

# **Lloyds Bank comments on 2019 Human Rights Benchmark**

## **Category 1: Policy commitment.**

### **1.1 Has the bank adopted a policy statement to respect human rights?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration.

### **1.2 Is the policy commitment approved at the most senior level of the business?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement - alongside our Modern Slavery & Human Trafficking Statement which is signed by our CEO and Chairman - for publication in Feb/Mar 2020 and will take this into consideration.

### **1.3 Does the bank's policy commitment extend to the bank's client and investee relationships?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. However, we would ask that you consider the following;

Expectations of personnel, business partners and other parties are detailed in our Code of Responsibility and our Code of Supplier Responsibility, and progress in these areas communicated via the UN Global Compact Communication on Progress updated and published in May 2019.

## **Category 2: Due diligence process.**

### **2.1 Does the bank describe how it carries out human rights due diligence?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

Due diligence expectations of colleagues, clients and suppliers are detailed in our Code of Responsibility, our Sector Statements and our Code of Supplier Responsibility, and progress in these areas communicated via the UN Global Compact Communication on Progress updated and published in May 2019.

[https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/helping-britain-prosper-plan/2018-21\\_2-lbg\\_code\\_of\\_responsibility\\_external.pdf](https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/helping-britain-prosper-plan/2018-21_2-lbg_code_of_responsibility_external.pdf)

<https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/download-centre/lloyds-banking-group-code-of-supplier-responsibility-april-2019.pdf>

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/lloyds-banking-group-un-global-compact-communication-on-progress-2018-lbg.com.pdf>

## **2.2 Does the process involve meaningful consultation with potentially affected groups?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

Whilst we don't directly consult affected groups involved in the due diligence process, we do engage stakeholders in our annual materiality process to understand what they feel are important key issues in how Lloyds Banking Group undertakes its approach to responsible business and what it should focus on. This includes in depth interviews with investors, NGOs, Charities and Community and Consumer Organisations, as well as taking inputs from a range of primary and secondary research and insight sources covering customers, colleagues and regulators and government.

In 2018's materiality study, stakeholders identified demonstrating responsibility at our core as a key priority, including how we keep customers' data safe, support vulnerable customers, lend responsibly, support businesses and work with suppliers. Stakeholders also identified building capability and digital skills as a key issue, alongside tackling social disadvantage, inclusion and diversity and sustainability.

We will be feeding in the insights gathered in the 2019 materiality study into the development of our 2019 Human Rights Policy Statement.

## **2.3 Does the bank clearly allocate responsibility to specific functions?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

We understand that human rights encompass more than just the individual and take into account social, ethical and environmental issues in our investment, lending and service operations. Our corporate governance structure ensures that colleagues are supported to work responsibly and manage risk effectively. This structure includes our Board and our Board-level Responsible Business Committee. It extends to every part of our business through our Group Executive Committee and Executive-level Committees.

The Responsible Business Committee is a committee of the Board of the Company and its role is to support the Board in overseeing the Group's policies and performance as a responsible business:

- Provide oversight of and support for Lloyds Banking Group's strategy and plans for delivering the Company's aspirations to be seen as a trusted, responsible business, as part of the Company's objective of helping Britain prosper;
- Provide oversight and challenge on those activities which impact on the Group's behaviour and reputation as a trusted, responsible business;
- Consider in detail and recommend to the Board for approval the Group's Responsible Business Report and Helping Britain Prosper plan; and
- Report to the Board on the matters for which the Responsible Business Committee is responsible, escalating issues and making recommendations to the Board where appropriate to do so.

Specifically, to oversee the adoption of the Group's codes, principles and standards which relate to the Group's Responsible Business approach, including ethics and modern slavery; and to report to the Board with any recommendations for changes.

Additionally, we run a monthly Responsible Business Collaboration Forum to enable Responsible Business Divisional Leads and key stakeholders across the Group to understand, share, challenge and to collaborate to support the Group's Responsible Business Agenda with the following accountabilities;

- Review workstream activity and provide appropriate challenge and collaboration.
- Review and challenge communications approach and planned internal and external communications plans.
- Review and challenge plans and proposals before presentation to the RB&I Forum
- Share learnings and best practice on Group and Divisional strategy, and combat barriers
- Ensure consistent approach to RB initiatives, and remove unnecessary duplication of activity
- Consider external environment and emerging Responsible Business themes, and impact on HBP plan
- Flag any risks and issues and escalate to the appropriate committee.
- Ensure appropriate links with I&D / Sustainability initiatives to deliver a holistic approach to Helping Britain Prosper
- Escalation (as appropriate) to the Responsible Business & Inclusion Forum which in turn escalates to the Responsible Business Committee

## **2.4 Does the bank have a process for assessing its relationship to an adverse impact?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider our approach to supplier management;

<https://www.lloydsbankinggroup.com/our-group/working-with-suppliers/being-a-supplier-to-lloyds-banking-group/>

<https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/download-centre/lloyds-banking-group-code-of-supplier-responsibility-april-2019.pdf>

We expect all our suppliers to meet or exceed all the provisions of this Code. Our goal is to work with you on developing our approach to responsible sourcing and sustainable procurement. In situations where you are not yet compliant with the expectations set out in this Code, you must let us know. We will work with you on the development of an improvement plan. However, if the issue is serious enough or cannot be resolved in a reasonable time frame, we may undertake a review of the terms of the contract. This may include order reduction or, ultimately, in accordance with any applicable contractual right, termination. We reserve the right to review your policies, procedures or any other documentation related to this Code. In some higher risk instances, we may undertake an on-site audit of larger suppliers to validate your adherence to this Code and applicable Third Party Policies. The provisions in this Code are in addition to and not in lieu of any legal agreement or contract.

## **2.5 Does the bank track the effectiveness of its response?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider our approach to supplier management and financial crime;

<https://www.lloydsbankinggroup.com/our-group/working-with-suppliers/being-a-supplier-to-lloyds-banking-group/>

<https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/download-centre/lloyds-banking-group-code-of-supplier-responsibility-april-2019.pdf>

We expect all our suppliers to meet or exceed all the provisions of this Code. Our goal is to work with you on developing our approach to responsible sourcing and sustainable procurement. In situations where you are not yet compliant with the expectations set out in this Code, you must let us know. We will work with you on the development of an improvement plan. However, if the issue is serious enough or cannot be resolved in a reasonable time frame, we may undertake a review of the terms of the contract. This may include order reduction or, ultimately, in accordance with any applicable contractual right, termination. We reserve the right to review your policies, procedures or any other documentation related to this Code. In some higher risk instances, we may undertake an on-site audit of larger suppliers to validate your adherence to this Code and applicable Third Party Policies. The provisions in this Code are in addition to and not in lieu of any legal agreement or contract.

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/modern-slavery--human-trafficking-statement-2018-final-published-feb-2019-tc.pdf>

Lloyds Banking Group takes a proactive role in identifying potential perpetrators, and our Financial Intelligence Unit has built specific typologies that target financial indicators. We already have a live and active typology on sexual exploitation, as a form of modern slavery and have enhanced this typology to include indicators in respect of labour exploitation and organised immigration crime to monitor suspicious behaviours and account activity. As a result of this work, we have exited 340 customer relationships that demonstrated human trafficking and modern slavery indicators in 2018.

We are also working on targeting Labour Exploitation in the Construction Industry, Eastern European Organised Criminal Gangs and their involvement in modern slavery and Child Exploitation and will report on these and other initiatives in our 2019 Modern Slavery Human Trafficking Statement published next year.

## **Category 3: Reporting.**

### **3.1 Does the bank report formally on how it addresses its human rights impacts externally?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

Our progress in these areas is reported via the UN Global Compact Communication on Progress updated and published in May 2019 and Modern Slavery & Human Trafficking Statement published Feb 2019;

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/lloyds-banking-group-un-global-compact-communication-on-progress-2018-lbg.com.pdf>

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/modern-slavery--human-trafficking-statement-2018-final-published-feb-2019-tc.pdf>

### **3.2 Is reporting sufficient to evaluate the adequacy of its response to particular human rights impacts?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

We report on these areas via the UN Global Compact Communication on Progress updated and published in May 2019 and Modern Slavery & Human Trafficking Statement published Feb 2019;

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/lloyds-banking-group-un-global-compact-communication-on-progress-2018-lbg.com.pdf>

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### **3.3 Does reporting include indicators for identifying and addressing adverse impacts on human rights?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

We report on how we identify and address these areas via the UN Global Compact Communication on Progress updated and published in May 2019 and Modern Slavery & Human Trafficking Statement published Feb 2019;

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/lloyds-banking-group-un-global-compact-communication-on-progress-2018-lbg.com.pdf>

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## **Category 4: Remedy.**

#### **4.1 Does the bank provide for or cooperate in the remediation of adverse impacts to which it identifies it has caused or contributed?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

Our commitment and processes in these areas are reported via the UN Global Compact Communication on Progress updated and published in May 2019 and Modern Slavery & Human Trafficking Statement published Feb 2019;

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/lloyds-banking-group-un-global-compact-communication-on-progress-2018-lbg.com.pdf>

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We understand that human rights encompass more than just the individual and take into account social, ethical and environmental issues in our investment, lending and service operations. Our corporate governance structure ensures that colleagues are supported to work responsibly and manage risk effectively. This structure includes our Board and our Board-level Responsible Business Committee. It extends to every part of our business through our Group Executive Committee and Executive-level Committees.

We have a number of internal policies and procedures that reflect our commitment to operating responsibly and ethically both at a business and an individual level. These include our Ethics and Responsible Business, Colleague, Sourcing, Speak Up (whistleblowing) and Anti-Bribery Group Policies. These Group Policies, associated procedures and mandatory training are reviewed annually, alongside our Code of Responsibility and Code of Supplier Responsibility, and form part of the governance of the Group's Policy and Risk Management Frameworks.

#### **4.2 Has the bank established or participated in a grievance mechanism for individuals and communities who may be adversely impacted?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

Grievance mechanisms for colleagues, clients and suppliers are detailed in our Code of Responsibility, our Sector Statements and our Code of Supplier Responsibility, and progress in these areas communicated via the UN Global Compact Communication on Progress updated and published in May 2019.

[https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/helping-britain-prosper-plan/2018-21\\_2-lbg\\_code\\_of\\_responsibility\\_external.pdf](https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/helping-britain-prosper-plan/2018-21_2-lbg_code_of_responsibility_external.pdf)

<https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/download-centre/lloyds-banking-group-code-of-supplier-responsibility-april-2019.pdf>

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Colleagues can raise concerns in four ways:

1. Ask your line manager for guidance - First, tell your line manager (the person you report to on a day-to-day basis).
2. Talk to a senior leader in your business area - If you're unable or unwilling to talk to your line manager, speak to another senior leader in your business area – for example, the person your line manager reports to.
3. Contact the Colleague Conduct Management Team - If you feel unable to report a concern to your line manager or senior leader you can contact the Colleague Conduct Management Team.
4. Raise a concern anonymously - If it's not possible to speak to your line manager, please do not keep it to yourself – contact the Speak Up line or raise your concerns to the Colleague Conduct Management Team.

Suppliers/employees of our suppliers concerned about any actions or decisions that contravene our standards can contact their LBG Supplier Manager. If they are uncomfortable doing this, they can contact our confidential Speak Up Line. It is managed by Expolink, who are completely independent of Lloyds Banking Group.

All reports are taken seriously and the identity of those who raise a concern is kept confidential. Calls are not recorded. This service is available 24 hours a day, seven days a week

Additionally, the Group has well documented processes and outcomes for fair treatment of customer complaints and remediation and continues to focus on ensuring the Group is resolving customer complaints in a timely manner and eradicating the causes for complaints.

#### **4.3 Do the grievance mechanism(s) meet effectiveness criteria?**

Thank you for this feedback. We are in the process of reviewing our Human Rights Policy Statement for publication in Feb/Mar 2020 and will take this into consideration. We would ask that you consider the following;

Grievance mechanisms for colleagues, clients and suppliers are detailed in our Code of Responsibility, our Sector Statements and our Code of Supplier Responsibility, and progress in these areas communicated via the UN Global Compact Communication on Progress updated and published in May 2019.

[https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/helping-britain-prosper-plan/2018-21\\_2-lbg\\_code\\_of\\_responsibility\\_external.pdf](https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/helping-britain-prosper-plan/2018-21_2-lbg_code_of_responsibility_external.pdf)

<https://www.lloydsbankinggroup.com/globalassets/our-group/responsible-business/download-centre/lloyds-banking-group-code-of-supplier-responsibility-april-2019.pdf>

<https://www.lloydsbankinggroup.com/globalassets/documents/our-group/responsibility/policies-and-codes/2019-updates/lloyds-banking-group-un-global-compact-communication-on-progress-2018-lbg.com.pdf>

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2. Talk to a senior leader in your business area - If you're unable or unwilling to talk to your line manager, speak to another senior leader in your business area – for example, the person your line manager reports to.
3. Contact the Colleague Conduct Management Team - If you feel unable to report a concern to your line manager or senior leader you can contact the Colleague Conduct Management Team.
4. Raise a concern anonymously - If it's not possible to speak to your line manager, please do not keep it to yourself – contact the Speak Up line or raise your concerns to the Colleague Conduct Management Team.

Employees of our suppliers concerned about any actions or decisions that contravene our standards can contact their LBG Supplier Manager. If they are uncomfortable doing this, they can contact our confidential Speak Up Line. It is managed by Expolink, who are completely independent of Lloyds Banking Group.

All reports are taken seriously and the identity of those who raise a concern is kept confidential. Calls are not recorded. This service is available 24 hours a day, seven days a week

Additionally, the Group has well documented processes and outcomes for fair treatment of customer complaints and remediation - and continues to focus on ensuring the Group is resolving customer complaints in a timely manner and eradicating the causes for complaints. Our progress in this regard is published annually in the Annual Report & Accounts (page 77 and 86);

[https://www.lloydsbankinggroup.com/globalassets/documents/investors/2018/2018\\_lbg\\_annual\\_report\\_v2.pdf](https://www.lloydsbankinggroup.com/globalassets/documents/investors/2018/2018_lbg_annual_report_v2.pdf)