in 2007 by parents of visually impaired children, who wanted to improve the support available to other parents in the same situation. The charity offers a range of services to families including an education service, Saturday club and advocacy work. The Halifax Foundation for Northern Ireland was one of the first funders of this charity, helping it to secure 5 Community Grants since 2014.

The charity's work is delivered through its 2 full-time and 2 part-time staff and 44 volunteers. Last year, they were one of 2 winners of the Foundation's 'Pitching 4 Pounds' programme which saw the charity successfully pitch for a grant of £15,000 to develop an innovative virtual reality app, which will help parents and professionals see the world through the eyes of a partially sighted child. In early 2019 Group chairman Lord Blackwell paid a personal visit to the charity to meet the staff and experience the developments for himself.

 Read more about our Foundations [here](#)

Supporting vulnerable customers

Vulnerability for our customers exists in many forms, from a specific life event to something long-term. That's why the Group is committed to raising awareness, fighting stigma and providing meaningful support across a range of challenging issues. Whether supporting our customers' financial worries following a cancer diagnosis, with our partners at Macmillan, or working with Hope for Justice to provide bank accounts for modern slavery survivors, the Group continues to create innovative solutions for our customers.

Another example is the development of a domestic and financial abuse team, our contribution to a very complex issue that can impact a wide range of our customers. The Group has also signed up to the Financial Abuse Code of Practice, and we signpost the free-to-download Bright Sky app, that provides comprehensive support to people affected by domestic abuse.

In 2019, we were the first bank to sign up to the Mental Health Accessibility Standards, supporting customers with mental health problems. For customers at risk of gambling related harm, we have enabled controls on all of our credit and debit cards, and built on our own internal controls to run a pilot in partnership with Gamban, that helps restrict access to gambling websites and applications worldwide to provide further assistance.

Giving more control where it's needed



Gambling related harm can have serious and long term impacts, and we are committed to making sure customers can easily access a wide range of support. In addition to card controls, our pilot with Gamban offers our customers three months free access to their software, providing another level of protection.

Elyn Corfield
Managing Director, Lloyds Banking Group

We recognise that gambling addiction is a complex problem. In 2019 we launched our gambling card freeze, allowing customers to put a block on debit or credit card transactions via our mobile app. We were the first UK bank to introduce this feature with a 'defrost' period on debit and credit cards, meaning customers must wait 48 hours to reverse their decision to freeze gambling transactions. We launched a pilot with Gamban offering customers access to 3 months free usage of gambling blocking software. We also provided specific training to colleagues to support customers, and signpost further help on our websites.

Building capability and digital skills

The UK's skills and productivity gap requires significant enhancements in capability including digital skills. To help make that happen, we are facilitating digital training for 1.8 million people by 2020, at the same time as investing in a range of apprenticeship schemes.

The digital skills gap

The 2019 Lloyds Bank Consumer Digital Index showed that more people than ever are digitally connected. Digital skills help individuals find a job, make progress in work, save money on bills, and reduce social isolation by connecting them to support services, as well as friends and family.

The 2019 Lloyds Bank Business Digital Index showed that digital benefits businesses and charities too. Digital marketing skills for businesses can open up growth opportunities, while cyber skills make them more secure. Nearly one third of charities recognise they can save around a day a week due to increased digital capability.

Not everyone, however, is enjoying the benefits that digital can bring. 11.9 million people do not have the essential digital skills for life, increasing to 17.3 million people lacking digital skills in the workplace. While the number of people who are digitally disengaged is dropping, it is forecast that 4.5 million people will remain disengaged by 2030.

Small businesses without essential digital skills are nearly two and a half times more likely to close in the next two years, than those with full digital skills.

The Group is part of the Department of Digital Culture Media and Sport's Digital Skills Partnership, working with organisations like Google, Be the Business and Tata Consultancy Services to deliver impactful solutions. The Group also helped found future.now – a coalition led by organisations such as the City of London, Accenture, BT and Nominet, with over 60 partners all seeking to close the digital divide.

 Read the full Lloyds Bank UK Consumer Digital Index 2019 [here](#)

 Read the full Lloyds Bank Business and Charity Digital Index 2019 [here](#)



Lloyds Bank Academy

The Group has developed the Lloyds Bank Academy to take on these challenges. Initially launched in Manchester in November 2018, the Academy teaches basic digital and workplace skills through online and face-to-face courses.

In November 2019 we launched the Bristol Academy, providing additional support for start ups and SMEs. Working with a range of partner organisations, including our charitable Foundations, academia, industry and government, the Academy has taught hundreds of learners, across a range of subjects.

In addition, over 20,000 Lloyds Banking Group colleagues have volunteered to become 'Digital Champions' supporting their local communities. We have held 'Digital Knowhow' workshops that have helped thousands of organisations learn how to avoid fraud and take advantage of digital marketing techniques.

 Take a look at the Lloyds Bank Academy [here](#)

Building capability and digital skills continued

Digital Academy supporting apprentices

Ryan Nixon was an 18 year old jobseeker when he came to speak to the Lloyds Bank Academy team at the Greater Manchester central library. After studying English and Film Studies he wanted to expand his skills and gain more knowledge about the digital world.

After attending sessions in CV writing and communicating online, Ryan also found he had a hidden talent for public speaking, and after networking at the Lloyds Bank Academy launch event in Manchester, he was offered interviews and work experience with prospective employers. He is now very happy in his new apprenticeship at a marketing company near his home in Wythenshawe.



“

The Academy showed me the personal and professional uses of digital that I hadn't considered before. It's helped me get the apprenticeship I wanted.

Working 'Better Together'

Angela Loveridge created 'Better Together' after identifying a gap in parents' understanding of online safety for children. She provides training to help safeguard children online, delivering workshops for schools, childrens centres, businesses and charities, and in 2018 was nominated for the NSPCC Child Protection Trainer award.

Angela Loveridge signed up to the Lloyds Bank Academy to draw on our expert knowledge and experience, and generate ideas to improve her own business. Through the courses, Angela has gained digital confidence and now understands the positive difference that digital marketing can make such as how engaging with online reviewers can make positive impact on her business.



Building capability and digital skills continued

Our apprenticeship strategy

Supporting diverse talent development is essential if we are to genuinely become the best bank for customers, colleagues and shareholders. At the start of our current three year Group strategy, we identified 10 skill groups that are particularly important to help us to meet the changing needs of our customers. In 2019 we delivered 25 different Apprenticeship Programmes that are aligned to these skills groups. Apprenticeships across the Group are available to everyone regardless of grade, location, career point or working pattern.

This approach helps the Group recruit fresh and diverse talent and give career development options for all colleagues, helping them to develop the skills needed to create the best bank of the future. All of the Programmes are supported by subject matter experts from the business, alongside dedicated Talent Coaches to support apprentices at every stage.

The Group has also partnered with a range of institutions including Manchester Metropolitan University who offered colleagues and new recruits the chance to join the degree-level Digital and Technology Solutions Degree Apprenticeship. This structured programme provided opportunities to benefit from applying the skills and knowledge developed at university.

Externally, we have committed £9 million over three years to help SMEs to develop apprenticeships through our Levy Transfer initiative. And our investment of £10 million over 10 years in the Lloyds Bank Advanced Manufacturing Training Centre in Coventry will support 3,500 apprentices, graduates and engineers to be trained by 2024.

 Visit the Lloyds Bank Advanced Manufacturing Training Centre [here](#)

We also work with the National Autistic Society to support people with autism; with Business in the Community to support ex-offenders; with WorldSkills UK to champion LGBT+ issues; and with National Apprenticeship Service as active members of the Apprenticeship Diversity Champions Network.

Delivering real benefits

The Apprenticeship Strategy makes a positive contribution to our communities. In 2019 over 41 per cent of external apprentices were from UK's most disadvantaged areas, and we saw a 479 per cent year on year increase in Higher Apprenticeship enrolment. Sickness absence is a third less in apprentices, saving around £475k in lost productivity and we see four times less turnover than in non-apprentices.



Award winning apprentices

A second year apprentice training with the Coventry based Lloyds Bank Advanced Manufacturing Training Centre has been named as one of the top 50 women in engineering in the UK.

Melissa Chigubu aged 19, has been given the accolade by the Women's Engineering Society at a ceremony at the Royal Academy of Engineering. The award was founded by the Women's Engineering Society in 2016. It aims to address the skills shortage in engineering and highlight the discrepancy between men and women entering engineering and manufacturing.

Melissa came to the UK in 2012 and was the first female to complete the Foundation Gateway in the Advanced Manufacturing Training Centre's new Apprenticeship Engineering Standard programme.

Championing Britain's diversity

Approaching diversity as a business issue, analysing data, setting targets, and reviewing progress has helped us recognise that diverse teams, working within inclusive environments, are more innovative, engaged, and deliver better outcomes for our customers. As the first FTSE 100 company to set targets to increase both gender and ethnic diversity at senior levels, we continue to invest in making the Group a leading inclusive employer, where the unique differences our colleagues bring to work every day are valued.

Our focus on inclusion and diversity is a source of pride for our colleagues; this year 85 per cent of them agreed that the Group is an inclusive place to work. Around 50 per cent of colleagues also belong to or support one of our five diversity networks.

Taking the role of a role model

Bernard Adjei, a Programme Delivery Manager, moved to England around 10 years ago, having lived most of his life in Ghana. Bernard has experienced racism during his life but this hasn't stopped him from helping others and achieving success. He has been recognised as a Powerlist Rising Star twice, Black British Business Awards Finance Rising Star in 2018 and Young Banker of the Year in 2016. He has also featured in our own internal annual Ethnicity Role Model list since it was introduced in 2017.

“

I am pleased to say that I have been supported and empowered to progress in the bank and make a difference outside of it. In particular I've benefited from a sponsorship programme in Lloyds Banking Group, which has given me access to counsel and networks I wouldn't otherwise have had, and I'm delighted to have recently been promoted into my first senior manager position.



“

I'm acutely aware that many black men can feel judged for how they look, rather than who they are. Positive role models and attitudes are key to change perceptions because it's difficult for your feet to take you somewhere your mind is afraid to go. That's why I set up the RISE (Reach, Inspire, Support and Empower) scheme – to provide visible role model models and equip disadvantaged young people to build financial awareness and employability skills.

Focus on ethnic diversity

Encouraging ethnic diversity starts with talking to colleagues and communities about their experiences. We know that role models and understanding cultural difference are vital, which is why we delivered cultural capability training to all colleagues in 2019, building knowledge of identity, race, faith and background.

This year, we published our Ethnicity Role Models list, featuring 70 Black, Asian and Minority Ethnic (BAME) colleagues, and in June, two colleagues were named in the top 100 ethnic minority executives, with a further two colleagues in the 50 future ethnic minority leaders in the EMpower Ethnic Minority Role Model lists.

As a result of our focus, we exceeded our 2020 target delivering 10.2 per cent of roles held by BAME colleagues, and increased the senior roles held by BAME colleagues to 6.7 per cent, working towards our stretching target of 8 per cent by 2020.

We continue to actively promote our Race, Ethnicity and Cultural Heritage Network which has over 4,000 members and delivered a wide ranging programme of events across the year, including high profile campaigns to mark International Day for the Elimination of Racial Discrimination and Black History Month.

We are also taking our focus on BAME externally with the Group co-sponsoring the Pathways to Success, an initiative to help increase BAME representation in political life. Our RISE Programme organised more than 40 work experience and employability events, with more than 150 colleagues going out to schools to support the high proportion of BAME students taking part.

Championing Britain's diversity continued

Gender, identity and sexual orientation

Attracting, developing and retaining top talent regardless of gender is highly important to us. In 2019 36.8 per cent of senior roles were held by women, and we remain committed to our challenging target of 40 per cent by the end of 2020.

This year we increased representation of women in roles on or reporting into our Executive Committee to 33 per cent. This meets the voluntary 2020 target set by the Hampton-Alexander Review and was made possible through dedicated succession planning and skills development.

For the eighth year running the Group featured in the Times 'Top 50 employers for women', and for the first time in the Bloomberg Gender Equality Index.

Our award-winning women's network, Breakthrough, is now the largest of its kind in the UK with 15,000 members and 4,000 mentors. The Group also continues its sponsorship of the Women of the Future Ambassadors Programme, providing mentors and role models and strengthening the pipeline of talent among young British women.

We are proud to have created an inclusive and open working environment for our LGBT+ colleagues, with the Group named Top Financial Employer, and seventh overall in the 2019 Stonewall Top 100 employers list. Our LGBT+ colleague network, Rainbow, plays a pivotal role in our approach, and with over 5,000 members and supporters, is one of the largest networks of its kind in the UK.

Supporting talented individuals to return to work



Returning to work isn't easy. The Lloyds Banking Group Returners Programme is a Group wide recruitment programme to help reintegrate senior women and men back into the workplace after a period of time away from work.

The programme is designed specifically to support people back into work over a 16 week period. Applicants are supported to become part of the business, with the aim of offering a permanent position if the placement is successful. Throughout the process applicants receive coaching, a buddy and mentor alongside peer-to-peer support.

Flexibility isn't just a nice-to-have in today's working environment; it's a necessity. That's why agile, part-time and flexible working options to suit all schedules are available too. In the five years since launching the award-winning programme, the Group has hired over 70 talented candidates into technical and leadership roles across the business.

Championing Britain's diversity continued

Supporting Disability

Traditionally, employment of people with disabilities has focused on making changes to physical infrastructure or working practices. We are progressing the debate from accommodating disabilities, to developing talent and careers and making Lloyds Banking Group inclusive for all.

In 2019, 2.2 per cent of colleagues disclosed a disability to us and we have a range of support in place to help them. We offer bespoke training, career development programmes and recruitment process adjustments for colleagues and applicants with disabilities, including those who have become disabled while employed.

We have retained our Business Disability Forum (BDF) Gold Standard, and hold Disability Confident Leader status with the Department for Work and Pensions. The BDF considers our workplace adjustment process for disabled colleagues to be ground breaking, creating a best practice case study that they have shared with around 400 other BDF member organisations.

 Visit the Business Disability Forum [here](#)



In 2019 Lloyds Bank is the first UK organisation to offer British Sign Language (BSL) website translation for deaf customers.

We delivered this new feature as part of our drive to remove barriers for customers who require this support, provide easier access to essential financial information, and to break down some of the language barriers faced by deaf customers.

We hope that providing online BSL videos will open up access to banking for deaf people and those with hearing impairments, giving them the ability to make informed financial decisions.

Committed to making banking autism friendly



We are delighted that an organisation like Lloyds Banking Group has made a commitment to improve their service to support autistic people and their families. If more businesses followed Lloyds Banking Group's fantastic example we will move a little closer to creating a world that works for autistic people too.

Jane Harris
Director of External Affairs at the National Autistic Society

Championing Britain's Diversity continued

Mental health

We are passionate advocates for removing stigma attached to mental ill health, actively creating a culture of openness and support, while developing efforts to prevent mental health challenges.

We all have mental health as well as physical health, and our approach focuses on addressing it in the same way as we would any physical condition; through a culture of conversation and support.

In 2019 Lloyds Banking Group Chief Executive Antonio Horta-Osorio was named in the top 50 world leaders by Fortune magazine for his efforts in raising the issue of mental health as a real issue. The Group was also featured in Fortune's change the world list for our work with Mental Health UK in enabling the creation of the Mental Health and Money Advice service and the

introduction of our colleague workplace mental health training programme, Mental Health Advocates.

Our Mental Health Strategy supports colleagues and leaders through a Health and Wellbeing resource centre. We have delivered our Optimal Resilience Leadership Programme, which covers personal, mental and physical wellbeing to senior managers across the Group. In addition, we have rolled out a resilience portal for all colleagues, designed to help them understand themselves and their body better, and put in place actions that help them to build personal resilience.

In August 2019 our Resilient Leader training course received a Princess Royal Training Award, which recognises UK employers that have created lasting impact by successfully linking their skills development needs to business

performance, and demonstrating that this training meets the City and Guilds standard. To date more than 7,500 colleagues have completed this training, with a further 9,000 completing e-learning on Mental Health, and we are training 2,500 colleagues to become Mental Health Advocates by 2020.

We have extended the focus on mental health to our colleague wellbeing resources. Our employee assistance programme provides colleagues with access to counselling and cognitive behavioural therapy, and our workplace adjustments programme increasingly offers support for mental as well as physical types of disability.

As a result of the support provided we have seen an increase in the number of people who have disclosed a mental health challenge.

 Find out more about Mental Health UK [here](#)



Lloyds Bank was the first major organisation to sign up to the Mental Health Accessibility Standards in July 2019, created to make essential services easier to use for millions of people. The standards were developed by the Money and Mental Health Policy Institute (MMHPI) and aim to make life easier for those who struggle with daily tasks due to mental health problems.

Organisations signing up to the standards will be tested against 11 key measures, including training staff so they are more aware of mental health problems and their impacts, and ensuring that customers can carry out important account activities through a variety of different methods, such as text, email, web chat and face-to-face access.



Finding the right solution

Throughout 2019 many colleagues shared their experiences to help reduce stigma around mental illness in the workplace. One colleague accessed telephone counselling through the Employee Assistance Programme. He then saw his GP, which in turn led to treatment through Cognitive Behavioural Therapy and psychotherapy.



I am incredibly grateful for the support I have had from the Group. I recognise that I have been fortunate, and many others may not have access to the support I did. I'm sharing my story, to act as an advocate for the support I received.



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