



# MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

Lloyds Banking Group  
2020

# About Lloyds Banking Group

We are a UK financial services provider with around 25 million customers and a presence in nearly every community. Lloyds Banking Group plc has a number of subsidiaries, a full list of which can be found in our Annual Report. Our main business activities are retail and commercial banking, general insurance and long-term savings, provided through well recognised brands including Lloyds Bank, Halifax, Bank of Scotland, MBNA and Scottish Widows.

Our active supply base comprises approximately 3,000 suppliers, the majority of which are in professional services sectors such as management consultancy, legal, HR, IT, operations, marketing and communication. Our suppliers are located in the UK, other European countries, North America and Asia (see 'Our Suppliers – assessing and managing risk' for more detail). 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.

## 25m

25 million customers and a presence in nearly every community

## 98%

98 per cent of our employees work in the UK

## 3,000

Our active supply base comprises approximately 3,000 suppliers

## Inside this year's Statement

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[About our Group in 2020, Annual Report and Accounts](#)

# Modern Slavery and Human Trafficking Statement 2020

This Statement outlines the steps we have taken in the last twelve months to combat the risk of modern slavery and human trafficking taking place in either our business or our supply chains, and our focus areas for the year ahead. In 2020 we had no reported incidents.

This is our fifth Modern Slavery and Human Trafficking Statement. It is made in accordance with section 54(1) of the UK's Modern Slavery Act 2015 and applies to Lloyds Banking Group plc, its subsidiaries, employees and officers of the Group for the financial year ending 2020. This Statement was approved in February 2021 by the Board of Lloyds Banking Group plc on behalf of all the Group's subsidiaries, and by the Boards of its principal subsidiaries Lloyds Bank plc, Bank of Scotland plc and HBOS plc on behalf of the Ring Fenced Bank sub-group. The Boards of Lloyds Bank Corporate Markets plc and Scottish Widows Group Limited approved the Statement on behalf of the Non Ring Fenced Bank sub-group and the Insurance sub-group respectively.

## The impact of coronavirus

The coronavirus pandemic (Covid-19) has created unprecedented challenges for our customers, communities, colleagues and suppliers. We have worked hard to protect the health, livelihoods and access to critical financial services for all of these groups. However, we are acutely aware that this pandemic may have created different risks for modern slavery, for instance, we know that it has been harder for all sectors to conduct due diligence in person. We have not relaxed our standards and the expectations we set for ourselves and our suppliers. Instead we have looked for other ways to conduct critical checks, in line with government guidance. For instance, right to work and alternative identification checks now take place online through video calls.

Despite the disruption caused by Covid-19, we have continued to make progress on each of our identified priority areas below, even where external limitations imposed on our colleagues and on our partners have made progress slower than we would have liked. Fuller details on actions taken can be found in the sections below:

- Continuing to regularly review our supplier risk assessment processes – including piloting new tools
- Raising colleague awareness of modern slavery and human trafficking – including introducing new training
- Strengthening external partnerships and collaborations – including collaborating with more local charities
- Integrating modern slavery and human trafficking considerations into our relationships with clients – including new due diligence requirements

## Our commitment to human rights

A responsible and sustainable approach to doing business is central to our strategy and our purpose to help Britain prosper. Our work to tackle modern slavery forms part of our wider work to embed human rights considerations into our business.

We believe in the importance of doing business in ways that value and respect human rights – of our colleagues, customers, business partners and everyone that is affected by our business.

We do not tolerate slavery, trafficking or forced labour in any part of our business or supply chains. This is reflected in how we are embedding these considerations across our business. By way of example, in the UK (where 98 per cent of our employees work) we have aligned our activities and policies with international best practice and recognised standards.

We are either a signatory to, or abide by, the principles of a number of international and national codes and standards relating to responsible business practice. These include: The Equator Principles, the UN Principles for Responsible Investment, the UN Global Compact, the UN Universal Declaration of Human Rights, the International Labour Organisation's Core Labour Standards, the UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking and the Principles for Sustainable Insurance.

**We do not tolerate slavery, trafficking or forced labour in any part of our business or supply chains.**



# Our Policies

We have a number of internal Group policies and procedures in place that reflect our commitment to operating responsibly and ethically as a business and as individual employees. These policies and procedures help us to embed human rights considerations into our operations.

Our policies cover a number of critical areas including; Colleague, Sourcing, Speak Up (whistleblowing) and Anti-Bribery. Each business area is required to set its strategy in line with our risk appetite and our policy requirements. These Group policies, associated procedures and mandatory training are reviewed annually as part of the governance of the Group's Policy and Risk Management Frameworks. This annual review reflects our efforts to continually improve our responsible business governance approach, and to further embed human rights into our business.

Our Human Rights Policy Statement provides an overview of the work we do to support and protect human rights within our business and communities, and is guided by the United Nations Guiding Principles on Business and Human Rights.

## Our Colleagues

Our Values and Behaviours are the guiding principles for how we work. Our Code of Ethics and Responsibility (the Code) provides an overarching framework to ensure the highest possible standards of behaviour and underpins our approach to being a responsible, ethical, sustainable and inclusive business, for customers, colleagues, communities, the environment and our external stakeholders. It includes a section that outlines the ways in which respect for human rights should inform colleagues', contractors' and temporary employees' actions and decisions.

The Code, which was updated this year, encourages colleagues to report, through our whistleblowing service, Speak Up, or to their line manager, any actions that are unsafe, unethical, unlawful, or not in line with Group Policies.



We have recognition agreements with two trade unions that collectively negotiate on behalf of our UK workforce (around 98 per cent of colleagues worldwide). The UK's Living Wage Foundation has accredited the Group as a Living Wage Employer. We review our pay rates annually to ensure minimum rates are above the statutory minimum and living wage requirements that are applicable in the countries we operate in. We have worked, and continue to work, with third-party contractors to ensure that they operate in line with our commitments and expect them to ensure that the wages they pay meet legally mandated minimums without unauthorised deductions.

In our internal operations, our Colleague Screening Standards apply to all permanent and non-permanent employees that we recruit, including temporary staff and contractors. This process upholds our respect for labour rights and, for our UK employees, includes the review of individuals' proof of identity, address, and right to work in the UK. Normally these are conducted face to face, but given the health risks of Covid-19, we have followed government advice and temporarily adjusted these checks. Since 30th March 2020, these checks are now carried out via video conference – minimising health risks, while maintaining a robust process.

# 98%

We have recognition agreements with two trade unions that collectively negotiate on behalf of our UK workforce (around 98 per cent of colleagues worldwide)

The Group uses a number of recruitment agencies and service providers to fill roles. UK agencies are bound by contracts which require compliance with our Colleague Screening Standards and the Code of Supplier Responsibility, and which include specific Modern Slavery and Anti-Bribery clauses. UK agencies also attest compliance annually via the Financial Services Supplier Qualification System (FSQS).

- [Find out more](#)
- [Code of Ethics and Responsibility](#)
- [Anti-Bribery Policy Statement](#)
- [Human Rights Policy Statement](#)

## Our Policies continued

### Our Suppliers

Responsible sourcing is integral to the way we do business. All colleagues engaged in sourcing follow the defined Business Sourcing Process and undertake sourcing in line with the requirements of our Sourcing & Supply Chain Management Policy.

We expect suppliers to meet or exceed the provisions in our Code of Supplier Responsibility which we share through the supplier contract as governed by our Business Sourcing Process. It defines our expectation in terms of responsible business behaviour, including human rights and labour issues in the countries and communities in which they operate. We require those suppliers going through the FSQS to confirm they have read, understood and complied with the Code of Supplier Responsibility and provide us with evidence to demonstrate their approach.

We regularly review our Code of Supplier Responsibility to embed responsible business and sustainability further into our business, and we commit to working collaboratively with our suppliers on developing our approach to responsible sourcing and sustainable procurement.

As outlined in the Code of Supplier Responsibility, we expect our suppliers to respect human rights, both in their own workforce and those in their supply chain, including to:

- Explain the principles of the Code of Supplier Responsibility to their employees and key sub-contractors that support the Group or work on our projects

- Respect the human rights of their employees and comply with all relevant legislation, regulations and directives, including awareness and mitigation of the risk of modern slavery in the countries and communities where they operate including, where relevant, compliance with the UK Modern Slavery Act
- Prohibit forced labour (slavery) and human trafficking in their supply chain and give their employees the right and ability to leave employment if they choose
- Prohibit child labour
- Ensure that wages meet legally mandated minimums without unauthorised deductions
- Allow their employees to exercise the legal right to organise and join associations (such as labour unions)
- Provide clear and uniformly applied disciplinary and grievance procedures including prohibiting mental, physical or verbal abuse
- Ensure working hours are in accordance with local regulation and industry practice and voluntary overtime is at a manageable level

As set out in our Group Sourcing and Supply Chain Management Third Party Policy, we expect suppliers to manage their own suppliers in a responsible and sustainable manner to mitigate supply chain risks and to proactively work with suppliers who represent a material risk on such issues. For example, to mitigate the risk that purchasing practices put undue pressure on workers in their supply chain, which can contribute to modern slavery risks, we expect suppliers to have reasonable payment policies aligned to our own commitment to the Prompt Payment Code.

Our suppliers are also asked to comply with specific Third-Party Supplier Policies, tailored to the services they provide to the Group. Third party policies such as Anti-Bribery, Data Privacy and Fraud, are documents which:

- Articulate Lloyds Banking Group's expectations in regards to behaviours and decision making
- Address the primary areas of risk which Lloyds Banking Group faces
- Translate Lloyds Banking Group's risk appetite into mandatory requirements and controls

Our suppliers have a contractual obligation to comply with all applicable laws that apply to their supply of goods and services to us, regardless of the jurisdiction in which they operate. We also include compliance with the Code of Supplier Responsibility and Group policies as they relate to modern slavery and standalone modern slavery clauses in our supplier contracts and purchase order standard terms and conditions. These clauses seek to:

- manage and maintain oversight over modern slavery risks;
- ensure that we receive appropriate information on suppliers' due diligence procedures to monitor modern slavery risks, including for its own supply chains and organisations;
- request copies of their modern slavery statements if a supplier is required to report under the UK Modern Slavery Act or an annual modern slavery report setting out steps the supplier has taken to monitor modern slavery and ensure it is not taking place in its own business or its supply chains; and

- facilitate termination of the contract where a supplier, or any participants in its supply chain, are engaged in any practice or activity that would constitute an offence involving modern slavery.

These clauses are very rarely negotiated by Group suppliers, however, if we encounter any supplier amendments we go through an escalation and sign off process with the business to consider the risks of any supply contract, particularly where there is deviation from our standard clauses. The clauses related to modern slavery specifically are mandatory and cannot be negotiated without legal support.

## Speak up

We encourage suppliers to speak up if they are concerned about any actions or decisions that contravene the standards set out in the Code of Supplier Responsibility and we offer our suppliers access to our confidential Speak Up Line where they and their workers can report any incidents. An independent supplier manages the line and we have worked with them to ensure that, if instances of modern slavery or other human rights abuses are reported, they are identified and effectively investigated. This formal process is intended to be both sensitive and robust. The identity of those who raise a concern is not disclosed without their permission and there is an option to raise concerns anonymously. The Speak Up Third-Party Policy has been designed to assist in managing any risk that Third-Party Suppliers' employees are prevented from reporting any concerns about risk, malpractice or suspected wrongdoing. There were no reported modern slavery incidents through Speak Up in 2020.

- Find out more [Code of Supplier Responsibility](#) [Third Party Supplier Policies](#)

# Our Suppliers – assessing and managing risk

It is important that we have the right framework to operate responsibly and before selecting suppliers, we follow a due diligence process, which evaluates them against key criteria, including their human rights programmes.

Lloyds Banking Group subscribes to the FSQS, a third-party managed supplier qualification system for the financial sector that is currently used by more than 30 major banks, building societies and insurance companies. This ensures we adopt a standardised approach to compliance and assurance, which forms an integral part of our supply chain management.

We take a risk-based approach and contractually require our c.1,100 managed suppliers to self-attest their compliance to the Group's policy expectations on an annual basis. As part of the FSQS, these suppliers are asked to provide evidence of processes and procedures for assessing and complying with relevant human rights legislation and labour standards, including the UK Modern Slavery Act. We require that suppliers identify human rights risks such as modern slavery in their supply chain and monitor and assess their suppliers' human rights performance. Suppliers must complete the FSQS questions on an annual basis, and employees who manage the supplier relationship (Supplier Managers) must confirm that this is satisfactorily completed throughout the duration of the supplier's contract with the Group. If a supplier provides a non-compliant answer to any responsible business FSQS question such as the occurrence of an employment

tribunal in the last three years, or non-compliance with the UK Modern Slavery Act, Supplier Managers are required to investigate and manage through to resolution. Where a supplier fails to meet the expectations set out in the Code of Supplier Responsibility, we commit to working with them to develop an improvement plan, however if the issue is deemed sufficiently serious or cannot be resolved in a reasonable timeframe, the Group may undertake a review of the terms of the contract, which could include triggering the right to terminate where modern slavery issues have arisen.

The Group regularly reviews the FSQS risk framework. In 2019 we introduced additional questions that trigger a 'red flag', prompting further investigative action and remediation and we are currently exploring how new technology can enhance supplier managers' use of FSQS data, for example, to ensure that they are focused on the most pertinent risks associated with that supplier.

The Group Sourcing Supplier Assurance team conducts an annual programme of assurance reviews for suppliers which represent the highest risk exposure to the Group. Suppliers that trigger agreed risk criteria are selected for an onsite supplier assurance visit to test the supplier's adherence to relevant Group policies, which include assessment of modern slavery risks as appropriate. This year we have focused on strengthening our human rights due diligence processes. For example, we have improved the human rights guidance in the supplier assurance test plan in line with our new Code of Supplier Responsibility. We have also piloted a specialist third-party sustainability assessment tool with a small selection of suppliers to provide insight on their management of issues including on

labour and human rights, and are in the process of a broader roll-out to targeted suppliers. To increase the visibility of social and environmental risks in our supply chain we are also piloting a supplier risk management tool that equips Supplier Managers with relevant real-time data including media feeds of reported issues.

Given the disruption caused by Covid-19, we have made adjustments to how we run our due diligence of suppliers. We have made no changes to our supplier management framework or our minimum expectations of our suppliers, so we continue to maintain the same high standards, albeit how we meet these has changed. For example, it has not been possible to conduct physical onsite supplier assurance visits since March, and so all reviews are being conducted remotely. This is part of a comprehensive approach to supplier management that has aimed to minimise the health risks while protecting human rights across our supply chain – including a process to allow suppliers to work from home, where possible and without compromising security, and an approach to ensure the continuity of necessary financial services so that vulnerable customers are not adversely affected. Special billing arrangements were put in place between March and August for offshore supplier staff who were not able to safely work from home or on site. These arrangements allowed for a proportion of work that could not be completed to be billed – on the proviso that all such staff continued to be paid as normal. This approach was taken to minimise the impact on supplier staff in geographies where furlough or equivalent schemes were not operating.

In 2020, there were no high priority findings and no relationships exited as a result of issues with Modern Slavery.



## Responsible Sourcing

We are committed to engaging with suppliers to ensure that we achieve the best value for customers - in terms of price and quality as well as social impact and we are integrating this into our purchasing decisions. For example, when we undertook a market review of who should supply the uniforms for our network branch colleagues, a key element of our evaluation methodology was to assess suppliers according to their Corporate Social Responsibility rating. Given the potential labour risks associated with the garment industry, it was agreed that the successful supplier must be an established member of the Ethical Trade Initiative, which is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights. It was also agreed with the selected supplier that they would provide auditable evidence to the Bank that their

fabric and garment manufacturers are complying with the relevant ethical and workers' rights standards, including giving the Bank direct access to audits conducted by independent third-parties.

We also engage with suppliers to strengthen their due diligence to mitigate modern slavery risks. For example, as a result of our discussions, the Group's main managed service provider for temporary administrative workers is now affiliated with the Recruitment and Employment Confederation (REC) who are part of the Safer Jobs network, a joint industry and law enforcement organisation that works to prevent labour market exploitation, including modern slavery. The provider also encourages agencies in their supply chain to be affiliated with REC or Safer Jobs directly.

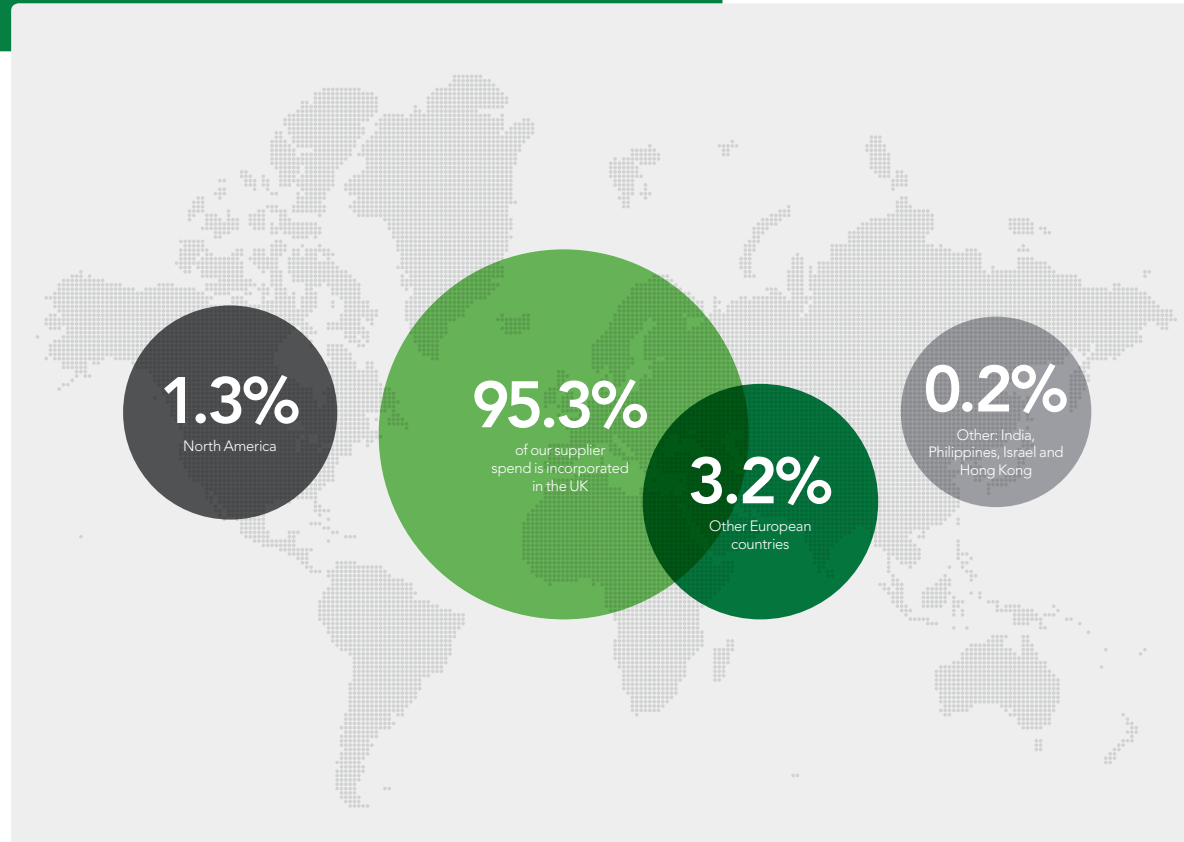
[+ Find out more Working with suppliers](#)

## Our Suppliers – assessing and managing risk continued

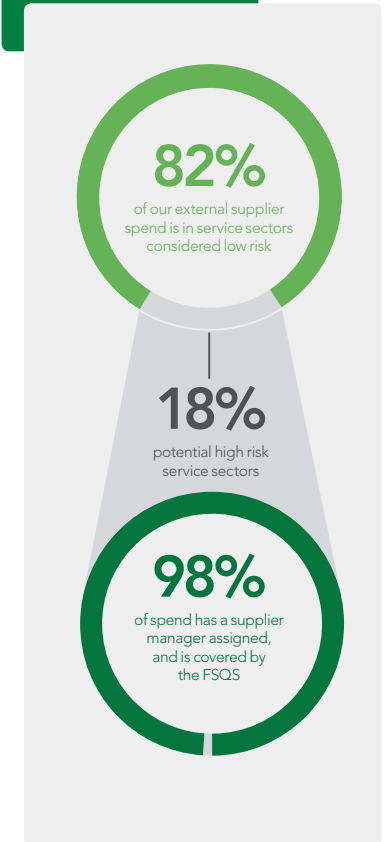
We have analysed our suppliers based on geography, service sectors and spend. The majority of our direct suppliers represent a traditionally low risk of modern slavery. According to the Global Slavery Index, 99.8 per cent of our supplier spend is incorporated in geographies that are considered low risk for modern slavery; 95.3 per cent of our supplier spend is incorporated in the UK, 3.2 per cent in other European countries, 1.3 per cent in North America and the remaining 0.2 per cent in other countries, including India, the Philippines, Israel and Hong Kong. Additionally, 82 per cent of our external supplier spend is in service sectors considered low risk, and analysis of the remaining 18 per cent potential high risk service sectors shows that 98 per cent of spend has a supplier manager assigned, and is covered by the FSQS. We will continue to monitor and seek to continuously improve our process of identifying risks.

Our suppliers in India and the Philippines, including IT providers, are large global firms which have undergone rigorous due diligence and are managed by dedicated Supplier Managers.

### OUR SUPPLIER GEOGRAPHY



### OUR SUPPLIER SPEND



# Combatting modern slavery and human trafficking as a financial crime

The financial sector has an important role to play in the fight against modern slavery and human trafficking (MSHT), as there may be exposure through the receipt and movement of the proceeds of crime. The Group is aware of the risks and the influence it can have in combatting modern slavery through its financial crime approach and we have implemented and continue to strengthen monitoring controls to help identify activity which may be indicative of exploitation and proceeds relating to MSHT.

The Group takes a proactive role in identifying potential MSHT perpetrators and the Group Fraud and Financial Crime Prevention's Financial Intelligence Unit (GFIU) has made human trafficking and modern slavery a primary area of focus. The GFIU seeks to better understand the MSHT threat to the Group to make accurate and insightful assessments that inform our risk-based approach and response. GFIU continuously seeks to obtain intelligence on MSHT to create a baseline understanding of the threat and its scale, and track changes over time. Whilst intelligence available on MSHT is limited, GFIU regularly engages with intelligence providers such as law enforcement, charities and other organisations working to counter MSHT. We have developed specific typologies to identify and target financial indicators associated with sexual and labour exploitation and organised immigration crime and continue to innovate these in line with intelligence on the evolving nature of modern slavery. This is supported by our Group Vulnerability Strategy which includes training for our retail colleagues on how to identify suspicious activity and customers under duress that could indicate such crimes.

A sustained area of focus for the Group is on tackling the rise of child victims of modern slavery associated with County Lines drug trafficking operations in the UK. This often involves the intimidation, financial exploitation and endangerment of young and vulnerable people in smaller towns and rural areas. We work with the National County Lines Co-ordination Centre to support Group colleagues in spotting behavioural and transactional indicators and to understand how these are evolving as County Lines dealers adapt to the coronavirus pandemic.

The Group is aware that Covid-19 may lead to new or increased risks of modern slavery, for example by heightening people's vulnerability to labour exploitation. To address this, GFIU has delivered training to over one-hundred first line colleagues in Retail and Transaction Monitoring to help them understand these new emerging threats and the transactional risk indicators they should look out for. Additionally, this year, as part of Fraud and Financial Crime Awareness month, the Group's Fraud and Financial Crime Prevention team produced a webinar on how the modern slavery and human trafficking landscape has changed in response to Covid-19. Open to all colleagues from across the Group, the webinar was led by subject matter experts from the anti-slavery charity Hope for Justice.

The Group's Fraud and Financial Crime Prevention team produced a webinar on how the modern slavery and human trafficking landscape has changed in response to Covid-19.





# Business customers

We know that financial institutions, as providers of capital, have an important role in tackling modern slavery and human trafficking and we seek to avoid the risk that we might become linked through our business relationships to any form of modern slavery.



As a UK focused financial services provider, the vast majority of our assets are in developed markets which are associated with lower risks of modern slavery. However, we know that modern slavery occurs all over the world, including in the UK, so we apply our strong risk management culture to further minimise any risks.

In 2020 we worked to further integrate modern slavery and human trafficking considerations into our relationships with clients. Our external sector statements detail our expectations for corporate customers and specify that we expect them to respect human rights, both of their own workforce and in their supply chain. We require them to comply with applicable international conventions, sanctions and embargoes, legislation, and licensing requirements whilst showing a clear commitment to robust Environmental, Social and Governance (ESG) risk management.

Within Commercial Banking, ESG commentary requirements have been embedded into the credit assessment process. ESG risks, including modern slavery, must now be specifically commented upon where credit limits exceed £500,000 to help inform the overall credit view. During 2020 additional guidance has been added to Commercial Banking internal credit policies for sectors where the prevalence of low paid, temporary and migrant workers exposes the sector to risks of modern slavery. This guidance specifies the due diligence that relationship managers are required to conduct including reviewing the steps taken by the client to ensure that there is no slavery in their business or its supply chain.

We regularly review all of our customers that we have a direct banking relationship with. Where they appear to be operating outside of our risk parameters, we will work with our customers to understand how they plan to transition to meet our risk parameters. If the customer does not transition, we will exit the relationship at the earliest opportunity. We have regular engagements with our customers (where appropriate) that we have a direct banking relationship with, and regularly review their public filings, press reports and analyst presentations.

## Insurance and savings

As a long-standing signatory of the UN Principles for Responsible Investment (UNPRI), we are committed to being responsible investors and stewards of the assets we oversee on behalf of our pension customers. The majority of assets held for and managed on behalf of our customers are managed by third party managers who comply with our Stewardship Policy and are also signatories of the UNPRI. When selecting fund managers, we pay particular attention to their abilities to identify ESG risks and opportunities, including human rights abuses such as modern slavery, and to engage with companies they invest in on important issues. We hold them to account, insisting that they demonstrate that they are doing what they have committed to.

We act in accordance with the UN Global Compact which includes the principles that businesses should make sure that they are not complicit in human rights abuses and should uphold the elimination of all forms of forced and compulsory labour. As outlined in our Exclusion Policy, we do not invest in companies identified as violators of the UN Global Compact unless we believe we have sufficient leverage to influence their behaviour over a three-year period. If companies fail to comply with the UN Global Compact in this time period, they will be excluded from the investment universe.

Signatory of:



**In 2020 we worked to further integrate modern slavery and human trafficking considerations into our relationships with clients.**

- [Find out more](#)
- [Sector Statements](#)
- [Stewardship Policy](#)
- [Exclusion Policy](#)

# Working with survivors

As the UK's largest retail bank, with a presence in nearly every community in the UK, we are well placed to help victims of modern slavery to rebuild their lives.

As part of our Group Vulnerability Strategy, the Group is committed to providing meaningful support across the range of needs of our vulnerable customers, aiming to provide positive outcomes, and working to mitigate or reduce the risk of financial harm that customers may face.

LBG is committed to supporting access to mainstream banking for those who may be excluded, often due to the lack of availability of standard identification documents, such as those who have been experiencing homelessness, victims of modern slavery, those fleeing domestic abuse, or ex-offenders.

We work closely with national and local charities such as Hope for Justice, Jericho Foundation, City Hearts, Medaille Trust and Crisis UK, to help those impacted by modern slavery regain their financial independence and to prevent further vulnerability to exploitation.

Since 2017, the Group has focused on helping survivors of modern slavery and human trafficking by mitigating two key banking challenges survivors face: fraud and identification.

Victims' bank accounts are often used by gangmasters for money-laundering and other fraudulent activity which can prevent them from using banking services in future. To combat this, our Retail Application Fraud Team works closely with recognised charities and the police to cross-check records and documents in advance to ensure that fraud records created as a result of the activity of the abusers do not cause the survivors to become a victim twice over.

As a result of their exploitation, survivors of modern slavery and trafficking may lack standard forms of identification. We have worked with a number of local charities to ensure accounts can be opened for people across the UK by developing flexible processes. Since testing this initiative at our Lloyds Manchester Flagship branch in 2017, we have expanded it to additional branch locations in partnership with a number of local and national charities. This year we also introduced a central directory of resources and procedures so that colleagues at all branches across the Group can assist prospective customers that lack standard forms of identification.

The Covid-19 pandemic has magnified existing challenges, and brought new challenges for our customers affecting health, income, and relationships. Following the introduction of government restrictions, adjustments were made to ensure that we could continue to assist vulnerable customers when face to face appointments were not possible.

In 2020 Lloyds Banking Group has assisted 11 survivors (and a total of 61 since 2016). This year referrals have been lower, which we understand is linked with the disruptions caused by Covid-19 – we remain committed to helping all those we are able to.

11

Survivors have been assisted in 2020

61

Total survivors have been assisted since 2016

# Collaborating with others

We work with other financial service providers, NGOs, taskforces, law enforcement agencies and key organisations to help identify and prevent incidences of modern slavery and human trafficking.

- We are a founding member and remain an active participant of the Joint Money Laundering Intelligence Taskforce (JMLIT). The taskforce was established to tackle financial crime in partnership with the financial sector and Government and has five operational priorities, one of which is human trafficking and modern slavery.
- We are partnering with the Clewer Initiative to raise awareness of a new tool to tackle modern slavery in farming, horticulture and food production in our branches. The Farm Workers Welfare App is designed to support both employers and workers to spot the signs of labour abuse and what to do if they suspect that workers are being exploited. The guidance to UK colleagues is that any new customer that opens a financial product and states that they will be working in agriculture should be given a leaflet promoting the Farm Workers Welfare App. Given their heightened risk of experiencing modern slavery and human trafficking, any migrant worker with limited English should also be offered worker rights leaflets from the Gangmasters and Labour Abuse Authority, even if there are no obvious behavioural signs of exploitation. Both leaflets are available in multiple languages.

- Modern slavery and human trafficking offences are on the rise in Northern Ireland and vulnerable children are often the target of gangs. For the past three years, The Halifax Foundation for Northern Ireland has supported Invisible Traffick, to help raise awareness about human trafficking, and to prevent vulnerable young children from becoming victims. This funding has enabled the charity to employ an education facilitator to visit schools to bring this sensitive subject into the classroom in a safe, non-threatening way. The programme has been widely received by teachers, principals and parents who have welcomed Invisible Traffick into their classrooms and have been encouraged by the high levels of engagement from their pupils.

# Training

The Group is committed to raising awareness about modern slavery throughout the business to ensure that staff are equipped to respond to the changing nature of this hidden crime.

Modern slavery is included in our bespoke Fighting Fraud and Financial Crime training which is mandatory for all UK colleagues in the Group to complete on an annual basis. This was refreshed at the end of 2019 and includes a specific modern slavery case study and the 'red flags' associated with modern slavery and human trafficking that will assist colleagues in detecting and reporting suspicious activity. As outlined above, as part of Fraud and Financial Crime Awareness month, the Group's Fraud and Financial Crime Prevention team produced a webinar with the NGO Hope for Justice to raise colleague awareness about the impact of Covid-19 on modern slavery and human trafficking.



Group-wide training is further supported by targeted training for colleagues in specific roles that are more likely to encounter modern slavery.

➔ **GFIU colleagues:** Over one-hundred colleagues in the Retail and Transaction Monitoring departments participated in bespoke modern slavery training which included an update on law enforcement activity, investigations underway in the Group and the new threats that are emerging in the context of Covid-19 and the risk indicators colleagues should look out for.

➔ **Community Bank colleagues:** Induction training includes Identifying and Supporting Customers in Vulnerable Circumstances and annual mandatory training includes Customers in Vulnerable Circumstances. The vulnerability team have developed modules on factors that can increase vulnerability such as domestic and financial abuse, along with reworking guidance on identification and verification to support customers lacking standard forms of identification.

➔ **Group Sourcing and Supplier Managers:** In May 2020, colleagues from across the Group benefited from training on sustainable procurement which included labour and human rights. In addition, Sourcing Managers completed modern slavery specific training in November 2020. Developed in consultation with external subject matter experts, it covered the risks and indicators of modern slavery, the requirements of the UK Modern Slavery Act and what the Group is doing to tackle the issue. Over one-hundred colleagues participated in the session which is available for all Sourcing and Supplier Manager colleagues to replay and download for future reference. As a result of the training 98% of respondents agree, or strongly agree, that they understand the issue, its relevance for their role and how they are expected to respond, compared to 73% of respondents before the training was delivered.

# Governance

The Group's approach to human rights is governed by the Responsible Business Committee, a committee of the Board of Lloyds Banking Group plc. The Committee's role is to support the Board in overseeing the Group's policies and performance as a responsible business.

The Group's day to day management of and engagement on modern slavery and human rights is guided by a Cross-Divisional Working Group, which, led by Responsible Business, has input from functions across the Group including HR, Sourcing, Retail, Commercial Banking, Fraud and Financial Crime as well as external human rights experts. This Group meets several times a year to assess the embedding of modern slavery and human rights within the Group's operations.

Other relevant committees include; the Group People Committee, responsible for governance of the Group's people and colleague policies, covering conduct, values and behaviours that can relate to human rights concerns, as well as related areas including remuneration and reports directly to the Chief Executive, by way of the Group Executive Committee; and the Supplier Management Governance Committee responsible for overseeing supplier management capability and delivery and is made up of representatives from across the Group to embed strategy and best practice.

Modern slavery is included in our bespoke Fighting Fraud and Financial Crime training which is mandatory for all UK colleagues in the Group to complete on an annual basis

# Looking ahead

We will continue to monitor, embed and evolve the way we identify and mitigate modern slavery and human trafficking risks in our business and supply chain. This will be guided by our Human Rights Policy Statement, which outlines the Group's position on, and commitment to embed human rights considerations into our business operations.

Looking forward, we will seek to:

- ➔ Continue to strengthen how we assess and manage risk in our supply chain
- ➔ Raise colleague understanding of the risks and signs of modern slavery and human trafficking and how to respond
- ➔ Strengthen external partnerships and collaborations
- ➔ Further integrate human rights and modern slavery considerations into our relationships with clients

We will continue to review and report on the following indicators to assess the effectiveness of our actions:

**Number of colleagues trained in relation to modern slavery and trafficking:**

- ➔ This is measured by colleague engagement with our annual Group-wide Fighting Fraud and Financial Crime training module which is mandatory for all UK colleagues and which, as outlined in the statement, includes content on modern slavery.

**96%**

In 2020, 96 per cent of colleagues completed training in relation to slavery and trafficking

**Number of reports of modern slavery through our Speak Up line:**

- ➔ In 2020 we had no reported incidents of human rights breaches, slavery or trafficking.

**0**

incidents of modern slavery reported through our Speak Up line

This statement is made pursuant to the Modern Slavery Act 2015 and constitutes Lloyds Banking Group's Modern Slavery and Human Trafficking Statement.

Signed by



**Robin Budenberg**  
Chairman



**António Horta-Osório**  
Group Chief Executive

**Queries or comments can be shared at any time by writing to:**

Group Chief Executive's Office  
Lloyds Banking Group  
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