

Lloyds Banking Group and Unseen: tackling modern slavery together

**IMPROVING SUPPLIER PRACTICES,
RAISING AWARENESS AND
PROMOTING ETHICAL STANDARDS**

Lloyds Banking Group is one of the UK's leading financial services groups, committed to serving communities and businesses while maintaining the highest standards of integrity. Beyond its core banking operations, the Group champions responsible and ethical practices across its operations and supply chains.

Central to these efforts is the Group's Sustainable Business Team, which leads initiatives to identify and address modern slavery risks within their supply chains. These initiatives are supported through collaboration with a wide range of organisations, including law enforcement, taskforces, other financial service providers, and NGOs like Unseen.

To gain deeper insight into our collaboration, we spoke with colleagues from Group Sustainable Business, Group People and Places and Group Sourcing and Supplier Management about the challenges they've faced when working with suppliers in high-risk sectors such as construction. We explored how we've worked together to develop effective solutions and how our collaboration has influenced their future plans to enhance supplier practices, raise awareness, and create a more transparent and ethical supply chain.

THE CHALLENGE

identifying risks and elevating supplier engagement

Recognising the complexity and scope of modern slavery, Lloyds Banking Group sought to strengthen its supply chain risk management while empowering colleagues and suppliers with the knowledge to address exploitation risks effectively.

Through an initial risk analysis, the Group identified construction, facilities, technology, and recruitment as sectors with heightened risks of worker exploitation. It became clear that the scale and opacity of these industries required tailored, impactful interventions.

The challenge extended to ensuring suppliers in these sectors adopted robust practices to mitigate risks while aligning with the Group's ethical standards.

"The complexity of modern slavery demands vigilance and adaptability. Identifying high-risk sectors like construction allows us to focus our efforts where they can have the greatest impact,"

says Charlotte Davis, Lloyds Banking Group Human Rights Manager.





THE SOLUTION

focus on construction

The construction sector remains a priority for Lloyds Banking Group, given the industry's high exposure to labour exploitation risks. In 2023 alone, the Group recorded over 1.1 million construction hours across more than 500 projects within its branch, office, and data centre portfolio. The Group works with seven primary construction partners, made up of both national construction companies and smaller regional suppliers.

risk assessment and supplier engagement

Unseen collaborated with Lloyds Banking Group to conduct in-depth risk assessments across a subset of suppliers in the construction industry, deemed higher risk after their initial risk analysis. These assessments identified opportunities and informed strategic updates to the Group's supplier practices, including a new Code of Supplier Responsibility and Supplier Assurance Test Plan.

"Understanding the risks within our supply chain is the first step to addressing them. Collaborating with Unseen has allowed us to identify and address areas of vulnerability, ensuring we hold our suppliers to the highest ethical standards,"

says Kevin Victory, Lloyds Banking Group Head of Supply Chain Sustainability.

The Group expects suppliers in high-risk sectors to adopt a continuous improvement approach, providing evidence of actions taken to address modern slavery risks. These expectations are reinforced through Unseen's guidance and supplier engagement strategies.

empowering colleagues through training

To deepen understanding, Unseen supported the development of the Group's *Modern Slavery in the Supply Chain* training. This programme aims to raise awareness about identifying and mitigating risks, share best practices, and promote ethical decision-making.

Looking ahead, the Group plans to share this training with suppliers to foster capacity-building and align practices across its supply chain.

collaborative discussion and site visits

Following Unseen's risk assessments, the Group brought together its tier-one suppliers from the construction framework for a virtual discussion on managing modern slavery risks.

During the discussion, one supplier shared that a worker wellbeing site visit—carried out with Unseen for another client—had uncovered concerning practices, including instances of financial and labour exploitation. In response, as part of their continuous improvement approach, the Group worked with Unseen to conduct a similar visit to one of its own construction sites. The findings from this visit sparked valuable discussions with the supplier managing the site.

Since then, that same supplier has joined Unseen's Business Hub, which has helped them strengthen their processes for addressing modern slavery risks.

"Unseen's worker wellbeing site visits were a game-changer for us. They showed us the value of proactive engagement in identifying and mitigating exploitation risks on-site,"

says Chris Read, Lloyds Banking Group Head of Construction and Standards.

strengthening supplier framework reviews

As a result of bringing together its tier-one construction suppliers, the Group has made modern slavery and worker wellbeing key focus areas in its quarterly reviews of the companies in its construction framework. These reviews provided an opportunity to:

- Examine suppliers' modern slavery statements for legal compliance.
- Deep dive into their policies and processes.
- Identify shared challenges and areas for collaboration.

fostering industry-wide change

Lloyds Banking Group hosted a face-to-face training session led by Unseen for over 40 suppliers and supplier managers, highlighting the seriousness of modern slavery risks and the Group's commitment to collaborative action.

Suppliers have embraced these efforts, showing enthusiasm for aligning with the Group's ethical expectations and strengthening their own practices.

THE FUTURE

building long-term impact through collaboration

Lloyds Banking Group remains committed to evolving its modern slavery risk management approach. Looking ahead, the Group aims to:

- 1 **Enhance escalation processes** with a focus on modern slavery risks.
- 2 **Update policies and procedures** to reflect current best practices.
- 3 **Deepen collaboration with high-risk suppliers** and other stakeholders to share resources and build capacity.

Through ongoing collaboration with Unseen and its suppliers, the Group is taking decisive action to address modern slavery risks, ensuring its operations and supply chain are aligned with its commitment to ethical practices.

"Our work against modern slavery is a journey. With the right collaborations, such as Unseen, and a shared commitment to ethical practices, we can build a supply chain that prioritises dignity and fairness above all else,"

says Heather Linton, Lloyds Banking Group ESG Senior Manager.



Want to make a real difference in the fight against modern slavery?

Join our growing business community and collaborate with like-minded organisations. Get in touch for a chat about how we can help your organisation implement best practices and drive positive change.

Visit us at
unseenuk.org/business

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