HUMAN RIGHTS POLICY STATEMENT
A responsible and sustainable approach to doing business is central to our strategy and our purpose to help Britain prosper. We believe in the importance of doing business in ways that value and respect the human rights of our colleagues, customers, suppliers and the communities in which we operate and have a set of policies and procedures to translate this belief into action.

This Statement applies to Lloyds Banking Group plc, its subsidiaries, employees and officers of the Group for the financial year ending 2019. This Statement was approved in February 2020 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.
Our commitment to respect international human rights standards

We adhere to the rules and regulations of every country in which we operate. We are also guided by the International Bill of Human Rights as well as the International Labour Organisation’s (ILO) Core Labour Standards and its Tripartite Declaration of Principles.

As signatories to the United Nations (UN) Global Compact, we are aligned with its human rights and labour standards, and report on our progress annually. We also recognise the Organisation for Economic Co-Operation and Development (OECD) Guidelines for Multinational Enterprises and the UN’s Guiding Principles on Business and Human Rights.

In addition, we support the UN’s wider development agenda including the UN Sustainable Development Goals (SDGs) and in September this year, signed the UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking, which are designed to accelerate the banking industry’s contribution to achieving society’s goals as expressed in the SDGs and the Paris Climate Agreement.

Pursuant to the UK Modern Slavery Act, we produce a Modern Slavery Statement on an annual basis. This outlines the steps we take to combat modern slavery and human trafficking in our business and supply chains, how we monitor our business and supply chain for any risks, the steps we take to respond and support former victims and our focus areas for the year ahead.

Together, these actions demonstrate the Group’s commitment to doing business responsibly and to explaining the meaningful steps taken to ensure that workers’ fundamental rights and freedoms are respected.

Find out more
Modern Slavery and Human Trafficking Statement 2019
Human Rights Policy Statement

This Policy Statement provides an overview of the work we do to support and protect human rights within our business and communities. It has been developed by consolidating the Group’s guidance and policies that relate to human rights and identifying further opportunities to integrate human rights decision making into our business operations.

This Policy Statement has also been informed by a business-wide materiality assessment undertaken in 2019, which scanned for issues that affect the business, and expectations from stakeholders, including investors, academics, industry and community leaders. From this assessment, we identified the risks that needed to be managed and opportunities for us to improve human rights outcomes. The human rights priorities for Lloyds Banking Group are inclusion & diversity, mental health in the workplace, supporting vulnerable customers, tackling modern slavery and protecting customer privacy and data security to keep our customers’ money and data safe.

Policy Statement structure

The main section of this Policy Statement covers (i) human rights for workers; and (ii) non-labour related rights issues, across our four main stakeholder groups:

Provisions on human rights for workers:
- Our Colleagues
  - Read more pages 5 to 6
- Our Suppliers
  - Read more pages 7 to 8

Provisions on non-labour related rights issues:
- Our Customers
  - Read more pages 9
- Our Communities
  - Read more pages 10
A number of policies and procedures support our commitment to operating responsibly and ethically, both as a business and individually, and cover provisions for key human rights concerns. They help us to address primary areas of risk and translate our risk appetite into mandatory requirements. These policies are developed and approved in accordance with formally defined governance and include our Group Colleague Policy, Health, Safety & Fire Policy, Physical & People Security Policy, Data Privacy Policy, Information & Cyber Security Policy, Harassment & Grievance Resolution Policy, Group Compliance Policy, Group Accountability Standards, Speak Up (whistleblowing) and Anti-Bribery Policy.

Provisions on human rights for workers

Our Code of Responsibility applies to all colleagues, contractors and temporary employees. It provides an overarching framework to ensure the highest possible standards of behaviour including a guide that outlines the ways in which respect for human rights should inform colleagues’ and contractors’ actions and decisions.

The Group is committed to meeting its statutory responsibilities as an employer. There is no appetite for non-compliance with relevant employment legislation.

In addition, the Group does not tolerate the unfair treatment of colleagues, particularly on the basis of their legally defined personal characteristics; sex, age, disability, race, religion or belief, marital or civil partnership status, sexual orientation, transgender status or parental status.

Representation, recruitment and fair remuneration

We support colleagues’ rights to exercise freedom of association and have extensive collective bargaining processes in place – both in the UK and overseas. We have recognition agreements with two trade unions that collectively negotiate on behalf of our UK workforce (around 99 per cent of colleagues worldwide).

Our relationship with these trade unions allows all parties to work together to improve the working environment and ensure colleagues are rewarded fairly for their contribution to the Group.

Our decision to become a UK Living Wage Employer in 2015 resulted from this approach. 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.

The Group uses a number of recruitment agencies to fill roles. UK agencies are bound by contracts which require compliance with our Pre-employment Vetting Policy and Vetting 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).

99%

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Building an inclusive bank

We recognise that everyone is different and we are working hard to build an inclusive bank that reflects the diversity of modern Britain. Our Group Inclusion & Diversity approach focuses on gender, ethnicity, disability (including mental health), health & wellbeing (including support for parents and carers), LGBT+, agile working and domestic abuse with topics sponsored by Group Executive Committee members. We set targets for engagement and representation at senior levels in the Group to ensure we continue to make progress, and we are proud to have been recognised externally for our work here, including:

- The Group has featured in the Times Top 50 Employers for Women for eight years running, and in 2019 for the first time in the Bloomberg Gender Equality Index.

- Our award-winning women’s network Breakthrough is the largest of its kind in the UK with 15,000 members and 4,000 mentors. We continue to be a sponsor of the Women of the Future Ambassadors Programme, providing mentors and role models to strengthen talent among young British women.

- We have created an inclusive and open working environment for our LGBT+ colleagues, with the Group named Top Financial Employer, and seventh overall in 2019’s Stonewall Top 100 employers. Our LGBT+ colleague network, Rainbow, plays a pivotal role in our approach, with over 5,000 members and supporters it is one of the largest of its kind in the UK.

- As of 2019, we have been a Top 10 Employer for Working Families for four consecutive years, awarded by the charity Working Families.

- In 2019 we retained our Business Disability Forum (BDF) Gold Standard and hold Disability Confident Leader status with the Department for Work and Pensions and intend to reapply in 2020. The BDF considers our workplace adjustment process for disabled colleagues to be ground-breaking, creating a best practice case study that they have shared with around 400 other BDF member organisations.

- We have mandatory training for colleagues in the UK and overseas to ensure inclusivity is at the heart of what we do. This includes a module on Cultural Capability, focusing on maintaining and building stronger relationships with colleagues, customers and clients, and Look Closer, which helps colleagues to create a positive working environment, free from discrimination, bias, harassment, or bullying.

Training is supported by other internal initiatives, such as Dress for your Day, which aims to ensure colleagues feel comfortable and included in the workplace, by removing strict dress code requirements where appropriate.

We have refreshed our performance management approach to foster an inclusive environment through the Back to your Best toolkit that emphasises getting to the root of any challenges, and offering colleagues support to overcome this, for instance through the Employee Assistance Programme. Additionally, our Courageous Conversations training is designed to support difficult management conversations, by showing leaders how to manage emotional reactions so that important conversations become positive and constructive.

We do not tolerate discrimination, harassment, bullying or victimisation in our business and deal with any colleague disputes and grievances fairly, following clear policies and procedures, including the ability to resolve issues informally.

Championing mental health

We are committed to achieving the highest standards of health and safety for our employees (and visitors to our premises).

As a Group we have particularly championed the importance of mental health for both employees and broader society, protecting fundamental rights to health and empowering people to achieve more. In the UK, our Mental Health Strategy supports colleagues and leaders through a Health and Wellbeing resource centre and we work to safeguard and promote colleague wellbeing by ensuring a psychologically sound working environment to help prevent work-related illness, and providing support and health advice in times of need.

As part of this commitment, we have trained over 40,000 colleagues on mental health issues and have a programme of mental health advocates within the business.

We regularly monitor stress related absence where legally permissible and take action to reduce potential causes of strain such as adjusting the performance management framework. Through our Employee Assistance Programme provider, Validum, we provide a suite of wellbeing services for our employees in the UK and overseas, including mental health support. These services extend to debt advice, legal advice, health and wellbeing, and counselling. We try to help colleagues find a positive balance by providing opportunities such as flexible and agile working. We continue to review our offering and add to it to improve the colleague experience, for instance extending provision of mental health cover under medical benefits and creating a new resilience portal to help people enhance their overall wellbeing.
Provisions on human rights for workers continued

OUR SUPPLIERS

Responsible sourcing is integral to the way we do business. 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.

We expect all UK suppliers to conform to our Code of Supplier Responsibility which we share through the supplier contract as governed by our Business Sourcing Process. It defines our expectations in terms of responsible business behaviour, including human rights and labour issues. Our suppliers have a contractual obligation to ensure compliance with all applicable laws that apply to their supply of goods and services to us, regardless of the jurisdiction in which they operate.

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. We require those UK suppliers going through the Financial Services Supplier Qualification System (FSQS) to confirm they have read, understood and comply with the Code of Supplier Responsibility and provide us with evidence to demonstrate their approach.

Specifically we expect all of our suppliers and those in their supply chain to:

- Respect the human rights of their employees and comply with all relevant legislation, regulations and directives, including the Modern Slavery Act and its reporting obligations in the countries and communities where they operate
- 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

To reinforce our responsible sourcing practices, our Sourcing Policy makes it clear that we have no appetite for unethical treatment of our suppliers. Furthermore, all UK colleagues engaged in sourcing must follow the defined Business Sourcing Process and undertake sourcing in line with the requirements of our Sourcing & Supply Chain Management Policy. Compliance with our standards is monitored throughout our relationship with all suppliers and we help them to address any human rights violations that may arise. We assess our risk frameworks on a regular basis, and provide specific training and guidance for specialist colleagues to support their effective implementation.

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Assessing and managing risk
Lloyds Banking Group subscribes to the FSQS, a third-party managed supplier qualification system for the financial sector that is currently used by 22 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 UK 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 these suppliers to 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. 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.

The Group regularly reviews the FSQS risk framework. In 2019 we have introduced additional questions that trigger a ‘red flag’, prompting further investigative action and remediation.

The Group Sourcing Supplier Assurance team conducts an annual programme of assurance reviews for suppliers which represent the highest risk exposure to the Group.

Speak Up
We offer our UK suppliers access to our confidential Speak Up Line where they and their workers can report any incidents. An independent supplier, Expolink, 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.

There were no reported human rights incidents through Speak Up in 2019.

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.
Provisions on non-labour related rights issues

OUR CUSTOMERS

We have policies and procedures in place that help protect our customers from exploitation, including our Group Anti-Money Laundering and Counter Terrorist Financing and Fraud Risk Management Policies which also disrupt perpetrators, as well as our Data Privacy and our Information and Cyber Security Policies. We take Data Privacy and our General Data Protection Regulation (GDPR) obligations very seriously, and have a robust process to manage any risks. We maintain a strong relationship both strategically and operationally with the Information Commissioner’s Office, which regulates these issues and which recognised the Group at a European Banking forum in October 2018 as “Leaders in the Industry”.

Retail customers
We have approximately 26 million retail customers and a presence in every nearly every community. We believe in being fair and transparent in everything we do, ensuring access to vital financial services that act as the foundation for many other human rights including access to housing and work. We have a Customer Treatment Policy that helps ensure we treat customers fairly and we provide customers with access to appropriate, affordable, responsibly structured credit; supporting them when they have financial difficulties; and investigating any complaints they have, thoroughly and fairly. We are sensitive to the challenges some people face in financial matters and through our financial inclusion and education programmes we focus on improving access to financial services and building financial skills.

We also have a Group Vulnerability Strategy which outlines our approach to supporting those who may be more vulnerable or excluded, including those with mental health challenges, those with a critical illness, older customers, and victims of domestic abuse, financial abuse, and modern slavery.

One example of the approaches we take to support and include our diverse range of customers is the work we have done with the National Autistic Society. In ensuring our branches and services are accessible and easy to use for autistic people, we received the Autism Friendly Award in 2019. We are also part of the Valuable 500 movement which launched at Davos in 2019. As a result, we have committed to drive activity which supports, sustains and promotes an inclusive and diverse organisation for both customers and colleagues with visible and non-visible disabilities, including further increasing accessibility of financial services. We were also the first among our peers to offer British Sign Language video calls for deaf customers and Talking ATMs to provide assistance for people who cannot read the ATM screen.

We have taken steps to support survivors of human rights abuses, such as modern slavery and human trafficking. Working with charities such as Hope for Justice, we support former victims in accessing banking services by ensuring gangmasters’ fraudulent activity doesn’t prevent them from holding a bank account. In the UK, our Acceptable Documentation procedures also allow for alternative forms of documentation when opening accounts as survivors of trafficking may not have these in conventional forms.

Business customers
We know that finance has an important role to play in influencing better social, human rights and environmental outcomes, and we take this into account in our investment, lending and service operations. We are signatories to the UN Principles for Responsible Investment and the Equator Principles, a risk management framework adopted by financial institutions to determine, assess, and manage environmental and social risk in projects. We will not enter into credit or investment relationships with businesses believed to be in breach of any activities prohibited by international conventions supported by HM Government. These include the Oslo Convention on Cluster Munitions, the Ottawa Treaty on Anti-Personnel Landmines, the Chemical Weapons Convention and the Biological Weapons Convention.

We recognise the impact of environmental phenomena, such as extreme weather and temperature increases. We also acknowledge the link between climate change and the protection of human rights. We have specific policies for sectors that are known to have prominent environmental risks. These sector statements detail our expectations of our corporate customers and 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.

Find out more Sector Statements
We are committed to help protect human rights and improve opportunities for people living in the communities we serve. Our support for local communities is focused on tackling social disadvantage and helping vulnerable people or those excluded from mainstream banking.

Our four independent charitable Foundations are fundamental to our vision of tackling social disadvantage, covering the whole of the UK and Channel Islands, partnering with local charities to help people overcome complex social issues, and rebuild their lives. Through receiving a share of the Group’s profits annually, the Foundations support thousands of charities, which also receive support through colleague volunteering and mentoring.

Additionally, our Lloyds Scholars programme provides less privileged students the financial support they need to study at university along with a package of support, including mentoring and internships. And our work on financial inclusion has also supported the growth and profile of Credit Unions.

We are strong advocates of the importance of mental health, supporting the right to good mental health in the face of the pressures of modern society, and work extensively with Mental Health UK to help improve awareness and action across society. In recognition of this work at the national level, we were included in Fortune Magazine’s Change the World list 2019, ranking 31st internationally.

Our work in combatting human trafficking and forced labour as a financial crime contributes to helping our communities. We have worked on developing financial indicators of sexual exploitation and expanded these to cover indicators of labour exploitation and organised migration crime. We work with other financial service providers, NGOs, taskforces, law enforcement agencies and key organisations to help identify and prevent human rights abuses, such as modern slavery. In particular:

- We have collaborated with the National County Lines Co-ordination Centre (NCLCC) portfolio to provide training and awareness raising on County Lines, criminal gang practices that often involve the exploitation and endangerment of young people in smaller towns and rural areas. Further, our retail colleagues are trained in how to identify suspicious activity and customers under duress that could indicate such crimes.
- 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. The Group Fraud and Financial Crime Prevention’s Financial Intelligence Unit has made human trafficking and modern slavery a primary area of focus.
- We have continued to collaborate with others on the Traffik Analysis Hub (TAHub), designed to share vital trafficking information across all sectors. The aim is to be able to predict future incidents of human trafficking before they occur through identifying financial patterns, trafficking routes, hotspots of community trafficking activity and vulnerability across complex supply chains. Conceived and led by STOP THE TRAFFIK, we continue to provide support to the testing process at each development stage.
- The Halifax Foundation for Northern Ireland, part of the Lloyds Bank Foundation, is also currently funding a charity called Invisible Traffick, an organisation that provides primary school children in the region the education and support needed to help them understand the signs and dangers of modern slavery. Human Trafficking is a growing concern in local towns and communities, therefore educating our children to stay safe is a key priority. The charity’s work is vital in protecting these children from becoming victims.

Provisions on non-labour related rights issues continued
Governance

Our approach
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, led by Responsible Business. This Group meets regularly to assess the embedding of 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.

Grievance mechanisms
Colleagues and other stakeholders can raise concerns through our grievance mechanisms, including the Speak Up line and through our Colleague Conduct Management team. Concerns are taken seriously, the identity of the person raising the concern can remain confidential and no colleague will be discriminated against as a result of raising a genuine issue. If any human rights violations are identified, we take appropriate action swiftly.

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