

Lloyds TSB Group

# Climate Change and Banking

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## Environmental Risk

- Lloyds TSB has been assessing environmental credit risks for over 10 years
- We also manage our own environmental impacts – energy, waste, travel and paper
- Reporting performance against targets since 1996

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## Climate Change - a new dimension

- Climate change now dominates the agenda
- Increasing expectation on business to take action
  - Consumers
  - Supply chain
- Finance sector going carbon neutral

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## What is Lloyds TSB doing?

- Reduce CO<sub>2</sub> emissions by 30% by 2012
- Carbon neutrality by reducing emissions, buying green electricity and offsetting those emissions we can't eliminate
- Group Property, Group IT and Group Procurement working together
- Changing behaviours

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## Environmental Risk

- Historically - what impact can our customers have on the environment?
- Increasingly - what impact does the environment have on our customers?
- Role of lenders and investors

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## Role of Lenders

- Lenders are not environmental policemen
- Refusing to lend to particular industry sectors does not always help the environment
- It is in our interests to understand the risks our customers face ... and to work with them to develop solutions

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## Environmental Risks

- We need to understand the medium and longer-term implications for different sectors
  - Market risk
  - Physical risks
  - Regulatory risk
  - Country risk
  - Certainty of supply

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## Opportunities

- Opportunity to engage with customers and get closer to their business
- Lloyds TSB as trusted adviser / partner
- New markets / opportunities
  - Technologies
  - Innovation

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## Opportunities

- Employee engagement
- Customer engagement
  - Green products and services
  - Advice and guidance
- Working across business divisions

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## Summary

- There are risks and opportunities
- Our own footprint is low but ...
- We lend to and invest in all sectors
- Supporting customers
- Supporting innovation

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