



ANNUAL GENERAL MEETING – CHAIR OF THE RESPONSIBLE BUSINESS COMMITTEE’S SPEECH

16 MAY 2019

Thank you António and good morning everyone.

As Chairman of the Board’s Responsible Business Committee, I am pleased to update you on our work in support of our purpose, to Help Britain Prosper.

Through our Helping Britain Prosper Plan, we make public commitments on the issues where we think we can have the most impact to help Britain prosper economically, socially and environmentally.

There are six metrics of particular importance to us, although our full plan has 22 goals. And I am pleased to say that we have made good progress against all of these in 2018, which you can see on the slide behind me and in the document in your pack.

In addition, and of particular resonance today as we recognise Mental Health Awareness Week, Lloyds Banking Group is proud to continue its work on raising awareness, and taking action, to break down the stigmas associated with mental health issues. Whether that is through our charity partnership with Mental Health UK, where we have now raised over £9 million since 2017, or through the work with our independent charitable Foundations.

Right here in Scotland for example, our Bank of Scotland Foundation has distributed over £450 thousand to 41 charities focussing on mental health, charities like ‘Scottish Families Affected by Drugs and Alcohol’ based in Glasgow, who have been able to deliver counselling sessions in remote areas of Scotland, supporting vulnerable people with poor mental health.

BUILDING CAPABILITY & DIGITAL SKILLS

I am particularly proud of the work we have done on Digital Skills. We know that closing the gap in UK productivity can be helped, in part, by building digital skills for individuals and

indeed businesses. As the UK's largest digital bank, we believe we have a responsibility to help tackle that.

That's why we launched the Lloyds Bank Academy in Manchester, the first of its kind, working with more than 50 partners, and to date helping over 2,500 people, charities and small businesses, with basic and workplace skills, through online and face-to-face courses. This includes people like Ryan, who I had the pleasure of meeting in Manchester, and has now secured an apprenticeship following the training he received at the Academy.

And it's through our charitable Foundations that we have over 350 of our colleagues actively involved as digital or business mentors to charities and small businesses across the country.

Today I'm delighted to confirm, that we will be rolling out the academy in more cities across the UK in 2019.

SUPPORTING THE TRANSITION TO A LOW CARBON ECONOMY

I would now like to end by talking about the work we're doing on environmental sustainability.

Following a Board level review, 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.

We recognise the unique position we have within our economy. A successful transition that is resilient to climate change impacts, and that uses resources sustainably is, therefore, 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.

We have set ourselves seven ambitions anchored to the goals laid out in this strategy, as these align closely to our business priorities. The implementation of our strategy is governed by an Executive level Sustainability Committee, with my Committee providing Board level oversight.

It's also important that our new strategy supports the recommendations of the Task Force on Climate Related Financial Disclosures, so we've incorporated an implementation plan to address these, to achieve full disclosure within five years. As part of this, we're developing our approach to metrics and targets. This includes a long term reporting framework to enable

us to track our performance against our sustainability strategy, and disclose the financial impact of climate change related risks and opportunities.

We know there is much to do, but you can see here we have already started to make progress.

To bring a couple of examples to life for you today, our Clean Growth Finance Initiative continues to go from strength to strength, incentivising all types of businesses to invest in low carbon projects, such as contributing £140m to the funding of the world's biggest offshore wind farm, Hornsea One in the North Sea.

Through Lex Autolease, we have the UK's largest low emission vehicle fleet, with more than 21,000 low emission vehicles, over 1,800 of which are electric vehicles. Building on this, we launched the EV 1000 programme in 2019, giving £1000 cash back for the first 1000 electric vehicles leased through the programme, either individually or for vehicle fleets. So far in 2019, almost 1,000 electric vehicles have been ordered, of which more than 450 have been under our EV 1000 programme.

Both of these demonstrate how we're supporting the UK's transition to a lower carbon economy, and, in recognition of the importance we place on this, we have added a sustainability metric to our priority focus areas for 2019.

CONCLUSION

In summary, I hope you'll agree that we've achieved a lot in 2018 and I look forward to updating you on our 2019 progress at the next AGM. Thank you.