

Group Compliance Policy for third party suppliers



**LLOYDS BANKING GROUP
COMPLIANCE POLICY**

**SUMMARY FOR THIRD PARTY SUPPLIERS
AND GROUP COLLEAGUES WHO INTERACT WITH SUPPLIERS**

POLICY SCOPE AND RATIONALE

The Compliance Policy (the 'Policy') applies to all Suppliers of the Lloyds Banking Group (the 'Group'), to the extent that they are involved in any regulated activities relating to the Group's customers. If the Supplier is involved in no such regulated activities, it is considered out of scope.

The Policy has been designed to assist in managing the risk that the Group does not comply effectively with all applicable standards, rules, regulations and codes (in sum, 'regulatory requirements') wherever we operate. By doing so, we (the Group) can ensure that:

- Our customers receive fair outcomes.
- We operate as a good corporate citizen, behaving responsibly and acting to the spirit as well as the letter of the regulatory obligations.
- We prevent fines, penalties, reputational impacts and other damage to our brand(s) and / or suspension or withdrawal of licences to operate.

In complying with the Policy, Suppliers must ensure that adequate training and guidance is provided to their employees and / or agents, on induction and periodically (at least annually), so they can act in the best interests of the Group and in compliance with regulatory obligations.

MANDATORY REQUIREMENTS – GENERAL

All Suppliers must adhere to the following principles, and provide evidence of the same to the Group on request so that we can ensure that appropriate standards are being maintained:

- 1) Identify, assess and manage all applicable regulatory requirements (for example, aspects of complaint handling, debt collection and insurance claims handling).**
- 2) Put in place systems and controls to deliver against the purpose and expectations of those regulatory requirements.**
- 3) Have a compliance plan in place to track, test and report on those systems and controls. For instance, that might involve a log or schedule that details the regulation(s), the controls that apply, and how well each control is currently working. That schedule could well include obligations that arise from a number of different Group policies, such as Anti-Money Laundering, Customer and Payment Services.**
- 4) Put in place appropriate remedial actions as required, to ensure that the intended outcomes for customers and / or financial markets are met and delivered.**
- 5) Ensure that colleagues are required to disclose and record all potential conflicts of interest (including those that may arise through personal connections), and then ensure appropriate actions are taken to eliminate and / or mitigate the risk. These conflicts must be logged and recorded on a conflicts of interest register, which should be reviewed periodically by an appropriately senior owner at the Supplier. To confirm:**

A conflict of interest is a situation in which someone (a firm or an individual) has (potentially) competing professional or personal interests which can make it difficult for the person to fulfil their duties impartially. This is particularly relevant where the Supplier, or an individual within the Supplier organisation, has a conflict of interest between any of their personal interests, those of the Supplier, the interests of the Group, or the interests of any of the Group's customers that the Supplier comes into contact with.

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6) Ensure that colleagues who have access to Material Non-Public Information (MNPI) due to the nature of their role are included on an 'insider list', and that (a) there is colleague awareness of restrictions, (b) there are processes to ensure trading is controlled, and (c) that trade monitoring can take place. To confirm:

Material: Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security / shares.

Non-public: Information that is not generally known or available to the public. Information is considered to be available to the public only when it has been released to the public through appropriate channels.

- Suppliers must exercise particular care in the handling of sensitive information, particularly where the information is not public. Mishandling of such information could result in the Supplier, and the Group, being in breach of laws put in place to prevent market abuse. Accordingly, Suppliers must maintain an up to date register of all colleagues who have access to material non-public information (MNPI) as a result of the activity that they carry out for the Group.
- That list must record the nature of the non-public information and, in particular, whether it relates to companies that are listed on recognised stock exchanges. Colleagues on the MNPI register must not carry out a transaction for listed securities (e.g. shares of a listed company), before a check is made, by the management of the Supplier, whether the non-public information could influence the price of that security. If it could, the Group's expectation is that the transaction would not be allowed until the non-public information becomes public.
- Suppliers must ensure that all colleagues engaged on carrying out activities for the Group are made aware that it is a criminal offence to seek to profit (or to avoid a loss) on the basis of non-public information about listed securities (insider dealing).
- The insider list / MNPI register should be reviewed periodically by an appropriately senior owner at the Supplier, and relevant action(s) taken as required to manage the risks.

7) Ensure that a register is maintained of gifts, entertainment and hospitality (GEH), either offered or received, in connection with the activity carried out for the Group. This must include details of what it comprised, how it was delivered, who to, what its value was, and who in the Supplier's business authorised it. The register should be reviewed periodically by an appropriately senior owner. To confirm:

Offering or receiving GEH is allowed, although not generally encouraged, in connection with the activities carried out for the Group. In all instances it must not be used for the purpose of unduly influencing a decision-maker, other supplier, or customer. For that reason, GEH is not appropriate during periods when contracts are being (re)negotiated.

For the avoidance of doubt, refreshments for a business meeting (such as tea and coffee) or the provision of a working lunch for a longer meeting is considered acceptable and is outside the scope of GEH so does not need to be recorded.

GEH should relate to a clear business need and / or customer benefit. GEH that are predominantly social, or related to ticketed sporting, musical and / or prestigious cultural events will usually be outside of appetite.

FINALLY: For the avoidance of doubt, and regarding all of the above, where a Supplier operates outside of the UK it must also comply with any additional local legal and regulatory requirements.

MANDATORY REQUIREMENTS – NON-COMPLIANCE

Due to the nature of this Policy and the legal and regulatory requirements that underpin it, exceptions are not permitted. On that basis, any breaches, concerns and / or deviations must be raised by the Supplier with Group's Supplier Manager at the earliest opportunity. The Supplier Manager will then discuss the non-compliance with the Accountable Executive for the relationship, and local Risk team, to agree the way forward.

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