

SUMMARY FOR THIRD PARTY SUPPLIERS

LLOYDS
BANKING
GROUP



GROUP COLLEAGUE POLICY SUMMARY FOR THIRD PARTY SUPPLIERS

RATIONALE

Lloyds Banking Group ("the Group") believes the quality, effectiveness and engagement of its people is fundamental to the successful delivery of its strategic aims and this includes individuals employed by third party suppliers, who deliver services for, or on behalf of, the Group.

This Summary defines the Group's expectations for Suppliers in managing their people risks and requires that their people-related policies and processes are effective and monitored for compliance with relevant legal and regulatory requirements.

SCOPE

The scope of this Summary covers third party suppliers in the course of providing services for, or on behalf of the Group. It applies specifically to, third party suppliers who provide services or assign employees and self-employed contractors who will have contact with the Group's customers and/or access to:

- Premises
- Group systems
- Customer or colleague data
- Group data, including Highly Confidential/Confidential data e.g. financial reporting MI related to results, marketing briefs etc.

It also applies where a third party supplier is providing services to customers in the Group's name or on behalf of the Group.

Where a supplier is assigning employees and/or self-employed contractors are undertaking roles within the Group which are in scope of the FCA/PRA regulatory Conduct Regime, additional requirements are outlined within this Summary.

In jurisdictions where the local legislative and/or regulatory requirements exceed the requirements set out in this document, the third party supplier must comply with such higher standards and requirements.

MANDATORY REQUIREMENTS – GENERAL

Third Party Suppliers within the scope of this Policy are required to :

Employee Screening

- Vet employees or self-employed contractors assigned to roles within the Group in accordance with the Group's Colleague Screening Standards – procedures and details on screening categories and requirements are made available to third party suppliers within the Standards.
- Manage any failures and/or identified conduct issues related to employee or self-employed contractor screening in a manner consistent with the Group's standards and process and that these issues are escalated to their Supplier Manager as soon as practically possible.

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HR Policies

- Implement and maintain employment policies and procedures which are legally compliant, meet any regulatory standards with respect to employee capability and conduct and show an understanding of the differing needs of a diverse workforce.
- Provide employees and self-employed contractors assigned to roles within the Group with access to relevant HR policy information which provides sufficient information to enable them to discharge their key responsibilities effectively.
- Have in place a disciplinary process to manage any misconduct identified with assigned employees or self-employed contractors in a manner consistent with the Group's Colleague Conduct expectations, whether identified by the third party supplier or the Group. Material (gross misconduct) or reportable (as defined by Regulator) conduct issues must be escalated to their Supplier Manager as soon as practically possible.
- Have in place appropriate harassment and grievance procedures and evidence that any employee concerns or complaints are dealt with in accordance with the supplier's stated policy / procedure.
- Through consistent application of HR policies, manage employees fairly and consistently and do not subject them to unfair assessment or bias on the basis of their sex, race, religion or belief, age, disability, parental status, sexual orientation, transgender status, marital or civil partnership status or any other reason.

Training

- Evidence that employees or self-employed contractors assigned to the Group understand the responsibilities and requirements of their role and ensure that they complete any necessary or mandatory training within the timescales stipulated by the Group. That training must include the suppliers approach to conduct/personal integrity and Harassment & Bullying.
- Evidence that employees or self-employed contractors assigned to the Group understand and adhere to any regulatory requirements relevant to their role and co-operate fully with any Regulatory requests made in the course of their assigned duties.

Where assigning employees or self-employed contractors to roles regulated under the Conduct Regime;

- provide such information to the Group as may be required to enable it to assess assigned employees or self-employed contractors performing certification or senior manager functions for 'Fitness & Propriety' in accordance with the requirements contained within the Senior Managers & Certification Regime (SMCR)
- In respect of assigned employees or self-employed contractors that present an increased risk to the Group and/or are subject to enhanced regulatory scrutiny make such employees or self-employed contractors aware that the Group has in place ongoing monitoring and assessment processes, including routine screening, and these assigned employees or self-employed contractors will be subject to the Group's ongoing screening requirements.
- Engage appropriately with the Group to ensure that any regulatory references provided by the Group for assigned employees or self-employed contractors, who are carrying out a role in scope of SMCR, are factual, accurate and fair to enable the Group to meet its regulatory obligations.

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- In respect of any alleged misconduct by an assigned employee or self-employed contractor, and irrespective of any investigation or disciplinary action taken by the Supplier, to provide such information to the Group as may be required to allow it to carry out its own investigation and report any misconduct finding to the regulator to meet its regulatory obligations.

Suppliers are required in a timely fashion to report to the Group and provide management information on all of the above requirements and evidence the satisfactory reporting and escalation of any resulting people related risks, which may impact on the provision of services to the Group or result in regulatory interest/censure.

KEY CONTROLS and KEY INDICATORS

The following controls must be implemented and monitored by the third party supplier to evidence operating effectiveness of the mandatory requirements:

Key Control(s)	Key Indicator(s)	Monitoring frequency
Screening checks are conducted in accordance with the described Colleague Screening Standards	Evidence of screening checks supplied to the Supplier Manager	As required - aligned to site assurance activities
Notification of breaches of Colleague Screening requirements to the Group	Appropriate remedial action plans are agreed and in place and actions are closed within specified timescale – actions monitored by relevant supplier management team	As required based on breach occurrence
Notification and management of conduct breaches by assigned employees or self-employed contractors to the Group (except where the conduct breach is by an assigned employee or self-employed contractor that falls under the FCA/PRA's Conduct Regime in which case the management and any notification of the conduct breach will be by LBG	Evidence of appropriate disciplinary action for material or reportable breaches supplied to the Supplier Manager.	As required based on breach occurrence
Relevant employment policies are in place to manage people related risks.	Evidence of legally compliant policies, including as a minimum; <ul style="list-style-type: none"> Conduct/Integrity Employment Screening Disciplinary Grievance/complaints Equality & Diversity / Equal Opportunities 	As required - aligned to site assurance activities

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	<ul style="list-style-type: none"> Performance Management <p>Gap analysis has been completed and agreed with Supplier Manager and Policy Owner</p>	
Appropriate and relevant mandatory training is completed for employees or self-employed contractors assigned to roles directly or on behalf of the Group	Evidence of training completion rates	As required - aligned to site assurance activities

MANDATORY REQUIREMENTS – NON-COMPLIANCE

Any material differences between the requirements set out above and the supplier’s own procedures and controls should be raised through the normal Financial Services Supplier Qualification System (FSQS) validation procedures.

Suppliers should ensure their incident / event management procedures cover the operational processes related to this Policy and any breaches are reported and escalated appropriately to the Supplier Manager as soon as possible after identification.

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9.0	16 th July 2021
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