

2023 AGM – Chair of the Responsible Business Committee’s speech

Speech from Amanda Mackenzie, Lloyds Banking Group Chair of the Responsible Business Committee, at our 2023 Annual General Meeting.

Thank you Charlie and Robin.

Good morning everyone.

Today I will outline a little more detail on the progress of the Responsible Business agenda which is at the core of our purpose of Helping Britain Prosper.

Whilst there is always much to be done, I hope, as our shareholders, you can take pride in the examples that bring our work to life and be reassured by the ambition of our future plans.

One of the biggest areas for discussion as a Committee has been to oversee the progress towards becoming a truly purpose-driven organisation.

Last year, we identified key areas which support our purpose and where we can deliver the most material impact which, because of our scale, can help resolve some of the key economic, social and environmental challenges that the UK is facing.

In our 2022 Colleague Survey, 92% of colleagues felt that delivering on our purpose will help us grow the business profitably. A number which has not only increased significantly, but is a powerful demonstration of doing well by doing good.

As you would expect, we also discussed the impact of the cost of living increases, for our people and our customers, about which Robin and Charlie have already spoken.

We had quarterly updates on colleague engagement activity and culture, which included

proposals for future ongoing colleague listening and learning with my fellow board members.

We continued to make progress in increasing the representation of women as well as Black, Asian and Minority Ethnic colleagues in senior roles. By the end of 2022, these have increased to 39.4% and 10.2% respectively. The latest FTSE Women Leaders Review report confirmed women are also represented in over 40% of our combined executive committee and their direct reports, which meets the recommendation set out by the review.

And in April this year, we announced a further goal to double the representation of colleagues with a disability by 2025. This is a demonstration of our continued focus to build an inclusive organisation, not only because it is right, but in order to be more successful.

Moving on to sustainability, last year I talked about how critical an issue the climate crisis is. As you would hope, playing our part to tackle it, is as important as ever. Given our scale and reach, our influence is significant in supporting – and accelerating – the UK's transition to a low carbon economy.

Our strategy prioritises key areas that will support our ambitions to achieve 100% Net Zero in our own operations by 2030. We also aim to achieve Net Zero in our supply chain, and our financing and investment activities, by 2050.

In our own operations, a great example of both our action and ambition can be seen in the transformation of our Halifax office, which alone has been responsible for 10% of our gas consumption.

We have now installed a ground source heat pump to replace the gas boiler there, requiring us to dig two bore holes, 305 metres deep – that's almost a quarter of the way up Ben Nevis... underground.

In respect of our financed emissions, where we have significant leverage, we have now published emissions reduction targets for 2030 across seven of our highest emitting sectors. Our target for the Oil and Gas sector, for example, covers all three scopes of emissions and aims to halve absolute emissions by 2030.

We have set several lending and investment targets. For our corporate and institutional clients, we delivered £7.9 billion last year of a 2024 target of £15 billion. In addition, we achieved £3.5 billion in green mortgage lending, £2.1 billion in financing for plug-in hybrid and electric vehicles and, by the end of last year, had achieved £17.5 billion in discretionary investment in funds that are focused on companies who are less carbon-intensive or actively developing climate solutions.

All our targets are brought together in the first Group Climate Transition Plan, published in February. We expect to evolve and iterate our plan in the future as we work with all our stakeholders.

We are also mindful of biodiversity loss and the inter-relationships with climate to which we must respond.

Our partnership with the Woodland Trust has facilitated the planting of over three million trees to date.

With farmland accounting for 70% of land use in the UK, through our new partnership with the Soil Association, we are funding a programme of bespoke, on-farm consultancy for up to 1,000 of our largest agricultural customers across the UK. This will identify financial and environmental advantage for their land.

Another vital part of land use is that of housing, which Charlie has already mentioned. In 2022, we have provided £2.1 billion of new funding to the social housing sector, of which £1 billion is sustainable or sustainability-linked, and since 2018 we have

supported the building of an estimated 35,000 new homes.

We are further strengthening our work in this space through our recently announced 2-year strategic charity partnership with Crisis, which aims to help tackle the shortage of good quality, affordable homes in the UK.

I have no doubt that our colleagues' passion and dedication for Crisis will be every bit as impressive as for previous charities with whom we partnered so successfully.

As you have heard from both Robin and Charlie this morning, much has been achieved in 2022, and I would like to thank them for their leadership across this agenda, and thank all our Lloyds colleagues for their tireless efforts and commitment.

Rhetoric is cheap and easy, actions are tough and take time. As we continue to move forward in 2023, as a Committee we will continue reviewing and seeing the proof that we are embedding our purpose and our culture, listening to our colleagues, and importantly overseeing our Consumer Duty plan.

We will continue to review progress against our inclusion and diversity aspirations and rigorously support our sustainability plans. The strong foundations we have laid will continue to shape how we do business to create a more sustainable and inclusive future.

Thank you for your support. Every single day is an opportunity to live up to our purpose. It's a huge privilege. We will endeavor to live up to the responsibility that comes with it, so that Lloyds Banking Group will continue to support the UK for generations to come.

Thank you very much.