

LLOYDS
BANKING GROUP



Lloyds Banking Group

Responsible Business Update 2018



**HELPING
BRITAIN
PROSPER**

About us

We are the largest UK retail financial services provider with around 26 million customers and a presence in nearly every community.

The Group's main business activities are retail and commercial banking, general insurance and long-term savings, provided under well 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 FTSE 100 index.

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Cover image: two school boys discussing the names and terms associated with mental health issues as featured in the #Gettheinsideout advertising campaign from Lloyds Bank.

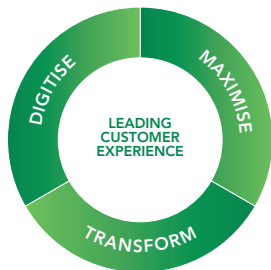
Our purpose is to Help Britain Prosper.

We are transforming the business into a digitised, simple, low risk, financial services provider whilst creating a responsible business that focuses on customers' needs. This is key to our long-term success and to fulfilling our aim to become the best bank for customers, colleagues and shareholders.

Our strategy

In February 2018, we launched our new three year strategy to transform the Group for success in a digital world. We identified four strategic priorities focused on the financial needs and behaviours of the customer of the future and are investing more than £3 billion in these strategic initiatives over the plan period.

OUR STRATEGIC PRIORITIES



- Leading customer experience**
Driving stronger customer relationships through best-in-class propositions while continuing to provide our customers with brilliant servicing and a seamless experience across all channels.
- Digitising the Group**
Deploying new technology to improve our efficiency and make banking simpler and easier for customers.
- Maximising the Group's capabilities**
Aligning the Group's capabilities as the UK's sole integrated financial services provider to deepen customer relationships and grow in targeted segments.
- Transforming ways of working**
Enhancing colleague skills and processes, investing in agile working practices and embracing new technology to drive better outcomes for customers.

Doing Business Responsibly

We have served Britain through our products and services for more than 250 years, across every community, and millions of households. Our success is interwoven with the UK's prosperity and we aim to Help Britain Prosper by operating as a responsible, sustainable and inclusive Group. This underpins our purpose and the way we deliver our strategy.

- We recognise that we have a responsibility to help address the economic, social and environmental challenges that the UK faces.
- 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 in our policies, processes and training.
- The development of the Company's Sustainability strategy was considered with input from external advisers. The Committee engaged with the leaders of business areas on the application of the approach to helping customers in a sustainable way.
- The alignment of the working relationship between the Company and the charitable Foundations was a key area of focus. The Committee considered and supported the development of plans to work in partnership with the Foundations to support the Charitable Sector through strengthening skills-based volunteering across Foundations supported charities.
- Responsible Business Committee**
Responsible Business Committee is a sub-committee of the Board. The Committee's role is to support the Board in overseeing the Group's performance as a responsible business by providing oversight of, and support for, the Group's strategy and plans for delivering the aspiration to be seen as a trusted, responsible business as part of the Company's purpose to Help Britain Prosper. This role is fulfilled by providing oversight and challenge on those activities which impact on the Company's behaviour and reputation as a trusted, responsible business and by considering and recommending to the Board for approval the Responsible Business Report and Helping Britain Prosper Plan.
- During the year, the Committee undertook a detailed exercise to consider how its role and remit would develop to ensure it remained best placed to assist with the delivery of the Company's strategy by concentrating on overseeing the key initiatives to deliver the responsible business strategy.
- The Committee agreed that its approach should focus on three material areas aligned to the Bank of the Future with the aim of enabling people, businesses and communities to be ready for the future.
- Digital Skills has been a significant area for review and debate during the year, with regular updates provided on the direction of and progress with the establishment of the Lloyds Bank Academy. The Committee has provided input and challenge to the team working on the Academy programme and supported the pilot programmes undertaken in Manchester.
- Our areas of focus**
Each year we gather stakeholder views through a dedicated materiality study. In 2018, they identified demonstrating responsibility at our core as a key priority, including how we keep customers' data safe, support vulnerable customers, lend responsibly, support businesses and work with suppliers. Read more on our stakeholders on pages 2 to 3.
- Stakeholders also identified building capability and digital skills as a key issue, alongside tackling social disadvantage, inclusion and diversity and sustainability. We believe that the way we are addressing these issues places us in a unique position to Help Britain Prosper.
- We are using our own capabilities in digital banking to help develop the skills of people, businesses and charities
 - We are one of the UK's largest corporate donors and use our scale and reach to tackle some of society's more complex challenges through our independent charitable Foundations
 - We have taken a leading role in championing diversity and mental health, setting public goals for increasing Black, Asian & Minority Ethnic (BAME) representation at all levels
 - Our ambition is to take a leading role in supporting the UK's transition to a sustainable low carbon economy

Responsible business of the year

Lloyds Banking Group has been voted Responsible Business of the Year 2018 by Business in The Community, which highlighted our Helping Britain Prosper Plan, commitment to delivering social benefits through digital transformation and support for the lower carbon economy. Euromoney magazine has also ranked us Best Bank in Western Europe for Corporate Responsibility 2018.



We can only help with the unprecedented levels of change in Britain today by staying true to our purpose of Helping Britain Prosper. Operating responsibly is fundamental to everything we do, from lending to first time buyers to tackling disadvantage in areas such as mental health. Every colleague has a part to play, and every part of the Group has its own action plan for supporting customers, while involving colleagues in our work in communities.

We believe we can make a substantial contribution to Britain's social and economic prosperity. We're developing a Skills Academy, initially focusing on Digital Skills, in pilot in the North West of England. Through our charitable Foundations we support thousands of charities working with groups on issues such as domestic abuse and homelessness. As sustainability becomes more of a priority for us all, we have a role to play in supporting a lower carbon economy, the UN's Sustainable Development Goals and the UK Government's Clean Growth strategy.

Sara Weller
Non-Executive Director and Chair,
Responsible Business Committee

Reflecting the needs of our stakeholders

Our aim is to be the best bank for customers, colleagues and shareholders. As the UK’s leading financial services provider we operate in, and support, communities across the country and help British people and businesses prosper. We have around 26 million customers, 2.4 million shareholders and around 65,000 colleagues.

Engaging and responding to all our stakeholders is fundamental to being a responsible business, and maintaining the highest standards of business conduct is vital to our corporate culture and the long-term success of the Group.

Stakeholders’ perceptions help us see the Group in a wider context. We use their input to guide our strategic decision making and shape our corporate reporting. We engage with them in many ways, from one-to-one meetings to digital broadcasts. Our stakeholders include Customers, Colleagues, Communities and environment, Regulators and Government, and Suppliers.



In January 2019 we launched Lend a Hand, specifically designed to help address the biggest challenges that first time buyers face whilst getting onto the property ladder. Lend a Hand mortgage removes the need for a first time buyer deposit – with this instead coming from savings from family or other supporters. Owning a home remains the number one life goal for 18 to 35 year olds, but half say saving for a deposit is the biggest barrier.

£30bn
lending to first time buyers by 2020

Customers

We aim to treat our customers fairly, making it easy for them to find, understand and access products that are right for them, whatever their circumstances.

- The Group is focused on doing the right thing for customers and the Board receives regular updates and reports on progress. In particular the Board reviews the Customer Dashboard results on a quarterly basis, and approves the annual customer plans
- The Group also looks to benchmark performance among customers and uses this insight from a range of internal and external research, including net promoter scores (NPS) and the GfK customer index, to improve services
- Our new strategy launched in February 2018 with the aim of meeting customers’ needs more effectively in a digital world. The Board was heavily engaged in its development and ensuring the customer was at the heart of strategic investment
- The real focus on customers is not just evidenced by the regularity of presentations but also by the existence of the Group Customer First Committee. This is a sub-committee of the Group Executive Committee which focuses on Group customer experience, customer targets and plans and best practice externally
- We aim to treat all customers fairly and have specifically looked to ensure vulnerable customers are not disadvantaged. Our websites and mobile banking apps are being accessibility accredited by AbilityNet and we have provided more than 90,000 hours of vulnerable customer training this year. We are the UK’s largest provider of basic bank accounts, opening around 33 per cent of all basic bank accounts in 2018. We also work with many support organisations to remove the barriers to accessing banking services
- We recognise the importance to customers of both their data and their money being safe, and we use advanced technology to protect them, including systems that prevent fraud and detect fraudulent payments in real time. We are continuously improving our cyber defences and also educate customers to improve their own security by championing public awareness campaigns, including Take Five. Colleagues also receive appropriate, ongoing training and support, such as Anti-Bribery training to help them protect our customers

Colleagues

Our colleagues take pride in working for an inclusive and diverse bank and with their support we are building a culture in which everyone feels included, empowered and inspired to do the right thing for customers.

- We are committed to making the Group a great place to work and believe that our colleagues are crucial to the long-term success of our business. We believe it is important that the Board engages actively with colleagues and understands the views of the Group’s diverse workforce and does this in a variety of ways, as outlined below
- Ensuring all colleagues act in the right way is key to embedding a customer focus culture. Our Code of Responsibility outlines the values and behaviours which colleagues should follow. Colleagues review the code annually during mandatory training, alongside Anti-Bribery training based on our Anti-Bribery Policy. We have a zero tolerance approach to bribery, and expect the same from all colleagues and third parties providing services for, and on behalf of the Group. Any non-compliance with codes, policies or standards will result in colleagues facing disciplinary action
- During the year we communicated directly with colleagues detailing the Group’s performance, changes in the economic and regulatory environment and updates on our key strategic initiatives. We also hosted regular Ask Me Anything sessions providing the opportunity for colleagues and contingent workers to ask questions and receive real time responses directly from members of the Board and senior colleagues across all departments
- The Group held its biggest ever live communication event, Helping Britain Prosper LIVE, which was attended by 4,000 colleagues. This event, hosted by the Group Chief Executive, Chairman and key members of the executive leadership team, provided the opportunity for our colleagues to see first-hand how we are Helping Britain Prosper every day

Communities and environment

As the largest retail and commercial bank in the UK, we have representation across the country. We specifically invest in local communities across Britain to help them prosper economically and build social cohesion by tackling disadvantage.

- Board members are directly involved with our considerable community engagement and environmental focus. Our Responsible Business Committee, a committee of the Board, provides oversight and support for the Group’s Helping Britain Prosper Plan, and the plans for delivering the aspirations to be seen as a trusted and responsible business
- The Group’s Helping Britain Prosper Plan is reviewed and approved annually by the Board to ensure it focuses on what matters most to people, businesses and communities in the UK
- The Responsible Business Committee is also responsible for overseeing the Group’s approach to responding to global issues of environmental sustainability, including measurement and reporting. Following a 2018 Board review of our sustainability approach, we have developed a new sustainability strategy. Read more on page 13
- Our four independent charitable Foundations are key to our vision of tackling social disadvantage. Sara Weller, Non-Executive Director and Chair of the Responsible Business Committee joined the Lloyds Bank Foundation for England and Wales as trustee during 2018 for an initial term of three years
- We recognise the importance of supporting communities beyond our own banking services, and over five years we have invested £5 million to support the Credit Unions sector. We signpost to local credit unions when we cannot support customers’ borrowing needs
- In partnership with Macmillan, our Cancer Support Team has helped support 3,100 customers and identified £411,000 in benefits from a range of products and services, to help them reduce the financial impact of a cancer diagnosis. We are also raising awareness of financial and domestic abuse through our ‘Acknowledge, Respond, Refer’ campaign, developed with support from the Lloyds Bank Foundation for England & Wales, and working closely with Business in the Community and UK Finance

Regulators and government

We have a good relationship with our regulators and other government authorities and liaise regularly.

- During 2018 we had regular meetings with our various regulators at different levels of the organisation from Board to senior management
- Individual meetings took place between the PRA and members of the Board during the year to discuss subjects such as the Audit and Risk Committees, IT Resilience and Cyber and ring-fencing
- FCA contact during the year with members of the Board focused on governance, culture and strategy
- The newly appointed ring-fenced bank Directors went through a rigorous approval process including interviews with the PRA ahead of appointment to ensure they met regulatory requirements
- From a tax perspective in 2018, we paid £2.6 billion in tax, one of the largest contributors to UK tax revenues. We are also a major tax collector, gathering £2 billion in 2018. We have a clear Tax Policy which is part of our Board-approved Group Risk Management Framework. We comply with HMRC Code of Practice on Taxation for Banks and the Confederation of British Industry’s Statement of Tax Principles. You can read more about our Tax Strategy online www.lloydsbankinggroup.com/our-group/responsible-business/reportingcentre/



In 2019, we will lend up to £18 billion to businesses across the UK. During these uncertain times, it is important that our customers have financial support and expert guidance to navigate the challenges they may face. Whatever the future brings, we will continue to support UK businesses as part of our commitment to Help Britain Prosper.

António Horta-Osório
Group Chief Executive

Suppliers

Given the size of our organisation we are reliant on external suppliers for a number of key services. Dealing with suppliers in the right way is important for future success.

- Our supply chain is crucial to the way we serve our customers, and through it our reach is considerable. We use a multi brand approach to deliver specific products and services. We work with around 3,500 suppliers of varying sizes, most in professional services sectors such as IT, cyber, operations, management consultancy, legal, HR, marketing and communication. In 2018 our supplier expenditure was £5.8 billion with 95 per cent of our direct suppliers located in the UK
- All material contracts are subject to rigorous cost management governance and updates on key supplier risks are provided to the Board
- We assess how significant each supplier is to our operations across the various components of our extended supply chain and we conduct an annual programme of assurance reviews based on the risk criticality the supplier represents. We require suppliers to adhere to relevant Group policies and comply with our Code of Supplier Responsibility. This defines our expectations of responsible business and behaviour, underpinning our efforts to share and extend best practice
- The Group supports the UN Declaration of Human Rights, and the International Labour Organisation (ILO) Fundamental Conventions, whilst complying with all relevant laws. We also support several voluntary standards, including the UN Guiding Principles on Business and Human Rights
- This year we made further enhancements to address the risk of Modern Slavery in our supply chain and provided training on human trafficking and modern slavery for specialist colleagues



£18bn
lending to UK businesses in 2019

Our Helping Britain Prosper Plan

As part of Helping Britain Prosper, we believe we have a responsibility to help address some of the social, economic and environmental challenges that the UK faces. We manage this through our Helping Britain Prosper Plan.

Launched in 2014 and revised annually, the Plan focuses on the areas in which we can make the biggest difference.

In 2018 we set specific targets aligned to our 3 year strategy. It continues to unite and inspire our colleagues. For 2019, we've included a new area of focus to help the UK transition to a sustainable, low carbon economy. Our sustainability metric will sit alongside the six existing priority metrics, demonstrating the importance of sustainability, supported by our new sustainability strategy.

Helping Britain Prosper Plan targets achieved

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

Since we launched the Plan in 2014 we have made strong progress. In 2018, we achieved 20 out of 22 targets, helping to address some of the social, economic and environmental challenges the UK faces.



As a UK focused retail and commercial financial services company, we recognise our responsibility to help address the economic, social and environmental challenges that the UK faces. We remain fully committed to Helping Britain Prosper.

António Horta-Osório
Group Chief Executive

HOW WE'VE HELPED BRITAIN PROSPER IN 2018

AND OUR TARGETS FOR 2019 AND 2020

	2018 achieved	2019 targets	2020 targets
Helping Britain get a home			
Amount of lending committed to help people buy their first home	£12.4bn	£10bn	£30bn*
Number of homes our Housing Growth Partnership ¹ has committed to build with SME builders	837	1,000*	1,500*
New funding support provided for the social housing sector	£4.1bn	£4.75bn*	£5.5bn*
Helping people save for the future			
Growth in assets ² that we hold on behalf of customers in retirement and investment products	£7.4bn	£32bn*	£50bn*
Building capability and digital skills			
Number of individuals, SMEs and charities trained in digital skills, including internet banking	700,232	600,000	1.8m*
Number of undergraduates from lower income ³ households supported through our Lloyds Scholars Programme	138	135	405*
Number of internal apprenticeship positions created within the Group that result in permanent employment	1,490	750	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	500*	750*
Supporting businesses to start up and grow			
Increased amount of net lending to start-up, SME and Mid Market businesses	£3bn	£5bn*	£6bn*
Investment in the UK manufacturing sector through our financial support	£1.5bn	£2bn*	£3bn*
Number of clients helped to export for the first time	6,247	10,000*	15,000*
Number of businesses we will help to start up	124,182	200,000*	300,000*

* Cumulative 2018 - 2020.

Metrics highlighted in bold are priority metrics for 2019.

1 The Housing Growth Partnership is a socio economic equity investment fund launched by Lloyds Banking Group and the Homes and Communities Agency.

2 Growth in assets under administration in our front books.

3 With household income less than £25,000 and who meet Programme eligibility criteria.



	2018 achieved	2019 targets	2020 targets
Helping the transition to a sustainable low carbon economy			
Average number of homes that could be powered as a result of our support of UK renewable energy projects	2.6m	3.5m*	5m*
Amount of commercial real estate space we will fund to become more energy efficient with green loans ⁴	1.4m sq ft	2.5m sq ft*	5m sq ft*
Tackling social disadvantage across Britain			
Number of charities we support as a result of our £100m commitment to the Group's independent charitable Foundations	3,113	2,500	2,500
Share of social bank accounts we support	33% ⁵	1 in 4	1 in 4
Annual commitment to Credit Unions ⁶ for them to provide additional sustainable lending for their customers across the UK	£5.6m	£1m	–
Number of colleague volunteering hours supporting community projects (with a minimum of 50% used to support skills-based activity such as mentoring)	235,201	240,000	720,000*
Amount raised by colleagues and communities for our charitable fundraising partners (including Matched Giving ⁷ from the Group's independent charitable Foundations)	£3.8m	£2m	£6m*
Number of Social Entrepreneurs supported through the Lloyds Bank and Bank of Scotland Social Entrepreneurs Programmes	236	235	700*
Championing Britain's diversity			
Percentage of senior roles to be held by women	35.3%	36.7%	40%
Percentage of roles held by Black, Asian and Minority Ethnic colleagues	9.5%	9.7%	10%
Percentage of senior roles held by Black, Asian and Minority Ethnic colleagues	6.4%	7.2%	8%

4 Discounted lending provided through the Lloyds Bank Green Loan Initiative.

5 Figures as at November 2018.

6 Credit Union target is annual; 2019 is the final year of the Credit Union Development Fund. 2018 figure achieved represents the additional sustainable lending made by Credit Unions as a result of our annual commitment.

7 The Matched Giving scheme allows LBG colleagues to claim up to £1,000 per calendar year for registered charities that meet the eligibility criteria.

Helping Britain Prosper Plan achievements in 2018

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 are working to make it an affordable reality for millions of people, lending £12.4 billion to first time buyers in 2018.

Helping people save for the future

We recognise the importance of savings to build financial resilience and help to tackle disadvantage, so we're making saving for the future as easy as possible by improving choice, flexibility and control. In 2018 we grew the assets we hold on behalf of customers in retirement and investment products by £7.4 billion.

Supporting businesses to start up and grow

Supporting UK businesses of all types is key to Helping Britain Prosper. In 2018, we helped more than 124,000 businesses start up, increased the amount of net lending to start up, SME and Mid Market businesses by £3 billion and doubled our financial investment at the Lloyds Bank Advanced Manufacturing Training Centre (AMTC).

Building capability and digital skills

Our ambition is to enhance capability and digital skills, helping 1.8 million people with training by 2020 alongside investing in apprenticeship schemes. Working with over 50 partners, in 2018 we provided digital skills training to over 700,000 individuals and organisations.

Digital skills

Using a blend of transactional and attitudinal data we provide the UK's largest study of the digital capability of individuals, SMEs and charities. The Lloyds Bank Consumer Digital Index 2018 shows that 21 per cent of the UK lack basic digital skills, including 10 per cent of the working population. A further 8 per cent are entirely offline. 42 per cent of SMEs and 48 per cent of charities lack the skills to benefit from the time and costs savings associated with digital capability. The Lloyds Bank Business and Charity Digital Index 2018 revealed that the UK loses £84.5 billion in annual revenue due to a lack of SME digital capability.

To combat these challenges we have several key initiatives:

- 23,000 colleagues volunteered to become Digital Champions supporting local communities
- We delivered Digital Knowhow workshops to over 3,000 organisations covering fraud and digital marketing with an online toolkit signposting key resources

- We co-created a digital curriculum and delivered events in schools to inspire over 800 students and teachers with our ReDiscover programme
- Colleague volunteers hosted over 1,000 code clubs in schools

Partnering for progress

In 2018 we led a consultation on the new Essential Digital Skills Framework for the Department for Education as their sole evaluation provider. This work provided the business case for the Government's Digital Skills Entitlement; free digital skills training for all adults from 2020.

We are a leading member of the UK Government's Digital Skills Partnership, advisors to the Secretary of State for Digital, and chair the Department for Digital, Culture, Media and Sport's Digital Enterprise Delivery Group. We have played a central role in implementing a Charity Digital Code of Practice, with local authorities now adopting our Digital Champions model. We have also worked closely with national and local governments like Greater Manchester Combined Authority and Welsh Assembly to drive change.

Lloyds Bank Academy

In November we launched the Lloyds Bank Academy. Initially piloted in Manchester, the Academy provides basic and workplace skills through online and face-to-face courses. Developed with our charitable Foundations, academia, industry and Government, the Academy will scale nationally in 2019 and our existing initiatives will be closely aligned to extend our reach and impact.



Inspiring the next digital generation

We are building digital talent through our #ReDiscover initiative. Launched in July 2018 #ReDiscover brings a new digital edge to learning, helping children aged 11 to 14 to think and explore, meet digital professionals, undertake work placements, and build future digital needs into their studies. By holding school events and co-creating lesson plans we have inspired over 800 students to date.



Having a 5 minute chat with a student today has changed her outlook on the future. That's what makes #ReDiscover so worthwhile.

Rachel
Colleague volunteer



Developing Britain's manufacturing talent

Britain is renowned for its manufacturing expertise. The sector accounts for 10 per cent of UK GDP, for 44 per cent of all UK exports and directly creates 2.7 million jobs. Yet there is a lack of qualified workers. The shortfall could reach 220,000 by 2020 so it is vital to train new talent.

We are helping to address this. In 2018, we doubled our financial investment at the Lloyds Bank Advanced Manufacturing Training Centre in Coventry to £10 million over 10 years and committed to train 3,500 apprentices, graduates and engineers by 2024. We have already created 178 apprenticeships and trained 80 graduates and 295 engineers, including many women and individuals from a Black, Asian and Minority Ethnic background.

More than 250 Lloyds Bank customers have been supported through our partnership with the Manufacturing Technology Centre (MTC), with around 70 of them undertaking a bespoke programme to improve efficiency and productivity or adopt new technology.

>250

Lloyds Bank customers have been supported through our partnership with the Manufacturing Technology Centre



A career at the MTC has allowed me to work on high profile and challenging manufacturing projects, applying all the skills I've learnt, and also learn new ones.

Rishi Chohan
MTC Graduate 2018

Helping Britain Prosper Plan
achievements in 2018 continued

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. Our four independent charitable Foundations are fundamental to our vision of tackling social disadvantage. They cover the UK and the Channel Islands, partnering with small and local charities to help people overcome complex social issues and rebuild their lives.

Our total community investment in 2018 was £56 million. This includes our colleagues’ time, direct donations, and the money we give to our Foundations, which receive a share of the Group’s profits annually. The Foundations supported over 3,000 charities in 2018, providing help for some of the most disadvantaged and vulnerable people in Britain.

In addition to funding, we support the Foundations through volunteering, and more than 370 colleagues are also 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, our Foundations help us better understand some of the social issues people may be facing and we use these insights to help shape effective responses.

Championing Britain’s
diversity

We champion inclusion and diversity (I&D) to reflect the diverse communities we serve. We were the first FTSE100 company to set a public goal on gender diversity and this year became the first FTSE100 company to set public goals to increase Black, Asian and Minority Ethnic (BAME) representation at all levels. Additionally, this year we enhanced our focus on mental health, as this is key to economic prosperity and social inclusion, and therefore to Helping Britain Prosper.

We know that the most inclusive organisations are the most successful, so we welcome and value the unique difference of every colleague. 2018 has been a year of significant progress against our I&D objectives, which we know is a source of pride for our colleagues; this year 88 per cent of them agreed in our annual survey 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.

Ethnicity
We have a comprehensive Ethnicity Strategy to help us meet our goals, which focus on attracting and retaining talented BAME colleagues; building cultural awareness at all levels; and increasing visibility of authentic role models from a wide range of ethnic backgrounds. By the end of the year 6.4 per cent of senior managers were BAME colleagues, compared with 5.6 per cent in 2017, while BAME colleagues made up 9.5 per cent of our total workforce, compared with 8.3 per cent in 2017.

To achieve this, activities in 2018 included: developing our Authentic Leadership

Programme for BAME senior managers and our Career Development Programme for BAME middle managers; actively promoting our Race, Ethnicity and Cultural Heritage Network, which now has around 4,000 members; and promoting our Ethnicity Role Models List. In October, we signed the UK Government’s Race at Work Charter and already meet and exceed its principle requirements. In 2018 we won the overall Outstanding Employer Award at the inaugural Investing in Ethnicity Awards.

Gender diversity
We remain committed to having women fill 40 per cent of our senior management roles by 2020 and have been included in The Times ‘Top 50 employers for women’ in 2018, for the seventh year running. This year we continued sponsoring Women of the Future Ambassadors, connecting successful women with female students, and launched our Sponsoring Leaders programme, enabling women in senior roles to champion the potential of women in more junior roles. The promotion rate for the 100 colleagues who completed the programme in 2018 was around five times that of non-participants. From January 2019, the Group will be included in the Bloomberg Gender-Equality Index for the first time.

We were a top ten Trans-Inclusive employer and fifth employer overall in the Stonewall Top 100 2018, the highest ranked financial services company in the UK. Through our Rainbow network colleagues raised almost £100,000 to support key charities and we continued our sponsorship for Stonewall Young Campaigners, empowering young people aged 16 to 21 to become campaigners for Lesbian, Gay, Bisexual and Transgender equality.



Taking a joined up
approach to tackling
domestic abuse

In partnership with our independent charitable Foundations, we’re providing more than just traditional funding. Our Foundations are helping us work with charities they support to develop a deeper understanding of the challenges faced by customers affected by complex and sensitive issues.

The charity Behind Closed Doors (BCD) helps people in Leeds exit harmful situations relating to domestic abuse. Lloyds Bank Foundation for England and Wales provides financial support to help them deliver their vital services to vulnerable people. To deepen the support they can provide, the Foundation matched BCD with a senior Group colleague, Dave Moore, who has joined them as a charity mentor and valued Board member, helping them become sustainable, develop their offering and reach more people in need.

“
Dave is dynamic and energetic, and he’s motivated the Board to become more proactive. He’s encouraged a business-like approach, where we can more easily consider the long-term future, setting clear goals and a strategy for achieving them, and he’s supported the Board to become more strategic in their governance role. It’s been great having his support.
”

Louise Tyne
Operational Director, BCD



Helping students from
low income backgrounds
to aim high

c.900
young people have benefited from
our Lloyds Scholars programme

Since its inception in 2011, nearly 900 students have benefited from our Lloyds Scholars programme, which provides the financial support they need to study at university along with a package of support, including mentoring and internships. Oxford University has welcomed 94 Lloyds Scholars so far, and those who have taken the programme are very positive about the experience. To encourage school pupils to consider applying to top universities, whatever their background and financial circumstances, Lloyds Banking Group has also supported the IntoOxford project. This gives Year 10 students the chance to spend a day at an Oxford college, develop their study skills for GCSEs in a workshop and get help with university background information. Our Lloyds Scholars programme has recently been awarded ‘Highest Impact Employer Initiative’ in the 2018 upReach Student Social Mobility Awards.

“
The bursary support is extremely valuable to me. It means that I do not have to feel anxious about making financial decisions such as joining new clubs and societies, and I feel like it puts me on a level playing field with everyone else. I also appreciate that a firm genuinely wants to help my development and it is not simply about taking up a job with them at the end, as it allows me to be more open with my mentor about my personal development.
”
Suzanne Norman
Law, Jesus College

Helping Britain Prosper Plan achievements in 2018 continued

Supporting people with disabilities
Traditionally, employment of people with disabilities has focused on making changes to physical infrastructure or working practices. We are moving the debate from accommodating disabilities to developing talent and careers.

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. Training includes courses run with external disability consultants, which have been described as life changing by attendees. We give full and fair consideration to applications from all candidates, offering guaranteed interviews for candidates declaring a disability, and meeting minimum role requirements. We are unbiased in our assessment, selection, appointment, training and promotion of people. In 2018 we 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. We are set to achieve Autism Friendly Bank and Employer accreditation from the National Autistic Society in mid-2019.



The Lloyds Banking Group Centre for Responsible Business

We are working with thought leaders to build our understanding of operating responsibly, and to help drive change across industry, in how responsible business is considered. The Centre for Responsible Business (CFRB) is a unique joint venture between Lloyds Banking Group and the University of Birmingham's Business School. This initiative combines research with business, exploring how all businesses can work in an ever more responsible and ethical manner. The outputs of this approach will have impacts across a range of industries, benefitting the entire economy.

The CFRB's work aligns with our purpose to Help Britain Prosper, and our support for the UN's Sustainable Development Goals. The Centre was established to help learn lessons from the past and to help us and others work in a different way going forward. It will play a pivotal role in ensuring the worlds of academia, business and policy-making work together more effectively to drive change. One area of focus will be exploring the regulatory, operational and ethical barriers to the implementation of artificial intelligence.

“We are in the early stages of this exciting collaboration between Lloyds Banking Group and the University of Birmingham. Moving from an initial idea, to challenge-centred research and engagement, exploring how businesses can be ‘rewired responsibly’ to inform, shape and energise Responsible Business. It’s a unique opportunity to explore best practice, and inform the evolution of responsible business decision-making, underpinning Lloyds Banking Group’s pioneering initiative, ‘Helping Britain Prosper’. It has been some journey so far, laying down the foundations for future success.”

Professor Ian Thomson, Director
Lloyds Banking Group Centre for Responsible Business

Our Inclusion and Diversity data			
		2018	2017 ¹
Gender Board Members	Male	9	9
	Female ²	4	3
Senior Managers ³	Male	4,701	4,939
	Female	2,573	2,544
Colleagues ³	Male	30,458	31,216
	Female	42,372	42,956
Ethnic Background			
Percentage of colleagues from a BAME background		9.5%	8.3%
BAME managers		9.0%	8.3%
BAME senior managers		6.4%	5.6%
Disability			
Percentage of colleagues who disclose they have a disability ⁴		1.7%	2.6%
Sexual Orientation			
Percentage of colleagues who disclose they are lesbian, gay, bisexual or transgender		2.0%	1.7%
<small>1 2017 reporting scope excludes MBNA colleagues, who became part of Lloyds Banking Group plc in June 2017, as their separate grading structure could not be aligned to LBG grades at that point. 2 Data as at 31 December 2018. Amanda Mackenzie joined the Board on 1 October 2018, and Deborah McWhinney retired from the Board on 31 December 2018. 3 Reporting scope: payroll headcount includes established and fixed term contract colleagues, parental leavers, MBNA colleagues and Internationals. Excludes Leavers, Group Non-Executive Directors, contractors, temps, and agency staff. 4 Percentage disclosure for disability has reduced due to the implementation of a new HR system in Nov 2018, with differing categories. Not all disability data could be directly mapped across into the new system. Diversity scope: Payroll headcount including parental leavers. Excludes contractors, temps and agency staff. Gender information includes International colleagues and MBNA. All other diversity information is UK Payroll only. Senior Managers: Grades F+. Managers: Grade D-E. Data source: HR system (Workday). Apart from gender data, all diversity information is based on colleagues' voluntary self-declaration. As a result this data is not 100 percent representative; our systems do not record diversity data for the proportion of colleagues who have not declared this information.</small>			



Making banking easier for people affected by homelessness

Homelessness is a very real challenge facing all cities across the UK. The Lloyds Bank Flagship Branch on Manchester's Market Street, in conjunction with Barnabus, the Booth Centre and other local charities, was able to help individuals affected by homelessness to access banking products and services to support them in their journey to regaining financial independence.

Working with the charities and the Manchester Homelessness Partnership to understand the social, economic, and health issues associated with homelessness, Market Street Branch were able to respond in a way that met the needs of their clients. The success of this partnership has given way to developing further relationships between branches and local charities in Glasgow, Cardiff and London in 2019.

100+ people opened bank accounts that they have been refused before

“Working in partnership with frontline charities across Manchester has opened my eyes to the size and scale of the challenge. Overcoming barriers associated with identification and opening a bank account allows clients to claim benefits, get accommodation, start work and live a normal life and I'm delighted that our efforts across Greater Manchester have helped over 100 people open bank accounts.”

James Hargreaves
Local Director for Lloyds Bank Manchester



Working with Macmillan to help customers living with cancer

We are continuing to work with Macmillan to reduce money worries for people living with cancer, by providing a bespoke service offering financial support following a diagnosis. Macmillan has trained a number of our colleagues working in specialist customer facing teams across the Group. Colleagues are able to support customers to manage their money in ways that suit their personal needs whilst being able to direct customers to Macmillan for emotional and practical support as well as financial guidance support.

In turn, Macmillan's financial guidance team actively refer clients directly to our Cancer Support Team. This two way partnership means customers gain the support they need from an emotional, practical and financial perspective.



“Being able to refer customers to the Lloyds Banking Group Cancer Support Team gives us confidence that they will receive the best possible support from a team trained by Macmillan.”

Louise
Financial Guide

Helping Britain Prosper Plan
achievements in 2018 continued

Mental health & wellbeing

As a Group we believe that a shift in mindset is needed amongst UK employers when it comes to mental health. We all have mental health as well as physical health and our approach focuses on removing the stigma attached to mental ill health, addressing it in the same way as we would any physical condition; through a culture of conversation and support.

Our mental health strategy supports colleagues and leaders through a mental health resource centre and this year we stepped up mental health training for colleagues at all levels. To date more than 40,000 colleagues have completed training on mental health and we are training 2,500 colleagues to become mental health advocates by 2020. We enrolled 200 leaders in our new Optimal Resilience Leadership Programme, which covers personal, mental and physical wellbeing and are now working on extending this to the next level of 2,000 senior managers.

Through a targeted communication campaign and personal stories shared at all levels, we have encouraged colleagues to freely discuss mental health, with the number of those who tell us they have mental health issues up by 22 per cent over the past three years.

We also extended the focus on mental health to our colleague wellbeing resources, increasing private medical benefit cover for mental health to match that of physical health. Our employee assistance programme now 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.

Recognition that mental health is an issue for our customers and the communities we serve, inspired us to create our 'Get the Inside Out' advertising campaign to challenge mental health stereotypes.



The Mental Health and Money Advice Service

More than £8 million raised since 2017 has helped our charity partner, Mental Health UK, open the Mental Health and Money Advice Service – the UK's first dedicated advice service for people with mental health and money problems. These two issues are often inter-related, so the new service is urgently needed.

It comprises a public website providing information across a number of issues including benefits, debt problems and managing mental health. It also operates a referral only telephone advice service.

Since its launch in November 2017, the website has received around 180,000 views and more than 1,000 people have been referred for confidential advice. More than 2,400 cases have been handled, with each client on average about £1,000 better off as a result. By November 2018 a total annual saving of over £1.3 million had been delivered.



I know I still have a way to go, but thanks to Mental Health and Money Advice I have improved my confidence and built up some skills to better manage my situation.

Stephen
Mental Health and Money Advice Service user

Helping the transition to a sustainable low carbon economy

Following a Board level review of our approach to environmental sustainability, we have developed a new sustainability strategy which focuses on the opportunities and threats related to climate change and the need for the UK to transition to a sustainable low carbon economy.

This strategy supports the Task Force on Climate Related Financial Disclosures (TCFD) recommendations and incorporates an implementation plan to address them and achieve full disclosure within five years. The strategy maps to the key headings used in the TCFD framework.

Strategy

Our commitment

The UK is committed to the vision of a sustainable, low carbon economy, and has placed clean growth at the heart of its industrial strategy. This will require a radical reinvention of the way people work, live and do business.

We have a unique position within the UK economy with our purpose of Helping Britain Prosper. The successful transition to a sustainable, low carbon economy that is resilient to climate change impacts and sustainably uses resources is of strategic importance to us. We support the aims of the 2015 Paris Agreement on Climate Change, and the UK Government's Clean Growth Strategy.

Our approach

To meet our commitment, we will:

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

Our ambition

Our goal is to be a leader in supporting the UK to successfully transition to a more sustainable, low carbon economy. We have set ourselves seven ambitions anchored to the goals laid out in the UK Government's Clean Growth Strategy, as these align closely to our business priorities:

- ➊ **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
- ➋ **Homes:** be a leading UK provider of customer support on energy efficient, sustainable homes
- ➌ **Vehicles:** be a leading UK provider of low emission/green vehicle fleets
- ➍ **Pensions & investments:** be a leading UK pension provider that offers our customers and colleagues sustainable investment choices, and challenges companies we invest in to behave more sustainably and responsibly
- ➎ **Insurance:** be a leading UK insurer in improving the resilience of customers' lives against extreme weather caused by climate change
- ➏ **Green bonds:** be a leading UK bank in the green/sustainable bonds market
- ➐ **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

For each ambition we will consider the Government's targets and current plans. We will use forward looking scenarios to identify risks and opportunities over short, medium and long term time horizons and assess how they impact the resilience of our strategy. We are developing a series of propositions against each ambition and have defined an implementation plan to achieve a leadership position within three years. We will work with Government and other stakeholders on thought leadership to help inform the creation of the policies and market conditions required for large scale investment in the transition to a sustainable, low carbon economy.

To support these propositions, we are equipping our business relationship managers and other colleagues with training and tools to have more informed conversations on climate related issues. As part of our TCFD implementation plan, we will also develop a forward looking approach to systematically reporting material financial risk and opportunity aggregated across the Group.

Improving our own environmental footprint is an important foundation for our activity. We've consistently reduced our environmental impacts, thanks to the ambitious Environmental Action Plan we launched in 2010. To ensure this plan supports the UK's climate change priorities and our long term strategy, we have a set of market leading targets to improve the sustainability of our own operations and supply chain. These include reducing our operational waste by 70 per cent by 2020 and 80 per cent by 2025 (compared to 2014/15), and reducing our CO₂e emissions by 60 per cent by 2030 and 80 per cent by 2050 (compared to 2009).

For more information please look online www.lloydsbankinggroup.com/our-group/responsible-business/sustainability-in-lloyds-banking-group

We anticipate achievement of the 2050 target well before this date, driven by both our energy efficiency improvements, direct investment in renewable energy on our sites and through purchasing Renewable Energy Guarantees of Origin (REGOs) to cover our UK electricity consumption. We are now able to state that 100 per cent of our UK electricity comes from renewable sources and to show our commitment to supporting the transition to the low carbon economy, we have joined the RE100 campaign, a collaborative, global initiative uniting businesses committed to 100 per cent renewable energy.

Helping the transition to a sustainable low carbon economy continued

Governance

We have established a dedicated governance process to provide oversight and ownership of the sustainability strategy. This includes the Responsible Business Committee (RBC), a sub-committee of the Board, which meets quarterly and provides Board level oversight. This committee is chaired by Sara Weller, Group Non-Executive Director and includes the Chairman, Lord Blackwell as a member. At Executive level, we have established a Group Executive Sustainability Committee (GESC), which is a sub-committee of our Group Executive Committee (GEC) and provides oversight and recommends decisions to the GEC. The RBC, GEC and GESC have all been informed on key climate related issues by external industry experts.

We have created a Group sustainability team, supported by divisional Governance Forums and working groups led by divisional Managing Directors. This enables us to have a coordinated approach to oversight, delivery and reporting of the Group sustainability strategy to the GESC, along with a mechanism for keeping management and the Board updated on climate related issues impacting the Group.

For the implementation of the TCFD recommendations across the Group, we have established a senior executive group TCFD forum. We aim to expand the consideration of sustainability and climate related issues into relevant Board and governance committees including processes to monitor and oversee progress against goals and targets related to climate issues. We will also consider how sustainability might be incorporated into our remuneration policies.

Risk management

Each division within the Group is responsible for identifying and prioritising relevant climate related risks and opportunities and integrating them into their risk management processes, which determine materiality and classify risks into traditional risk categories. This includes identifying potential risks through horizon scanning of changes in regulation, technology and consumer demand. Risks are classified in terms of whether they impact the Group in the short, medium or long term. Examples include possible changes in the sustainability of homes, how vehicles are powered, changes in UK energy mix, through to changes in the frequency and severity of extreme weather events. The Group sustainability team facilitates collaboration across divisions to increase understanding of consistent issues, as well as our risk, opportunities and financial impact on an aggregated basis.

During 2018, we reviewed our external sector statements to confirm that they align to our sustainability strategy and consider appropriate climate related risk. We introduced a position statement for coal and revised statements for defence, mining, oil and gas, power, and forestry.

For more information on our sector statements www.lloydsbankinggroup.com/our-group/responsible-business/sustainability-in-lloyds-banking-group

In 2019, we will review these statements again, and consider developing statements for other sectors and topics. We will review ways to embed sustainability in the Group's key policies.

Forward looking scenario analysis incorporating physical and transition risk will be utilised across the Group to systematically identify risks and opportunities. During 2018, Commercial Banking undertook forward looking scenario analyses including business as usual and low carbon transition scenarios, identifying sectors with a higher level of climate related risk and opportunity. Detailed assessments are now being undertaken on higher risk sectors to understand the potential financial impact to our customers and to the Group. We will be completing further reviews of higher risk sectors in 2019 to inform portfolio analytics, counterparty risk and financial product development, while increasing the scope to also include other divisions.

Metrics and targets

As part of our TCFD implementation plan we are developing our approach to reporting metrics and targets. This will include a long term reporting framework, enabling us to track our performance against our sustainability strategy, and disclose the financial impact of climate change related risks and opportunities. We will define metrics linked to our green finance propositions and the carbon exposure of our activities. Our targets will have specific time horizons against defined baseline years and will consider the level of historical and forward looking projections that can be made available. We aim to develop this new reporting framework in the first half of 2019 and will start to include key quantified metrics in our next annual report.



Clean Growth Finance Initiative

In 2018 we launched a £2 billion Clean Growth Finance Initiative (CGFI) to help British businesses reduce their environmental impacts and benefit from the transition to a low carbon economy.

The CGFI aims to be the most inclusive UK green funding proposition available, incentivising all types of businesses to invest in low carbon projects by providing discounted financing for capital expenditure or investment with a green purpose.



Supporting green transport in London



A new fleet of hybrid and electric buses is arriving on the streets of London, with funding provided through our Clean Growth Finance Initiative (CGFI). Metroline, one of the capital's largest bus providers, has used a £50 million asset finance facility to fund its fleet renewal programme, in line with London Mayor Sadiq Khan's plans to make London the world's greenest global city. Targets have been set by Transport for London to operate low-emission transport across the city and reduce carbon dioxide emissions by 60 per cent before 2025. Metroline is one of a number of businesses that have accessed discounted funding to support low carbon projects through the CGFI.

£50m

asset finance facility to fund Metroline's fleet renewal programme

We have made sustainability a focus area in our Helping Britain Prosper Plan and have defined metrics for it. We disclose our in-house greenhouse gas emissions, as shown overleaf, with supporting commentary. Our set of in house environmental targets are on our website www.lloydsbankinggroup.com/our-group/responsible-business/sustainability-in-lloyds-banking-group

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. Deloitte LLP has provided limited level ISAE 3000 (Revised) assurance over selected nonfinancial indicators as noted by Their full, independent assurance statement is available online at www.lloydsbankinggroup.com/ourgroup/responsible-business

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 2017 to 30 September 2018, which is different to that of our Directors' report (January 2018 – December 2018). This is in line with Regulations in that the majority of the emissions reporting year falls within the period of the Directors' report. Emissions are reported based on an operational boundary. The scope of reporting is in line with the GHG Protocol and covers Scope 1, Scope 2 and Scope 3 emissions. 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 undertaken by colleagues and emissions associated with the extraction and distribution of each of our energy sources – electricity, gas and oil. A detailed definition of these emissions can be found in our 2018 Reporting Criteria online at https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/lbg_resbus_reportingcriteria_180220.pdf

Helping the transition to a sustainable low carbon economy continued

This year, our overall location based carbon emissions were 244,407 tCO₂e; a 15 per cent decrease since 2017, and 57 per cent against our 2009 baseline. Reductions achieved are attributable to our Environmental Action Plan (EAP), launched in 2010, which has delivered a reduction in gas and electricity consumption through an extensive energy management programme, alongside decarbonisation of the UK electricity grid.

Additionally, we are now disclosing market based emissions figures. For 2018, this is equal to 115,467 tCO₂e – a comparative decrease of 62 per cent year on year and 79% against 2009 baseline. Further reductions in market emissions are attributable to the purchase of solar, wind, hydro and biomass Renewable Energy Guarantees of Origin (REGOs) equivalent to total UK electricity consumption in 2018.

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 heat, steam or cooling and is not aware of any other material sources of omissions from our reporting.

Reducing our own environmental footprint

Our ambition is to be a leader in reducing our own environmental footprint and challenging our suppliers to ensure our own consumption of resources, goods and services is sustainable. We’ve consistently reduced our environmental impacts, thanks to our ambitious Environmental Action Plan launched in 2010.

Our Environmental Targets and Progress

Our environmental programme focuses on measuring, managing and reducing our most significant impacts: carbon footprint; energy use; business travel; operational waste; and water consumption. We regularly review our environmental targets to ensure they are both market leading and stretching.

CO ₂ e emissions (tonnes)			
	Oct 17-Sept 18	Oct 16-Sept 17	Oct 15-Sept 16 ¹
Total CO ₂ e (market-based)	115,467 ✓	303,065	340,261 ²
Total CO ₂ e (location-based)	244,407 ✓	286,892	340,261
Total Scope 1	48,461 ✓	51,419	53,023
Total Scope 2 (market-based)	1,976 ✓	178,771	202,319 ²
Total Scope 2 (location-based)	130,916 ✓	162,598	202,319
Total Scope 3	65,030 ✓	72,876	84,918
<div><div>1</div><div>Restated 2017/2016 and 2016/2015 emissions data to improve the accuracy of reporting, using actual data to replace estimates.</div></div> <div><div>2</div><div>Note our market based emissions are equal to location based for 2016/15. This is in accordance with GHG protocol guidelines in absence of appropriate residual factors.</div></div> <div><div></div><div>Emissions in tonnes CO₂e in line with the GHG Protocol Corporate Standard (2004). We are now reporting to the revised Scope 2 guidance, disclosing 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 statement available online at www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/</div></div> <div><div></div><div>Scope 1 emissions include mobile and stationary combustion of fuel and operation of facilities.</div></div> <div><div></div><div>Scope 2 emissions have been calculated in accordance with GHG Protocol guidelines, in both location and market based methodologies.</div></div> <div><div>✓</div><div>Indicator is subject to Limited ISAE3000 (revised) assurance by Deloitte LLP for the 2018 Annual Responsible Business Reporting. Deloitte's 2018 assurance statement and the 2018 Reporting Criteria are available online at www.lloydsbankinggroup.com/our-group/responsible-business</div></div>			

Intensity ratio			
	Oct 17-Sept 18	Oct 16-Sept 17	Oct 15-Sept 16 [*]
GHG emissions (CO ₂ e) per £m of underlying income (Location Based)*	13.1	15.5	19.4
GHG emissions (CO ₂ e) per £m of underlying income (Market Based)	6.2	16.4	19.4
<div><div>*</div><div>Location based intensity levels have been restated for 2015-2016 and 2016-2017 to reflect changes to emissions data only, replacing estimated data with actuals; underlying income figures for those years have not changed.</div></div>			

Target	Baseline (2009)	2018 Performance	Reduction from baseline
60% reduction in CO ₂ e by 2030	562,845 tonnes	244,407 tonnes (location-based)	57%
		115,467 tonnes (market-based)	79%
50% reduction in energy consumption by 2030	957 GWh	582 GWh	39%
60% reduction in business travel related CO ₂ e by 2030	76,067 tonnes	36,701 tonnes	52%
40% reduction in water consumption by 2030	1,349,029m ³	1,109,029m ³	19%
80% reduction in total operational waste by 2025	Baseline 2014/5: 20,831 tonnes	14,036 tonnes	33%

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