



# Modern Slavery Statement



## Inside this report

# Overview 01—06

Inside this report	01
Scope of this report	02
Our 2023 statement	03
About Lloyds Banking Group	04
Our commitment to human rights	05
Key initiatives 2023	06

# Governance 07—08

Our policies	08
--------------	----

# Managing our risk 09—14

Our colleagues	09
Our clients and customers	10
Investments and pensions	11
Our suppliers	11
Combating modern slavery and human trafficking as a financial crime	14

# Collaboration and partnerships 15—17

Supporting survivors of modern slavery	16
Overcoming the language barrier	16

# Training 18—19

# Looking ahead and next steps for 2024 20—21

This is our eighth Modern Slavery and Human Trafficking Statement. It is published in accordance with section 54 of the UK’s Modern Slavery Act 2015 and applies to Lloyds Banking Group plc, its subsidiaries, and their respective employees and officers of the Group for the financial year ending 31 December 2023.

## Scope of this report

# Our Purpose is Helping Britain Prosper. With 27 million customers and 2.3 million shareholders, our mission is to create a more sustainable and inclusive future for people and businesses, shaping finance as a force for good.

The Group recognises the importance of addressing the risk of modern slavery throughout our operations, banking, investment, insurance and supply chain activities as an activity that is key in supporting our ability to deliver on our purpose of Helping Britain Prosper.

- [Annual report and accounts 2023](#) ↗
- [Sustainability metrics basis of reporting](#) ↗
- [Sustainability metrics data sheet](#) ↗
- [Sustainability reporting framework index](#) ↗
- [Sustainable finance framework](#) ↗
- [Sustainable bond framework](#) ↗



**See here** ↗ for our full reporting network suite.



Our active supply base comprises of approximately 2,600 suppliers, the majority of which are in professional services sectors, such as management consultancy, legal, HR, IT, operations, marketing and communications. Our suppliers are located in the UK, other European countries, North America and Asia.

We are listed on the London Stock Exchange with a secondary listing on the New York Stock Exchange.

Lloyds Banking Group had no reported incidents of modern slavery in 2023, but we acknowledge that modern slavery is prevalent in modern society and can be difficult to detect. As such, we may be exposed to modern slavery risks through our relationships with our clients, suppliers and customers, as well as through our employment practices, and our investment portfolios. This Statement outlines the steps we have taken in 2023 to identify, assess, address and combat the risk of modern slavery and human trafficking taking place in either our business or our supply chain, and our focus for the year ahead.

Lloyds Banking Group plc and its subsidiaries are required to report under the Modern Slavery Act 2015, including, but not limited to:

- Bank of Scotland plc
- Scottish Widows Unit Trust Managers Limited
- Scottish Widows Limited
- Lloyds Bank plc
- HBOS plc
- LBG Capital Holdings Limited
- Lloyds Bank Corporate Markets plc
- LBG Equity Investments Limited

For a full list of our subsidiaries which are covered by this statement see 344 page of the **annual report and accounts 2023** ↗.

For the purposes of this Statement, Lloyds Banking Group plc and the above entities are collectively referred to as Lloyds Banking Group or the Group. This Statement was approved in April 2024 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 (LBCM), Lloyds Equity Investment Ltd (LEIL) 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 2023 statement

# Chief Sustainability Officer statement

// **As a Group, we recognise the importance of addressing the risk of modern slavery throughout our operations, lending and investment activities, and supply chain, as part of our journey to becoming a more purpose-driven organisation that is Helping Britain Prosper.**

**Andrew Walton**  
Chief Sustainability Officer



Due to the significant impact of the issue on the communities and society in which we operate, we are keen to take action where we are best placed to support through our role as a UK-focused financial services provider.

Over the course of the year, we have seen how the current global socioeconomic challenges and uncertainty have led to people being even more vulnerable to exploitation than ever and we anticipate that in the coming years, with the expected physical impacts of climate change globally, this vulnerability in society will only grow.

The increase in the rates of modern slavery and human trafficking, both in the UK and globally, reflect these issues. Unseen UK run the Modern Slavery & Exploitation Helpline and reported that 2022 was their busiest year on record since the inception of the hotline in 2016, identifying 6,516 potential modern slavery victims in the UK from 99 different nationalities. In 2023, Unseen recorded their highest number of potential victims for a quarter, with 1,581 potential victims being identified in the first three months of the year.<sup>1</sup>

During 2023, the Group has continued to make progress in understanding and prioritising key actions to take in our approach to the issue of modern slavery. We have continued to work in collaboration with key stakeholders on this issue through our membership of Unseen UK's Business Hub, the UNGC and the UNEP FI Human Rights Community of Practice to better understand and mitigate modern slavery risks across our business and work with like-minded businesses and stakeholders to make progress on the issue.

We have made good progress in 2023, and we will continue this into 2024 as we continually review and improve our approach to addressing modern slavery and human trafficking, prioritising those actions where we are best placed to make a significant positive change.

**Andrew Walton**  
Chief Sustainability Officer

**In 2023, 17,004 potential victims of modern slavery were referred to the Home Office, the highest annual number since the NRM began in 2009<sup>2</sup>**

<sup>1</sup> Unseen Annual Assessment 2022.  
<sup>2</sup> Modern Slavery: National Referral Mechanism and Duty to Notify statistics UK, end of year summary 2023.

# About Lloyds Banking Group

## Our purpose

**Helping Britain Prosper**  
We do this by creating a more sustainable and inclusive future for people and businesses, shaping finance as a force for good.

## Our vision

Our vision is to be the UK customer-focused digital leader and integrated financial services provider, capitalising on new opportunities, at scale.

## Our strategy

We will achieve our vision through our strategic priorities: Grow, Focus and Change. Our strategy has been designed to transform the business and create higher, more sustainable growth and returns.

## Our values

Our values guide how we work together and how we make decisions, so that we're always Helping Britain Prosper and that we're meeting the needs of customers, colleagues, and communities – today, and for generations to come. We are aiming to embed these values into every decision-making moment across the business, from big strategic decisions to smaller everyday choices.



**People-first**  
We listen and care for people as individuals.



**Bold**  
We innovate and do things differently to better serve our customers and grow with purpose.



**Inclusive**  
We learn about and embrace our differences, and seek out diverse perspectives.



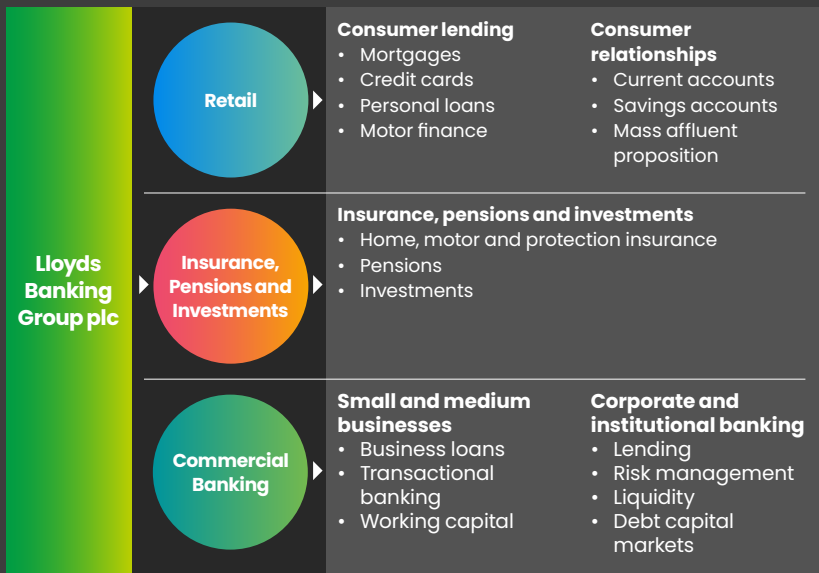
**Sustainable**  
We take responsibility for the impact of our actions on nature and Britain's transition to net zero.



**Trust**  
We give each other the space and support to take things on and see them through.

## Our structure

We have three core divisions and, in line with our new strategy launched in 2022, we have restructured our business to optimise synergies and efficiencies to best serve our customers' needs.



## Our trusted brands

Our products and services are made available to our customers through our trusted brands, which enables us to address the needs of different customer segments more effectively.



[Read more](#) about each unique brand.

## Our external drivers, opportunities and risks

We've built our business and strategy to manage the fluctuations in our external environment and to adapt to ever-changing stakeholder needs.

This helps ensure the Group remains sustainable over the longer term and can manage opportunities and risks as they emerge.

Read more on our effective risk management on pages 39 to 44 of our [annual report and accounts 2023](#).

Read more about our external environment on pages 14 to 17 of our [annual report and accounts 2023](#).

We regularly review the associated opportunity and risk implications to ensure the right choices are being made for customers, colleagues and the Group. As a large, UK-focused financial services provider our business model is influenced by a number of external factors:





# Our commitment to human rights

**We do not tolerate modern slavery, human trafficking or forced labour in any part of our business or supply chain. This is reflected in how we are embedding human rights considerations across our business and operations.**

Through our Group strategy, we have set out to become a truly purpose-driven organisation, and we are taking steps to embed our purpose at the core of our business, decision-making, operations and culture. We aim to deliver long-term and profitable growth while making a meaningful and positive difference for all stakeholders, and our commitment to human rights is a fundamental foundation of this.

To help us achieve our ambition, we aligned our values to our purpose and these guide how we work together and how we make decisions.

Read our [human rights policy statement](#) ↗.

We are either a signatory to, or abide by, the principles of a number of international and national initiatives and standards relating to sustainable business practices through which we work with other members and peers to gain insights, develop our knowledge, collaborate on topics and participate in knowledge sharing. These initiatives, memberships and standards support our approach to human rights and modern slavery.

These include:

- The Equator Principles
- The UN Principles for Responsible Investment (UNPRI)
- The UN Global Compact (UNGC)
- The UN Universal Declaration of Human Rights
- The International Labour Organization's Labour Standards
- The UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking and the Principles for Sustainable Insurance
- The Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights (UNGPs)

As members of the UNGC, we participate in the UNGC Modern Slavery Working Group, allowing us to learn from our peers and from experts in the field of modern slavery and labour exploitation, as well as participating in peer-to-peer reviews of working group members' modern slavery statements to exchange best practice.

As part of our membership of UNEP FI, we have joined the Human Rights Community of Practice which enables us to contribute to the development of the UNEP FI Basic Guide on Human Rights and Environmental Due Diligence.



## Salient human rights risks

The UN Guiding Principles Reporting Framework asks companies to focus their human rights reporting on their salient human rights issues. A company's salient human rights issues are those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships.

During 2023, we have worked with an external party to identify and prioritise the inherent salient human rights risks that can be connected to the Group's operations and value chain. The aim of the activity was to have an external and independent review of potential human rights risk for the Group without taking into consideration any of our current programmes, policies, or initiatives, primarily for the Group to ensure that we aren't missing any key aspects of human rights risk related to our activities. The scope of this work covered all of the Group's subsidiaries, and aimed to identify where the Group could cause, contribute, or be connected to human rights issues across our value chain.

Affected parties considered included:

- Colleagues and contractors
- Customers and clients
- Workers and communities affected by financing that the Group has provided through our commercial banking, insurance clients and investee companies.
- Workers and communities affected by the Group's supply chain and procurement activities.

Modern slavery was identified as a material potential human rights risk across the Group's activities due to some of the sectors and activities which the Group lends to, invests in and procures from.

Having identified the inherent salient human rights risks, the next step will be for the Group to review our current business processes, some of which already consider human rights risks, identify any gaps and implement measures to prevent or mitigate these potential risks thereby embedding respect for human rights into the Group's core business where it is relevant.

Read about our approach to human rights on page 81 of the [sustainability report 2023](#) ↗.

# Key initiatives 2023

▶ **We have continued our membership of the Unseen UK’s Business Hub and participated in Unseen’s Financial Hub Group.**

▶ **We worked with Unseen UK to conduct deep dive risk assessments on a number of suppliers who we identified as having higher risk potential.**

▶ **We have joined and participated in the UNEP FI Human Rights Community of Practice.**



▶ **To mark International Human Rights Day and celebrate the 75th anniversary of the Universal Declaration of Human Rights, we hosted a lunch and learn for colleagues across the Group with Unseen UK to learn more about modern slavery and human trafficking.**

▶ **We have reviewed the Group’s salient human rights risks** which identified modern slavery as a salient risk for our commercial lending, investments and supply chain activities.



▶ **Scottish Widows human rights engagement with asset managers**  
All of our appointed investment managers consider human rights and focus on different human rights themes. During 2023 we focussed on our asset managers’ research approach and covered some of their engagement activity with companies. We continuously monitor how our managers are prioritising human rights engagement with companies.

▶ **Scottish Widows voting action**  
In addition to engaging with our asset managers on their voting practices, during the 2023 AGM season, Scottish Widows took an active role in voting at certain company AGMs on different human rights issues. For example, Scottish Widows directed votes pertaining to human rights (impact, policies and practices, assessment and due diligence) for Alphabet, Meta Platforms Inc and Walmart.

▶ **Scottish Widows human rights direct engagement activity with companies**  
After undertaking in-depth qualitative research on each company, we wrote to 25 shortlisted companies in July and August 2023 with tailored requests on human rights related issues such as freedom of association, supply chain and working conditions. We have had detailed responses from several companies expressing their interest in engagement and are currently in the process of having follow up deep dive conversations with a selected list of companies.

For further information and updated reporting please visit [Scottish Widows Responsible Investment](#).





# Governance

The Group’s approach to human rights is governed by the Responsible Business Committee (RBC), a sub-committee of the Board of Lloyds Banking Group plc.

Given the strategic importance of our sustainable business ambitions and commitment in managing the impacts arising from human rights risks and broader social issues, our governance structure provides clear oversight and ownership of the Group’s identified salient human rights issues.



## Board oversight

The Committee’s role is to support the Board in overseeing the Company’s policies, performance and priorities as a responsible business and to oversee the Company’s activities of all stakeholders including customers, shareholders, colleagues, suppliers, the wider community and the environment.

More information about RBC can be found in the Directors’ Report of the [annual report and accounts 2023](#).

## Senior executive accountability

The accountable executive for the Group’s human rights and modern slavery approach is Andrew Walton, Chief Sustainability Officer. As part of his role on the Group Executive Committee, he is responsible for championing our Group approach to human rights as well as the publication of our Modern Slavery and Human Rights Policy Statements.

## Cross-divisional management

The Group’s day-to-day management of modern slavery and human rights is coordinated and driven by the Human Rights Manager who is part of Group Sustainable Business and is guided by a cross-divisional working group, the Modern Slavery and Human Rights Working Group.

This working group has input from functions across the Group, including our People and Places team, Group Sourcing, Retail and Commercial Banking divisions, Group Economic Crime Prevention, as well as external human rights experts.

The internal working group convenes bi-monthly and is an opportunity for key colleagues to discuss how to apply best practice to tackling modern slavery across financial services, support awareness raising activities and explore how to support colleagues with additional resources and training opportunities on this issue, as well as hear from experts in the field of modern slavery.

The working group has shared case studies and experiences on the practicalities of managing modern slavery risks in their respective business areas. The working group also acts as a forum to share and discuss key findings from relevant reports and benchmarks that have been published, as well as emerging trends and risks to be aware of and address going forward.

Other relevant committees that play a role in the oversight of modern slavery issues and initiatives include:

- The People and Places Executive Committee which is 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.
- The Group Supply Chain Committee which has business unit representation and is responsible for overseeing supply chain management practices and effectiveness across the ring-fenced bank. The Committee shares insights with non-ring-fenced entities, informing their view of supply chain management.



# Our policies

**We have a number of internal Group policies and procedures in place that seek to implement our commitment to operating responsibly and ethically as a business and set out our expectations for employees.**

**These policies and procedures help us to embed human rights considerations into our operations and cover a number of critical areas.**



**With specific reference to human rights, we expect our existing customers to respect and protect human rights.**

## Code of ethics and responsibility

The Code of Ethics and Responsibility (the Code) explains how we can each work responsibly, living up to our purpose and values and doing the right thing when we make decisions. It applies to all Lloyds Banking Group employees, contractors and agency employees, whether or not they are working with customers directly. We promote high ethical standards and do not tolerate any circumvention of our economic crime prevention policies. We are a member of Transparency International UK's Business Integrity Forum – a network of major international companies committed to anti-corruption and high ethical standards in business practices.

Read our Code [here](#) ↗

## Code of supplier responsibility

The Code of Supplier Responsibility defines our expectations in terms of key social, ethical and environmental values, including human rights and labour issues in the countries and communities in which our suppliers operate. Read more about our expectations on our suppliers in terms of responsible business, sustainability practice and behaviour.

Read our Code of supplier responsibility [here](#) ↗

## Human rights policy statement

Our Human Rights Policy Statement provides an overview of the work we do to uphold our respect for human rights within our business and communities. The Statement is guided by the UNGPs on Business and Human Rights.

Read our statement [here](#) ↗

## Speak Up

We value 'speaking up' as a key part of our ethical business culture. We encourage anyone who has a concern about our ethics, conduct or our relationships with third parties to report it without delay.

Our Speak Up reporting service is managed independently by a third party. It allows individuals raising a concern to report confidentially or anonymously (where permitted by local law) if they are uncomfortable reporting concerns openly. Interpreters are available for most languages. We also encourage people to report their concerns to a manager, or to Group Conduct Investigations directly.

All concerns are taken seriously and will be dealt with sensitively and confidentially. The identity of anyone who raises a concern will not be shared (unless required to by law) beyond our investigation team. Anyone considering raising a concern can read our Speak Up guidance before making contact.

All colleagues complete annual mandatory training on how to raise their concerns, and this includes details of the support available to them throughout the process and all of our third-party employees working for, or on behalf of, the Group, are also briefed on how to report their concerns via our Speak Up service. We investigate all cases of modern slavery, or any other human rights concerns reported to us, through our Speak Up service.

Our Third-Party Policy Summary sets out the expectations on suppliers, which includes an annual communication or refresher training on how to Speak Up – which includes communicating the Group's reporting channels to those employees who are working on a Group contract. There were no modern slavery concerns reported through Speak Up in 2023.

## External sector statements

The Group has published External Sector Statements which apply to the Group's customers that have a direct lending relationship with the Group, including direct loans within Scottish Widows.

The External Sector Statements set out our approach and appetite to lending as they relate to high-risk sectors, whether this risk derives directly from environmental, social or reputational risk. These External Sector Statements outline what types of activities we will and will not support. Lloyds

Banking Group has identified sectors and defined specific risk appetites related to our financing activities within sectors that have the potential to negatively impact the environment and society, including human rights abuses such as modern slavery and labour exploitation. With specific reference to human rights, we expect our existing customers to respect and protect human rights, both of their own workforce but also those in their supply chain and comply with all applicable legislation, regulations and directives in the countries and communities in which they operate.

Read our Sector Statements [here](#) ↗

## Scottish Widows stewardship policy

Where our insurance business invests its own funds or customer funds in assets traded in the public markets, we use professional third-party asset managers that are required to follow the Scottish Widows Exclusions Policy and the Scottish Widows Stewardship Policy as applicable.

As a long-standing signatory of the UNPRI, we are committed to being responsible investors and stewards of the assets we oversee on behalf of our pension customers through Scottish Widows. Our identified core managers are required to be signatories to the UK Stewardship Code and UNPRI, and we hold regular oversight meetings, where they evidence stewardship activities around our priority engagement themes, which includes human rights.

Read more about our Stewardship policy on [page 11](#) and [here](#) ↗

## Economic crime prevention

Our Economic Crime Prevention Policy, including our procedures and Anti-Bribery Policy Statement, contribute to our ability to identify and manage the risk of modern slavery and human trafficking as predicate crimes to money laundering, fraud, bribery, corruption and other financial crimes.

Each business area within the Group is required to set its strategy in line with the Group risk appetite and 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 improve our responsible business governance approach on a continual basis, and to embed human rights into our business further.

# Managing our risk

As one of the UK's largest financial services providers, we have an important role to play in combating modern slavery throughout the Group. This starts with identifying risks across our operations, supply chain, banking, investment and insurance activities, and implementing measures, procedures and processes to mitigate these risks.

**The UK's Living Wage Foundation has accredited the Group as a Living Wage Employer.**

## Our colleagues

**At the end of 2023, we employed 62,569 permanent employees globally. In addition, the average number of contractors and temporary colleagues employed during 2023 was 3,500<sup>1</sup>.**

### Colleague screening standards

Our Colleague Screening Standards apply to all permanent employees and non-permanent workers that we recruit, including temporary workers and contractors. These standards and processes uphold 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.

The Group has long-standing relationships with two trusted and pre-approved managed service providers (MSP's) to fill temporary worker and contractor roles. These two MSPs 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. Both MSP's also attest compliance annually via the Financial Services Supplier Qualification System (FSQS).

### Freedom of association and collective bargaining

We support our colleagues' rights to exercise freedom of association and have extensive consultation and collective bargaining processes in place. We have a recognition agreement with two trade unions who collectively consult and negotiate on behalf of our UK workforce<sup>2</sup>, who represent 98 per cent of the colleagues worldwide, and have engagement with the Chief Executive Officer (CEO) and Group Executives.

<sup>1</sup> This number does not include outsourced workers and consultants.  
<sup>2</sup> Union recognition of the UK workforce does not include executive grades.



### Supporting a living wage

The UK's Living Wage Foundation has accredited the Group as a Living Wage Employer, and we review our pay rates annually to ensure minimum rates are above the statutory minimum and living wage requirements that are applicable within the countries where we operate. Our Group Places team ensure suppliers who work on our office sites meet the Living Wage rates. Each year, the Places Team review the hourly rate of employees employed by our Facilities Management provider to ensure it is paying employees a National Living Wage rate as set by the UK government. If the Real Living Wage, which is set by the Living Wage Foundation is not paid, then the Group pay the difference.

We have worked, and continue to work, with third-party contractors to ensure that they operate in line with our commitments, and we expect them to ensure that the wages they pay meet legally mandated minimum wage requirements without unauthorised deductions or financial burdens.

Our Group Places Team understand that supply chain decisions could increase modern slavery risks, including short or unrealistic lead times to complete projects. As we have a framework of suppliers that undertake all our investment activity, we partner with them to give them maximum forward visibility of potential allocation, including a five-year rolling forecast of demand (Medium Term Plan).

This enables our suppliers to establish a resource plan in a controlled manner taking on board the Group's workload, as well as any other commitments they have with other clients. This de-risks spikes in demand and ensures that all our projects and programmes are resourced effectively. Our projects and programmes are also planned well in advance with timelines benchmarked with industry standards to ensure that there is adequate time to undertake all the activity. There is also a legal requirement under the Construction, Design and Management Regulations 2015 that helps protect employee health during all construction projects. Part of this requires a programme to be provided to undertake the works safely in accordance with our core values.

# Our clients and 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 mitigate 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 according to the Global Slavery Index 2023. We acknowledge, however, that modern slavery occurs all over the world, including in the UK. As reported in the 2023 Global Slavery Index, in 2022, almost 17,000 potential victims of modern slavery were referred to the UK's National Referral Mechanism (NRM), representing a 33 per cent increase on the previous year and the highest number of referrals since the NRM began in 2009.



We therefore apply our strong risk management culture to further minimise any risks, as well as assessing the high-risk sectors that we bank and invest in.

In 2023, we have continued to focus on modern slavery and human trafficking considerations related to our relationships with clients and customers.

Our external sector statements detail our expectations for Corporate and Institutional bank clients 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 while showing a clear commitment to robust environmental, social and governance (ESG) risk management.

### Client due diligence

Within our Commercial Banking division, we regularly review our customers and clients that we have a direct banking relationship with through our 'Know Your Customer' due diligence.

We ensure that ESG-related risks are considered for all Corporate and Institutional banking clients that have a direct lending relationship with us, with specific commentary in new and renewal credit applications where total aggregated hard limits exceed £500,000 (excluding automated decisioning processes for smaller counterparties).

The Group is also a signatory to The Equator Principles and ensures their application in all applicable project finance activity. Modern slavery is a specific topic covered for our Corporate and Institutional banking clients.

In Corporate and Institutional banking, our reputational risk assessment questionnaire specifically looks to identify any abuses of human rights, including displacement of indigenous peoples; child and forced labour; modern slavery; human trafficking; and exploitation of poverty, including consideration of supply chains. An additional topic which is covered is the assessment of our clients' engagement with countries with poor human rights records.

<sup>1</sup> This excludes Consumer Lending.

We have regular engagements with our clients (where appropriate) that we have a direct lending relationship with, and regularly review their public filings, press reports and analyst presentations. If we become aware that a client breaches any applicable international, regional or national laws we will endeavour to procure action plans that are implemented to address and resolve such breaches. We regularly review all our clients that we have a direct lending relationship with, and where they appear to be operating outside of our risk parameters, we will work with our clients to understand how they plan to transition to meet our risk parameters. If the client does not transition to meet these parameters, we will exit the relationship at the earliest opportunity<sup>1</sup>.

In 2023, we undertook a significant piece of work with external consultants to build an ESG risk materiality view of our material banking portfolios. This assessment included a number of social risks, including key concerns and issues to be considered. We will look to leverage the detailed analysis throughout many parts of our Consumer, Business and Commercial Banking, and Corporate and Institutional banking businesses to help mitigate some of those risks. Further information on our consideration of ESG in the credit risk process is available in on page 156 of our [sustainability report 2023](#) <sup>7</sup>.

**In 2023, we undertook a significant piece of work with external consultants to build an ESG risk materiality view of our material banking portfolios.**



# Investments and pensions

**As ESG risks and opportunities can have a financial impact on investment portfolios, we apply our Scottish Widows Responsible Investment Framework, and supporting policies, across our investment book.**



**Scottish Widows is aiming to better understand human rights risks, including that of modern slavery across its wider portfolio.**

Where we believe ESG factors pose downside risks to investments, or offer potential upside opportunities, we will incorporate them into our decision-making. Our mandated asset managers must follow the Scottish Widows Stewardship Policy and Exclusions Policy. This aims to reduce our exposure to ESG and climate-related risks and maximise the value of investments in the long term. As outlined in our Exclusions Policy, we act in accordance with the UNGC 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.

Our Scottish Widows exclusions policy applies to a number of categories, but the ones most pertinent to the human rights violations are as follows:

- Controversial weapons
- Tar sands
- Tobacco
- Violations to UNGC principles (labour rights and human rights form two pillars of the compact and are accompanied by six labour and human rights principles)

After prioritising salient human rights risks based on sectors and investee companies, Scottish Widows is aiming to better understand human rights risks, including that of modern slavery across its wider portfolio. As such, Scottish Widows is working with a third-party specialist consultancy to assess the human rights risk across our portfolio. This exercise will help us map risks across sub-industry sectors, including which rightsholder group is impacted by the human rights risk, and inform our Responsible Investments and Stewardship activities.

Read more about our responsible investment framework, our stewardship policy and exclusions policy [here](#).

# Our suppliers

**We are committed to working collaboratively with our suppliers on developing our approach to responsible and sustainable sourcing; this is integral to the way we do business.**

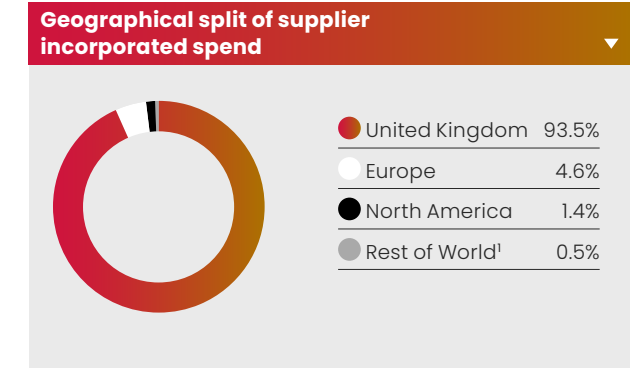
Colleagues engaged in sourcing follow a defined Business Sourcing Process as required by our internal Sourcing and Supply Chain Management Policy and related procedures.

The Business Sourcing Process is a seven-step process that facilitates the identification, assessment and mitigation of applicable risks as we select and contract with suppliers. There is also a defined Supply Chain Management Framework including associated tools and learning for Accountable Persons and Supplier Managers, which enables the ongoing risk-based management of the supplier relationship in line with the Group's risk appetite.



## Assessing supply chain risk

We have analysed our suppliers based on geography, service sectors and spend, which is primarily influenced through the Business Sourcing Process. The majority of our direct suppliers are based in jurisdictions which are categorised as low risk for modern slavery, according to the Global Slavery Index



2023 data shows that 84 per cent of our in-scope supplier spend is in service sectors considered low risk, and analysis of the remaining 16 per cent potential higher-risk service sectors show that 97 per cent of such spend has a supplier manager assigned to it. We use a predictive sustainability analysis tool to help further understand and identify inherent ESG risk across our core supply chain, including labour and human rights.

While 93.5 per cent of our supplier spend is incorporated in the UK, we acknowledge that the Group's core supply chain is exposed to modern slavery through sectors such as IT hardware products, and services such as cleaning and catering, which are potentially higher risk due to connections with conflict materials and high numbers of low-paid, low-skilled, and temporary or migrant workers.

<sup>1</sup> Includes Asia Pacific and Middle East.



## Managing our risk continued

We also recognise that we currently have c.25 suppliers working from high-risk geographies, namely India and the Philippines. These are large global firms, including both Information Technology Outsourcing (ITO) and Business Process Outsourcing (BPO) suppliers, who have undergone rigorous due diligence and are managed by dedicated Supplier Managers.

We manage and assure these suppliers to both our key third-party policies and to local laws and legislation. We also maintain a country management team (based in India), providing an on-the-ground presence. The team complete monthly surveillance checks as appropriate – specifically across our two BPO suppliers. The output from these is reported into a cross-business area Group Risk Forum for formal review. Any findings are reported, tracked and remediated. The suppliers are also subject to annual Assurance Reviews and to ad hoc Audits (by our Group Audit function). As covered in more detail below, these suppliers have confirmed compliance with our Code of Supplier Responsibility and all contracts include modern slavery clauses. Additionally, we monitor adherence to our Group third-party policies, through self-attested policy compliance via the FSQS supported by a risk-based approach to onsite and virtual reviews.

In addition, Lloyds Banking Group has established a new Technology Centre in India which will introduce a number of new suppliers. These will be managed within the same governance and oversight framework as our existing supply chain.

### Our code of supplier responsibility

We expect suppliers to meet or exceed the provisions of our Code of Supplier Responsibility, which we share through the supplier contract in our Business Sourcing Process. Our Code of Supplier Responsibility sets out the key sustainable and inclusive business practices and behaviour that we want our suppliers to abide by, including human rights and labour issues in the countries and communities in which our suppliers operate. We commit to collaborating with our suppliers on developing our approach to responsible and sustainable sourcing.

The Code is reviewed at least annually and updated to ensure its ongoing appropriateness, relevance and applicability for our suppliers. Supplier adherence to it is addressed through our sourcing and supply chain management processes. This Code specifically sets out our expectation for all our suppliers to respect the human rights of their own workforce, supply chain and customers.

### Supplier policy framework

Suppliers are required to comply with the third-party versions of our policies when applicable to the services provided by that supplier to the Group. Third-party versions of our policies:

- articulate Lloyds Banking Group's expectations with regard 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 control; and
- promote good outcomes and the avoidance of foreseeable harm to Lloyds Banking Group and its customers.

Our Group Sourcing and Supply Chain Management Third Party Policy sets out our requirements for suppliers to manage and proactively work with their own suppliers in a responsible and sustainable manner to mitigate supply chain risks. We expect suppliers' and their suppliers, (Group 4th parties) standards to operate to an equal level to those operated by the Group.

In addition to the Code of Supplier Responsibility, 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. Furthermore, supplier contracts and purchase order standard terms and conditions contain standalone anti-slavery clauses, which include the requirement that suppliers, as well as participants in their supply chain must comply with all anti-slavery requirements (laws, policies, regulations, rules and codes).

If suppliers have a turnover of over £36 million, they are also required by legislation to produce a modern slavery statement, which is provided to us on request, or a modern slavery report where such suppliers do not meet the turnover threshold, to proactively mitigate the risk of modern slavery in their supply chain. These clauses seek to ensure that we receive appropriate information on suppliers' due diligence procedures to monitor modern slavery risks, including for their own supply chain and organisations. 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 a deviation from our standard clauses. The clauses related to modern slavery specifically are mandatory and cannot be negotiated without legal

support. Where third party supplier relationships exist that fall outside the scope of our Sourcing and Supplier Management Policy, business units accountable for these relationships are required to ensure adherence to the Groups policy framework, including the Code of Supplier Responsibility, where applicable.

### Supplier due diligence

In assessing and managing risk, it is important that we have the right framework to operate responsibly and safely. Before selecting any supplier, we follow a due diligence process which evaluates them against key criteria across all the key risk domains.

### FSQS

Lloyds Banking Group subscribes to the FSQS that is currently used by c.60 financial institutions. This ensures we adopt a standardised approach to compliance and assurance, which forms an integral part of our supply chain management activity for new and existing suppliers.

FSQS is an online questionnaire designed to capture supplier self-attestations in relation to the Groups third-party policies; this includes c.100 questions aligned to the Code of Supplier Responsibility. In addition to yes/no response options, suppliers are prompted to upload their relevant policies or procedural documents to support their answers, for example inclusion and diversity policy and labour standards policy.

We take a risk-based approach and contractually require our approximately 1,050 managed suppliers to self-attest their compliance to the Group's policy expectations on an annual basis. When completing FSQS we require our suppliers to confirm they have read, understood and complied with the Code of Supplier Responsibility and provide us with evidence to demonstrate their approach in the design, deployment and control of their policies and procedures. For example, assessing and complying with relevant human rights legislation and labour standards, including the Modern Slavery Act 2015.

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 the responsible Supplier Manager who manages the supplier relationship must confirm that this is satisfactorily completed throughout the duration of the supplier's contract with the Group.



## Managing our risk continued

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 Modern Slavery Act 2015, 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 the supplier to develop an improvement plan.

There is an FSQS guide which provides key information to support the successful validation of a supplier's responses, including policy information to help sourcing managers and supplier managers understand the key policy risks. However, if the issue is deemed sufficiently serious or cannot be resolved in a reasonable time frame, 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 to ensure it remains aligned to the requirements of our policy teams, agreeing any changes in collaboration with the broader FSQS members.

### Supplier Assurance

The Group Sourcing Supplier Assurance team conduct an annual programme of supplier assurance reviews. These reviews target suppliers which represent the highest risk exposure to the Group, including resilience, cyber, data privacy and conduct, which includes the risk of modern slavery and labour exploitation.

Suppliers that trigger agreed risk criteria are selected for a supplier assurance review conducted by subject matter experts through a combination of onsite and remote assessment to test the supplier's adherence to relevant Group policies. Where appropriate, testing is completed on our Code of Supplier Responsibility. Actions raised during the review are remediated by suppliers and validated by Supplier Managers and policy owners.

In 2023, 54 of the supplier reviews included the modern slavery test plan, with 15 of the reviews being held on-site, and the rest being held remotely. There were no high-priority findings in relation to adherence to the Code and no relationships exited as a result of issues with modern slavery.

### The Emerald Standard

In 2023, we have continued on our journey and invited 152 suppliers to take part in the Lloyds Banking Group Emerald Standard. These suppliers represent over 80 per cent of supplier spend, and more detail can be found in our [sustainability report 2023](#).

The Emerald Standard has four elements that we are asking our key suppliers to work towards, which include disclosing broader ESG performance via EcoVadis. The specialist third-party sustainability assessment provides insight on suppliers' management of issues across the key themes of labour and human rights, environment, ethics, and sustainable procurement. 79 per cent<sup>1</sup> of our targeted suppliers have completed an EcoVadis assessment, and overall have achieved an average score of 60.0 which is +14.4 points above the EcoVadis benchmark. On labour and human rights, the suppliers have achieved an average score of 60.1 which is +11.7 points above the EcoVadis benchmark.

We delivered bespoke Emerald Standard training to our sourcing and supplier manager colleagues, which includes a module on supplier assessment with EcoVadis. We have also introduced our Emerald Standard principles into tenders and contracts where appropriate.

### Ecovadis

In addition to the assessment, we are using EcoVadis' predictive sustainability analysis to help further understand our inherent ESG risk across our core supply base. This analysis has helped to identify a sub-set of suppliers for a deeper dive risk assessment specific to modern slavery, and we have engaged Unseen in this activity. The findings are helping to inform our options and strategy for further supplier assessment and potential process enhancements.

<sup>1</sup> As at 30 November 2023.

## Purpose in action

# Citra Living

**Citra Living was launched in early 2021 with an ambition to provide a great rental experience in sustainable homes and communities.**

Working in partnership with house builders and developers across Britain, who share a commitment to quality and sustainability, Citra Living funds the development of new homes that people want, in the places where they are needed.

In doing so, Citra Living will help to increase the supply of new rental homes by ensuring more homes are built more quickly, helping its partners to develop their businesses as Citra supports their investment in local communities.



As part of our work to identify the Group's salient human rights risks, modern slavery was identified as a salient risk across our supply chain and business operations. According to figures from Unseen's Modern Slavery & Exploitation Helpline, exploitation in the building industry is continuing to rise among the 2 million people working in construction in the UK. It is important that we understand the risks associated with the construction industry as a provider of high-quality homes for the UK rental market.

In order to build awareness amongst our team we have encouraged our employees to complete the anti-slavery digital learning package developed by Themis in partnership with the Independent Anti-Slavery Commissioner. All of our colleagues have completed the training, and it is now part of our induction training for new starters. We also hosted a session on how to spot the signs of modern slavery in the construction and housing sector, including issues such as the link between housing and county lines, cuckooing and multiple occupancy as a red flag of modern slavery.



# Combating modern slavery and human trafficking as a financial crime

**Human trafficking is primarily a profit driven crime; perpetrators exploit their victims for financial gain.**

**The financial sector has a vital role to play in the fight against modern slavery and human trafficking 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 economic 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 modern slavery and human trafficking.

**Building our knowledge to monitor the risk**

The Group takes a proactive role in identifying potential perpetrators and the Group's Intelligence, Analysis and Assessment (IA&A) unit has made human trafficking and modern slavery a primary area of focus. The IA&A seeks to better understand the threat to the Group to make accurate and insightful assessments that inform our risk-based approach and response.

The IA&A continuously seeks to obtain intelligence on modern slavery and human trafficking to create a baseline understanding of the threat and its scale, and track changes over time. Whilst intelligence available on modern slavery and human trafficking is limited, IA&A regularly engages with intelligence providers such as law enforcement, charities and other organisations working to counter such risks. Specific typologies to identify and target financial indicators associated with sexual and labour exploitation and organised immigration crime have been developed, and the Group continues 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 recognise where customers may be under duress, a potential indication that crime may be taking place.

During 2023, we conducted intelligence-led investigations and assessments on various elements of modern slavery and human trafficking, as well as organised immigration crime. We developed specific typologies within the economic crime processes to better understand our approach to these crime types. We used our network analysis capabilities to identify a greater sphere of threat, and identify the parties involved.

The Group shared valuable intelligence outcomes with law enforcement agencies as well as internal stakeholders and business areas to further aid the prevention of modern slavery and human trafficking in Group activities.

**Working with partners and law enforcement**

We remain an active member of the Public Private Partnership Expert Working Group for Modern Slavery Human Trafficking and Organised Immigration Crime and continue to be engaged with the National Crime Agency's Project Aidant, a series of multi-agency operational intensifications to tackle modern slavery and human trafficking.

There has been a rise in child victims of modern slavery associated with becoming a money mule and county lines drug trafficking operations in the UK. In response to one of the initiatives, we have pursued a leading role in the UK Finance Money Mules Industry Working Group, now chaired by the Head of Retail Fraud and Financial Crime within the Risk Division. The focus is on children and young people aged between 13-25 incorporating an education and awareness workstream which combines both public and private sector partners, inclusive of the Home Office and Children's Society. This workstream targets the exploitation of young people through county lines and becoming a money mule, a form of modern slavery.

In addition, we chair the UK Finance Money Mules Education and Awareness Workstream which seeks to identify educational programmes, pan industry, specifically aimed at young people within university, higher education, primary and the care system. This venture has seen some success with the roll-out of a programme of education aimed at primary education, seeing UK Finance partner with 'iChild.' This programme has been adopted by more than 350 primary schools.

We continue to support We Fight Fraud and their 'Crooks on Campus' educational programme and the proposed roll-out to universities across the UK. A funding programme, in tandem with City of London Police, enabled the roll-out of video and media to six London based universities. Further funding has now been approved to support this programme into third and full roll-out. We have also engaged with the London Fraud Forum, who, with the support of their business associates will now kick off a programme of education for higher education, initially across London, with a proposal to extend across the UK. The focus will be on the dangers of becoming a money mule.

For more information see page 21 of the [sustainability report 2023](#).



# Collaboration and partnerships

We work with other financial service providers, NGOs, taskforces, law enforcement agencies and other 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. 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 the prevention of human trafficking and modern slavery.

## Unseen UK

Unseen UK is a UK charity which provides safehouses and support in the community for survivors of trafficking and modern slavery. Unseen UK also run the UK Modern Slavery & Exploitation Helpline. In 2022, we joined the Unseen UK Business Hub to better understand and mitigate modern slavery risk across our business operations. We have continued our membership of the Hub and joined the Unseen Financial Hub Group. The aim of the group is to bring together financial institutions to share good practice, discuss challenges and encourage continuous improvement.



**Unseen is proud to continue its partnership with Lloyds Banking Group. Lloyds Banking Group continues to be an active Business Hub and Finance Hub member, working on identifying and remedying gaps both within the Group's and sector's approach to modern slavery. However, the partnership between Unseen and Lloyds Banking Group has grown to encompass much more. Through collaboration on specialised training for relevant roles, an in-depth supplier risk assessment, as well as tailored supplier engagement through training, Lloyds Banking Group demonstrates its commitment to strengthening its modern slavery strategy.**

**Justine Carter Executive Director,**  
Unseen UK

## Supporting our communities

The Lloyds Bank Foundation for England and Wales, funded by a donation from Lloyds Banking Group, supported 15 trafficking and modern slavery charities in 2023 with a total investment of £899,000 over the lifetime of their grant. Through these charities, we know that many victims and survivors face huge challenges when it comes to accessing banking services. That's why it's vital to bring these charities, who have invaluable insight, together with Lloyds Banking Group to explore how services can be improved.



# Supporting survivors of modern slavery

**We have developed financial education programmes specifically tailored to the needs of survivors of modern slavery. These programmes aim to empower survivors with the knowledge and skills to manage their finances effectively, supporting them in their journey towards independence and a better future.**

Furthermore, we are constantly reviewing our products and services to make sure they meet the needs of all customers, including those who may be vulnerable. We strive to offer fair and accessible financial solutions that promote financial inclusion, regardless of an individual's background or circumstances.

Overall, our goal is to provide a safe and supportive environment for victims of modern slavery, offering the tools and resources they need to rebuild their lives and achieve financial stability. This includes:

- Essential digital and life skills to get started and succeed online
- Online communication, understanding how to use online communication tools, social media and how to present yourself online
- Ways to find and secure employment, from starting out or looking for a change, we will support job searching
- Budgeting essentials, learning how to manage more effectively through budgeting, saving and reducing spending

We are determined to make a positive impact on society, and by addressing the challenges faced by victims of modern slavery, we contribute towards a more inclusive and responsible banking industry.

## Working with our partners

In partnership with national and local charities, we are dedicated to assisting individuals affected by modern slavery in regaining their financial independence and reducing the risk of further exploitation.

Our aim is to enable these survivors to access banking services and regain control over their finances. We understand that lack of identification can be a significant barrier for survivors, so we have collaborated with local charities to develop flexible processes that allow survivors to open bank accounts. This includes exception processes where non-standard ID can be accepted.

The Group assists a number of survivors of modern slavery through referrals made by recognised charities, such as Hope for Justice, Causeway, and other similar organisations, to open basic bank accounts. Accounts for survivors may also be opened through other routes as processes have been put in place for these to be dealt with on a 'business as usual' basis, however we do not hold data on or keep record of customers, status as victims of modern slavery.

Additionally, our Retail Application Fraud team actively collaborate with Hope for Justice and Causeway, as well as the police, to verify records and documents in advance of the survivor applying for an account. This ensures that any fraudulent records created by their abusers do not hinder survivors from using banking services or subject them to further victimisation.

By addressing these banking challenges, we are able to assist survivors of modern slavery and human trafficking in rebuilding their lives and achieving financial stability.



# Overcoming the language barrier

**Lloyds Banking Group recognises the challenges faced by individuals who do not speak English as their first language, particularly survivors of modern slavery. Language barriers can hinder access to financial services and contribute to financial exclusion. By addressing this issue, we are demonstrating a commitment to making banking as accessible for all customers.**

We have tested additional support for our customers, and in partnership with a third party, we are introducing a telephone translation service to help better meet our customers needs.

The introduction of a translation app is another exciting initiative. It will make it easier for customers who do not speak English as their first language to visit branches

and complete transactions. With the ability to translate up to 30 languages to English and back again, this app will enhance accessibility and convenience for customers.

Overall, this partnership and the translation app demonstrate our commitment to making sure that all customers, regardless of their language proficiency, can receive the necessary support to meet their financial objectives through personal banking.

By taking proactive measures to provide accessible and comprehensive support, we're helping to empower customers who may face language barriers, including survivors of modern slavery. This commitment reinforces Lloyds Banking Group's reputation as an inclusive and customer-focused organisation.

## Collaboration and partnerships continued

**“ My support worker helps me with everything, especially if I am stressed about something. She will talk with me and help me find a solution. They are angels, I swear. I never imagined that I would find people to stand beside me and support me. I will never forget this experience.**

Survivor of modern day slavery, currently housed and supported by Ella’s

### Purpose in action

## Ella’s provides housing and support for survivors of trafficking and sexual exploitation.

They currently have three safe houses in London and provide support for women living in the community. The Lloyds Bank Foundation for England and Wales is supporting Ella’s through an unrestricted grant of £52,250.

Minke van Til, Co-Director of Ella’s, shares more about what the charity is doing, and the impact the Foundation’s funding and support has had:

“We exist because there’s a need for longer term aftercare for survivors of modern slavery. Every woman we work with gets their own support worker, and we develop a support plan that’s tailored to each individual.

This can range from arranging appointments, helping them navigate through bureaucracy, or support in accessing English lessons or training opportunities. The purpose of everything we do is to help women to enter into lasting freedom, so they don’t ever go back to cycles of abuse and exploitation.

### Life-saving support

We are one of the few organisations providing survivors with housing and emotional support as they recover from complex trauma. Without this support, they may fall back into situations of trafficking and abuse. Some of the women we work with have said that the housing we provide has been lifesaving. Having a place of refuge is so important because how can you recover if you do not have a home?

### Being championed to succeed

We have been funded by Lloyds Bank Foundation since 2022. It has been amazing to get funding that isn’t restricted. It’s meant that we can have the right staff in place to be able to run and grow the organisation. We have been able

“At Ella’s we feel safe, we feel that we have protection, we are not alone. When we sleep, we don’t need to worry because we are in a safe place. There is heating, electricity, there is everything, we feel like we are in our own home.”

Survivor of modern day slavery, currently housed and supported by Ella’s

to fund core staff, including me, and open another safe house, which has been a huge achievement. This means we can support more women. The combination of funding alongside non-financial development support offered by the Foundation is amazing. Getting funding for core staff has meant that we have the time and resources to be able to engage with the additional non-financial support. We’ve had support from consultants provided by the Foundation, which has helped us mature and grow as a charity. For example, we’ve been able to develop our five-year strategy and they’ve helped us to focus on our strengths and think about where we can really make a difference.

This kind of funding programme is incredibly unique and effective. We feel supported by the Foundation – it is so encouraging to have someone championing us to succeed. I think there should be more of this kind of thing in the world.”

[Learn more about Ella’s.](#)





# Training

The Group has a comprehensive economic crime prevention training programme which includes mandatory general awareness training delivered via Workday, the Group’s learning management system.

The Group adopts a risk-based approach to training and awareness with all colleagues required to undertake core-level Economic Crime Prevention training.

There are two mandatory Economic Crime training modules:

- an induction level module designed for new colleagues and those returning from long-term absence. The learning is divided into four sections followed by a series of mandatory assessment questions which the colleague must answer correctly before they can progress to the next section; and
- an annual core refresher training for all existing colleagues, designed to evaluate a colleague’s knowledge and understanding of the key risk areas. The learning comprises four video scenarios followed by a compulsory assessment. Colleagues must answer all questions correctly to pass the module.

The annual core refresher training modules include one which includes a modern slavery example. 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. We have reviewed this training in 2023 and will launch new mandatory training in 2024.

In addition, during the year we deliver awareness raising activity, including our signature Annual Economic Crime Prevention Awareness Week. During this event, we deliver a series of daily communications available to colleagues across the Group. The aim is to raise both colleague and customer understanding of economic crime and how it impacts society, including modern slavery and human trafficking. The 2023 Economic Crime Awareness Week was our biggest to date with strong engagement from colleagues with content which included blogs and links to further information relating to modern slavery.

Individual business units track completion of mandatory training on a quarterly basis with Group-level completion rates reported annually as part of our regulatory obligations in the Annual Money Laundering Reporting Officer’s report. Controls are in place to manage those colleagues who do not complete their training on time.

In 2023, 99 per cent<sup>1</sup> of colleagues across the Group completed their annual refresher economic crime prevention training, compared to 98 per cent in 2022. Completion rates for new starters and returners within eight weeks of joining is above 97 per cent.

**99%**  
of colleagues completed economic crime prevention training in 2023<sup>1</sup>

**97%**  
of new starters or returners complete training within 8 weeks of joining<sup>1</sup>

<sup>1</sup> While the Group aims for a 100% completion rate for all mandatory training, the figure reported as at 31 December 2023, does not include colleagues who were unavailable or unable to complete the training within the reporting time period as a result of selected categories of leave. The Group engages with these colleagues and their business area to ensure that their training is completed and up to date as soon as possible on their return to work.



**Training** continued



**The Group provides training to all customer-facing colleagues to support them in understanding vulnerability and addressing it with empathy, ensuring that customers in vulnerable circumstances receive the support they need.**

**Customer-facing colleagues**

Our Community Bank colleagues, induction training includes identifying and supporting customers in vulnerable circumstances, and our annual mandatory training includes Customers in Vulnerable Circumstances. The Customer Inclusion team has 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.

Customers may tell us about their circumstances in person, over the phone, or online. We focus on the support they need and can record this information so that they don't need to repeat conversations which they may find difficult. By capturing this across products, colleagues can quickly understand and consistently meet those needs.

To ensure our colleagues know where to go for support when dealing with either the crime of modern slavery or to provide support to the survivors when accessing banking services, we have produced colleague guidance, signposting them to the appropriate support both internally and externally including the UK Modern Slavery & Exploitation Helpline run by Unseen UK.

We continue to leverage the learnings taken from the treatment of other vulnerable groups, such as victims of domestic abuse, to inform our approach to supporting victims of modern slavery.

**Identifying signs in our supply chain**

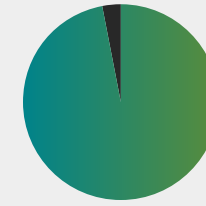
In 2023, we have enhanced our training in collaboration with Unseen which is available for Sourcing and Supplier Managers to view via our online training module in Workday, our HR management system. The aim of the Modern Slavery in the Supply Chain training was to raise awareness of this complex crime, learn valuable insights from experts, and understand good modern slavery business practice.

Through Workday, we are able to monitor colleague completion of the training, which will also form part of the induction training for any new starters in Sourcing and Supplier Management. In 2023, 547 of our in-scope colleagues completed the training.

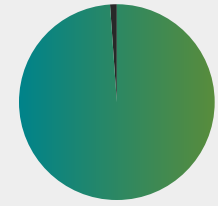
**Measuring effectiveness**

We recognise that our review and assessment of our actions to identify and address modern slavery risks across our operations and supply chain will be an ongoing and evolving process.

We use the following key performance indicators (KPIs) to better understand the effectiveness of our approach to managing modern slavery risks:



**97%**  
of Group Sourcing and Supplier Management colleagues completed modern slavery training with Unseen



**99%**  
of colleagues across the Group completed their annual refresher economic crime prevention training



**0**  
Number of reports of modern slavery through our Speak Up line



**6**  
Number of working group meetings





# Looking ahead and next steps for 2024

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 the development of our Group Human Rights Framework, which will outline the roles and responsibilities across the Group for embedding human rights considerations into our business operations.



## Group sourcing

Based on predictive sustainability analysis tools, and the work with Unseen UK, we will continue to assess our risk-based approach to supplier engagement, colleague training and more generally raise awareness of the risk of modern slavery in the supply chain.

## Our people and facilities

We have identified suppliers managed by the People and Places Team that operate in sectors considered to be higher risk in relation to modern slavery, including construction, facilities management, and courier services.

We will work with Unseen UK to deliver a training session to both Group supplier managers from our People and Places Team, and representatives from the suppliers the team manages. The training session will cover what modern slavery is, the signs to spot, as well as the scale of modern slavery in the UK, and associated trends.

We will be undertaking a review at our largest construction site with the largest number of general labour operatives, given the high-risk nature of the construction sector related to modern slavery. We will work with our partners, Unseen UK, to carry out an initial visit at a project site and conduct employee wellbeing visits to engage on-site operatives on a confidential basis, to ensure they are not at risk, or currently victims of modern slavery, forced labour, or financial exploitation. This visit will provide us with valuable insight into the risk of operatives working on construction sites managed by suppliers on behalf of the Group. We will take on any recommendations made as a result of the feedback provided by Unseen UK following the visit.

## Customer inclusion

We will support Ella's to provide face-to-face financial skills training sessions to survivors of modern slavery. The training will allow survivors of modern slavery to benefit from in-person essential financial skills like budgeting, banking online, banking and savings, and these sessions offer workbooks in seven non-English speaking languages.

We will initiate an exploration review with a third-party provider to investigate and understand how we are able to provide further support for customers who are survivors of modern slavery.

## Insurance, pensions and investments

We will continue to make progress in collaboration with initiatives such as UNPRI Advance, ShareAction's Good Work Coalition and FAIRR's working conditions stream. We will also further our direct engagement activities as we better understand the risks across our portfolio following our work with the third-party specialist consultancy. Additionally, where appropriate, we will integrate human rights into engagement on other ESG factors, through themes such as the just transition, nature and biodiversity, and diversity and inclusion.

## Commercial Banking

Across 2024, we will continue to strengthen our ESG risk management approach by utilising the outputs of our ESG materiality assessment alongside external independent ESG data. We will broaden our existing assessment criteria to include emerging social and governance risks, including modern slavery, and continue to build and strengthen these into the credit framework and associated tooling.

## Economic Crime Prevention

We will launch a new mandatory training for Economic Crime Prevention in 2024. This includes a module focused on the laundering of funds from modern slavery and supports colleagues in their understanding of modern slavery red flags. Colleagues will learn about the different ways an individual may be exploited by a trafficker through control of their bank account and identity documents. The training module was developed with subject matter expertise input from across the Group.

## Looking ahead and next steps for 2024 continued

### Citra Living

Citra Living plans to collaborate with our suppliers to manage risks associated with modern slavery alongside other ESG risks. Citra Living has a specific ESG Procurement Policy that supplements the Group's existing Code of Supplier Responsibility and sets out both minimum standards and ambitions for a range of issues, including modern slavery. This, alongside improved reporting and additional engagement with our key strategic partners on what more can be done to address modern slavery, will be implemented through 2024.

### Modern slavery and human rights working group

The working group will convene bi-monthly to share best practice, review performance related to modern slavery and human rights assessed by external benchmarks, and investor queries with a view to strategise how to improve the Group's approach to addressing modern slavery across its business operations.

Members will be responsible for cascading key messaging and learning from the working group to their business units to raise awareness of modern slavery and how it impacts our business, and contribute to the development of the annual modern slavery statement 2024.

### Group-wide initiatives

- We will align the Group's human rights reporting with the United Nations Guiding Principles reporting framework, a comprehensive guidance for companies to report on human rights issues in line with their responsibility to respect human rights in line with our support for the UNGP's on Business and Human Rights
- We will aim to develop a clear escalation process so that colleagues are aware of when and how to report any cases of modern slavery that they identify across our business operations, to our existing whistleblowing channel, Speak Up
- We will develop Group-wide modern slavery training for all colleagues to access on Workday across the Group
- We will continue to develop a suite of awareness raising communications to all colleagues across the Group related to modern slavery and human trafficking



**Through our lending and investment processes, we aim to respect and positively impact human rights and mitigate modern slavery in our value chains.**

This Statement is made pursuant to the Modern Slavery Act 2015 and constitutes Lloyds Banking Group's Modern Slavery and Human Trafficking Statement. This statement has been approved by the Board of Lloyds Banking Group plc on 23 April 2024 and has been signed its behalf by the Group CEO and Chairman.



*Sir Robin Budenberg*

**Sir Robin Budenberg CBE**  
Chair  
23 April 2024



*Charlie Nunn*

**Charlie Nunn,**  
Executive director and  
Group Chief Executive  
23 April 2024



**Head office**

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