



PRESS RELEASE

SCOTLAND SET TO LEAD UK'S GREEN ECONOMIC GROWTH

- Scotland is in pole position to lead the green economic revolution as the UK seeks to recover from the pandemic
- London will play an important role in financing the transition
- The UK Green Growth Index, developed by Oxford Economics for Lloyds Banking Group, analyses the UK's readiness to drive a greener economy

Scotland is in the strongest position to drive the growth of the green economy in the UK, according to the **UK Green Growth Index**, which has been developed by **Oxford Economics** and **Lloyds Banking Group**.

The nation leads the Growth Index (80.6) by a significant margin and is best-positioned to support the UK's green economy based on its existing green infrastructure and future potential.

Scotland has a strong base of 21,000 existing green economy jobs in sectors such as onshore and offshore wind and hydroelectric power. Based on the size of its labour market, Scotland has the highest concentration of green jobs in the UK.

Relative to its population, Scotland also benefits from the largest number of higher education students studying green-related subjects such as engineering and technology, building and planning, and agriculture. The density of students in green-related subjects is more than 27% greater than in second placed Wales.

LONDON'S ESSENTIAL ROLE IN FINANCING THE TRANSITION

London has the lowest Growth Index score (36.5) as a largely service-based economy (91%)*.

The location of the City and region makes it difficult to develop green economic activity based on manufacturing and natural resources. London also has the lowest renewable energy capacity across the UK with limited options for wind or tidal turbines and less residential roof space for solar installations.

Nonetheless, London has an important role to play in financing the transition to the green economy, given its role as one of the world's leading financial centres. London already holds 17% of the total jobs in the UK and an estimated 12% of jobs in the UK green economy.

In total 42% of London workers operate in a STEM (Science, Technology, Engineering and Mathematics) based roles, the highest in the UK, and have the kinds of knowledge and skills needed to support the UK making long-term changes.

WALES PRIMED TO SEIZE GREEN OPPORTUNITIES

Wales follows Scotland closely in second place in the Growth Index (63.5) with the Welsh workforce accounting for almost 5% of the UK's green economy jobs. The nation has a high share of green and automotive activity, and strong future growth in the energy sector is expected in Wales.

However, 7% of Welsh jobs are still in high emitting sectors, presenting challenges to the balance of the nation's economy. Investment will be needed to re-orientate infrastructure and economic activity towards cleaner activities and technologies in the future.

Other regions, such as the East of England, score well for research and development (R&D). The region invests an average of £1,064 per resident in R&D, which is almost twice the UK average and its proportion of STEM workers also sits above the UK average at 37%. However, the East of England is weakened by having a low proportion of businesses (5.5%) innovating to reduce their environmental impact.

While Northern Ireland ranks mid-table for current proportion of jobs in the green economy, its Growth Index score (42.7) is held back by lower rankings for innovation and skills, while relatively low investment in innovation also holds back the score for Yorkshire and Humber (45.1). More investment in these areas could

PRESS RELEASE

help them develop the technologies and techniques needed to decarbonise its economy and capitalise on green growth opportunities.

UK GREEN GROWTH INDEX

The UK Green Growth Index, developed by Oxford Economics and Lloyds Banking Group, explores how well placed the nations and regions across the UK are to capitalise on the opportunities of the green economy - defined as low carbon, resource efficient and socially inclusive.

Currently it is estimated the UK would need to invest £1.4 trillion between 2020 and 2050 with the potential for up to 2.5 million green jobs needed before 2050 to meet its net zero objective by 2050.**

The Index considers each region's existing base of green industry; innovation activity; take-up of relevant skills and training; and renewable energy infrastructure and use, to determine a 'Green Growth Opportunity' score for each part of the UK.

UK Green Growth Index		
Rank	Nations and Regions	Green Growth Opportunity score
1	Scotland	80.6
2	Wales	63.5
3	South West England	54.6
4	South East England	52.0
5	Midlands	48.7
6	North of England	48.3
7	East of England	45.6
8	Yorkshire and the Humber	45.1
9	Northern Ireland	42.7
10	London	36.5

Companies across the UK are actively participating in the green economy, according to additional Lloyds Banking Group research provided by YouGov.

More than one-third of UK businesses (36%) say engaging in the green economy is a high or very high priority for their company, rising to more than half (55%) of large organisations.***

A quarter of those in North East England (26%), London (25%) and South West England (25%) say participating in the green economy is something they're already exploring or operating in.***

Jonas Persson, Managing Director Sustainability and ESG Finance, at Lloyds Banking Group, said:

"The research shows clear signs that the UK's green economy is starting to take shape. Every nation and region has its own story, but each has an important role to play in transitioning to a greener economy. In line with this research, we are committed to supporting regional regeneration to ensure no part of the UK is left behind by the transition. We will mobilise support across our business help to make sure every nation and region can seize the huge opportunities that the green economy represents."

"With the United Nations Climate Change Conference (COP26) taking place in Glasgow in just a few months, all eyes are on the UK when it comes to adopting greener ways of living and doing business. While COP26 is a moment of international cooperation, it also prompts us to consider how our domestic economy can thrive in the future."

-ENDS-

Notes to Editor

* ONS Five facts about the UK service sector, 2016

** Climate Change Committee, The Sixth Carbon Budget: The UK's Path to Net Zero, 2020.

*** Online survey of 1,084 business decision-makers carried out by YouGov Plc between 21st June - 6th July 2021. The sample is weighted to provide a representative reporting sample of British businesses.

Note: All references for the full report can be found via the below link.

To download a copy of the *UK Green Growth Index*, please visit: www.lloydsbankinggroup.com/who-we-are/responsible-business/financing-a-green-future/seizing-green-growth-opportunity/uk-nations-and-regions

What is the green economy?

Wherever possible, we use the UN definition of the green economy as incorporating a range of energy-related and environmental activities. For example recycling, waste management and the protection of biodiversity activity. The outcome of these activities 'results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities'. The net result of these investments in resources and people makes up the 'green economy'.

About Oxford Economics

Oxford Economics is a leader in global forecasting and quantitative analysis. Our worldwide client base comprises more than 2,000 international organisations, including multinational companies and financial institutions, government bodies, and universities. Headquartered in Oxford, with offices around the world, we employ 400 staff, including more than 250 economists and analysts. Our best-in-class global economic and industry models and analytical tools give us an unmatched ability to forecast external market trends and assess their economic, social and business impact.

About the Methodology

To assess green growth opportunities across the nations and regions of the UK Oxford Economics gathered and analysed data across four themes:

- **Base of green industry.** Parts of the UK with a current or expected future base of green activity may be better placed to capitalise on green growth opportunities.
- **Skills and training.** Areas with highly skilled workers in relevant fields may be better placed to adapt to and enable the innovation needed to drive the transition.
- **Innovation.** A stronger base of innovative activity may mean that a nation or region is better placed to develop the technologies and techniques needed to decarbonise its economy and capitalise on green growth opportunities.
- **Renewable energy.** Areas with a larger existing renewable energy sector may be more likely to have the skills, expertise and infrastructure to build on this in future.

A shortlist of indicators was identified to represent each of the four themes. These indicators were then weighted and combined to develop the Green Growth Opportunity Index for each UK nation and region.

Current Green economy jobs

Region	% of total UK Green jobs	% of total UK jobs	Relative importance of Green economy jobs (UK=100)
Scotland	10.6	7.9	135



PRESS RELEASE

Wales	4.8	4.1	116
Midlands	16.9	15.1	112
Yorkshire and the Humber	8.3	7.7	107
Northern Ireland	2.6	2.6	102
North of England	14.4	14.1	102
South West England	8.6	8.5	102
East of England	8.9	9.1	98
South East England	13.2	13.9	94
London	11.7	16.9	69

Lloyds Banking Group, financing a green future together:

- Lloyds Banking Group is committed to working with customers, Government and the market to reach net zero carbon emissions by 2050 or sooner.
- This year, we've developed three new operational climate targets, including net zero carbon emissions across our buildings and operations by 2030.
- We are a founding member of the Net Zero Banking Alliance (NZBA), a UN-convened, industry-led alliance of 53 banks across the world aiming for net zero emissions by 2050.

Helping businesses to recover and grow by investing in the low carbon economy:

- This year we have expanded the funding available under the Group's green finance initiatives from £3 billion to £5 billion to support businesses transition to a low carbon economy, with more than £8.6 billion of total green finance delivered since 2016.
- We have launched the UK's first Green Building Tool, which enables our clients to quickly access data on the energy efficiency of their buildings and calculate potential energy saving investments.

We'll play our part in the collective effort needed to ensure a smooth transition to net zero:

- In 2020 we became the first investor in BlackRock's new ACS Climate Transition World Equity Fund, committing to invest £2bn. This year, in our Scottish Widows business we committed to targeting net zero emissions in our lending and investment portfolios by 2050 or sooner and to halving the carbon footprint of all our £170bn investments by 2030.
- Over 900 of our colleagues have undertaken training in collaboration with the University of Cambridge Institute for Sustainability Leadership.
- Together with the Energy Savings Trust we have launched a free online Home Energy Savings Tool accessed via the Halifax Green Living Hub. The tool is designed to help customers understand how they can improve the energy efficiency of their homes, what improvements can be made and approximate costs and savings.

Motor, Homes and Agriculture represent clear opportunity for growth and are responsible for a third of UK carbon emissions:

- Working in partnership with the Woodland Trust, we are supporting the MOREwoods and MOREhedges schemes, which offer farmers up to a 75% reduction in the cost of tree and hedgerow planting.
- Lloyds Banking Group is the biggest purchaser of new vehicles in the UK and in 2020, we doubled the number of electric vehicles we financed. Electric vehicles now make up 10% of all new orders.

Contact Details:

Emma Fairhurst

emma.fairhurst@lloydsbanking.com

07814395855



PRESS RELEASE

- In 2021, we committed to providing £1.5 billion of new funding support, including £500 million in ESG-linked funding, in support of the social housing sector and in the first half of the year we have exceeded this target by delivering £2.1 billion of funding, including c£1bn of ESG linked funding.
- We committed to supporting the creation of national sustainability standards for housebuilding finance and assess the energy retrofit requirements of over 200,000 homes in the social housing sector. We have already exceeded this retrofit commitment by assessing almost 240,000 homes in the social housing sector.