

Code of Supplier Responsibility



Our values in action

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Foreword

We are pleased to share the latest version of our Code of Supplier Responsibility, “the Code”, at a time when the need to address the sustainability risks and opportunities facing all business has never been greater.

As a Group, we aim to Help Britain Prosper by creating a more sustainable and inclusive future for people and businesses.

We want our suppliers to share in our purpose and ensure that they operate in an ethical, sustainable, inclusive and accessible manner.

As before, this Code sets out the key social, ethical and environmental values and behaviours that we want you to abide by.

In this updated version, we ask you to ensure you meet our accessibility requirements and invite you to adopt the key principles of our Emerald Standard which we launched in 2022.

Our Emerald Standard centres around the action’s organisations can take to play their part in tackling climate change. This includes reporting greenhouse gas emissions across scopes 1, 2 and 3, putting in place a commitment to reach net zero emissions by 2050 underpinned by credible interim science-aligned targets, and disclosure of broader sustainability performance.

We ask you to share this Code with your employees that work on Lloyds Banking Group activity so they can understand our values and aspirations and contribute to our mutual success. We are always keen to hear about how we can work better together, and if there is anything that could be improved, then we want to know so we can change it.

We are on a journey to become a more purpose-driven business, and we are taking steps to embed our purpose at the core of our business, decision making, operations and culture. We believe we can make a real difference together and work towards Helping Britain Prosper. I invite you to join us on this journey.

George Booth
Chief Procurement Officer
January 2024



Introduction

01

- **Our Journey to becoming a purpose-driven business**
- **Our Group Commitments**
- **What You Need To Do**

Our Journey to becoming a purpose-driven business

In February 2022, as part of our new strategy, we set out an ambition to become a truly purpose-driven organisation and we are taking steps to embed purpose at the core of our business, decision making, operations and culture with the aim of creating a more sustainable and inclusive future for people and businesses.

Our Group strategy is directly aligned to our purpose of Helping Britain Prosper, building on the scale and position of the Group to deliver long-term and profitable growth while making a meaningful and positive difference for all stakeholders.

To meet our objective to be more purpose-driven, it is crucial that we act in a sustainable and inclusive manner, and this includes the way in which we source goods and services from our suppliers.

The Group aims to be a leader in supporting the UK transition to a more sustainable, low carbon economy. We recognise both the importance of understanding and mitigating climate risks as well as the moral and commercial imperative for organisations to reduce their environmental impact.

You can read more about our Group and our Strategy on our **website**.

This Code of Supplier Responsibility is for all suppliers. It defines what we expect from you in terms of sustainable, and inclusive business practices and behaviour.

It sits alongside our Financial Services Supplier Qualification System (FSQS), our on-line portal for you to submit information and compliance data about your organisation, where applicable.

The Code of Supplier Responsibility is reviewed annually by subject matter teams within the Group and policy owners, and updated to ensure its ongoing appropriateness, relevance and applicability for our suppliers.

You can read more about our policies, and our FSQS system in the **Working with suppliers** section on our website.



Supplier Definition

We define a supplier as any third party organisation that provides goods or services to Lloyds Banking Group. This definition does not include individual contractors, agents or intermediaries.

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 put people first to go further for customers

We listen and care for people as individuals. We go the extra mile to help customers, colleagues and communities feel more supported, in control and confident about their future.



Bold

We're bold and take action

We innovate and do things differently to better serve our customers and grow with purpose. We challenge things that aren't right, and take action to change them.



Inclusive

We're inclusive to value everyone

We learn about and embrace our differences and seek out diverse perspectives. We shape what we do and what we offer around the different needs and circumstances of our customers, colleagues and communities.



Sustainable

We champion sustainability to care for our planet

We take responsibility for the impact of our actions on nature and Britain's transition to net zero. We see the bigger picture and think through the consequences of our decisions.



Trust

We trust each other to achieve more together

We give each other the space and support to take things on and see them through. We are honest with each other and explain our decisions.

Our Group Commitments

By participating in global and regional partnerships and commitments, we collaborate with peers on industry initiatives to create positive change. Lloyds Banking Group is a signatory to, or abides by, the principles of a number of international and national codes and standards relating to responsible business and sustainable practice.

These include:

- The Equator Principles
- The UN Global Compact
- The UN Universal Declaration of Human Rights
- The Equality Act
- The European Accessibility Act
- The FCA Consumer Duty
- The ILO (International Labour Organization) Labour Standards
- The UK Prompt Payment Code
- UK Living Wage

- The UNEP FI Principles for Responsible Banking
- The Principles for Responsible Investment
- The UK Stewardship Code
- The UNEP FI Principles of Sustainable Insurance
- The Net Zero Banking Alliance
- The Protect Members' Pledge

This Code is based on these commitments, our Group Values and our approach to building a truly purpose-driven organisation to support the delivery of our purpose of Helping Britain Prosper.

What You Need To Do

You are expected to:

- confirm your agreement to comply with the Code (and any future revisions) when you complete our FSQS and agree contract terms.
- explain the principles of the Code to your employees and key sub-contractors that support the Group or work on our projects.
- ensure fair and honest business with all your stakeholders, including employees, sub-contractors and other third parties.
- inform us if anything changes and you are unable to comply with the Code.
- consider the ethical, sustainable, inclusive, and accessibility-related practices of your supply chain and proactively work with suppliers who represent the highest risk on such issues to drive effective risk management.

You are encouraged to:

- speak up if you are concerned about any actions or decisions that contravene the standards set out in the Code.
- understand the ethical, sustainable, inclusive and accessibility-related practices of your supply chain in order that you can either collaborate on best practice or offer support on improvements where appropriate.



How to Speak Up

If you are concerned about any actions or decisions that contravene the standards set out in this Code, please contact your Supplier Manager.

If you are uncomfortable doing this, please contact our independent Speak Up service. All concerns are handled independently from the Group and calls are not recorded.

You can raise your concern confidentially or anonymously if preferred. You do not need to be located in the UK to use this service and interpreters are available.

Call: +44 (0)800 0141 053
Online: lbgSpeakup.ethicspoint.com

This service is available 24 hours a day, seven days a week.

Alternatively, you can contact us directly by emailing speakup@lloydsbanking.com, or if preferred, you can raise your concerns with our regulators, the Financial Conduct Authority or Prudential Regulation Authority.

What we expect of you

02

- **Human Rights**
- **Diversity, Equity and Inclusion**
- **Accessibility and Usability**
- **Conducting your Business Responsibly**
- **Environmental Sustainability**

Our expectations on our suppliers in terms of conducting themselves as a responsible business, sustainability practices and behaviour, are grouped into five key areas:

- Human Rights
- Diversity, Equity and Inclusion
- Accessibility and Usability
- Conducting your Business Responsibly
- Environmental Sustainability

In each case, we describe our minimum expectations using the term 'we expect'. In some areas, we aspire to meet certain standards and in these cases we use the term 'we encourage'. We have a suite of Third Party Policies or 'supplier policies' some of which you may be asked to comply with depending on the services you provide to us. You can review all our Third Party Policies **online**.

Human Rights

We expect all our suppliers to respect the human rights of your own workforce, your supply chain and your customers.

We expect you to:

- respect the human rights of your employees and to comply with all relevant legislation, regulations and directives, including awareness and mitigation of the risk of modern slavery in the countries and communities in which you operate and, where relevant, compliance with the UK Modern Slavery Act.
- prohibit forced labour (slavery) and human trafficking in your supply chain and give all employees the right and ability to leave employment if they choose.
- prohibit child labour. Child labour is defined as work that 'deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development'. This includes (i) any child below the minimum working age engaged in non-light work, and (ii) juvenile workers engaged in hazardous work.
- ensure that wages meet legally mandated minima without unauthorised deductions.
- allow your employees to legally organise and join associations (such as labour unions).
- ensure working hours are in accordance with local regulation and industry practice and voluntary overtime is at a manageable level.
- treat all employees fairly and not harass or discriminate against any group in your employment practices, in particular based on gender, race, age, sexual orientation, gender identity, disability, faith, or family circumstances.
- ensure there are no negative consequences for anyone who raises a concern.
- champion your workforce and customers' health, safety and wellbeing.

Diversity, Equity and Inclusion

We expect all our suppliers to understand our vision in relation to diversity, equity and inclusion.

We expect you to:

- proactively support the development of an inclusive and diverse workforce including fair representation of women, disabled, LGBT+ and Black, Asian and Minority Ethnic employees, and work to improve representation at senior levels.
- practice inclusive design methods, to consider all types of customers and colleagues in everything you do, reflecting their evolving needs and circumstances, so that no groups are disadvantaged.
- adhere to the Equality Act 2010. Lloyds Banking Group uses the Equality Act 2010 definition of disability, therefore: 'a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on your ability to do normal daily activities'.

We encourage you to:

- have a documented Inclusion and Diversity statement or set of statements within your Policy framework.
- encourage positive mental health at work, and have a documented mental health and wellbeing strategy.
- strive for a supply base that is inclusive and diverse (namely supporting SMEs, Social Enterprises as well as under-represented groups).
- as a Group, we support the social model of disability, we encourage you to seek, understand and create accessible, inclusive and barrier-free experiences for all our colleagues and customers; including those who might have additional access requirements, or require reasonable adjustments.
- sign up to the Disability Confident Scheme.

Accessibility and Usability

Lloyds Banking Group define accessibility as:

The usability of a product, service, environment or facility by people with the widest range of capabilities (**ISO 9241-171:2008**)

We expect all our suppliers to utilise and make available accessible technologies and products that contribute to the productivity of all employees, including those with disabilities. This also extends to any provision of service you may offer to Lloyds Banking Group colleagues and customers.

We expect you to:

- abide by all standards, best practice guidance and regulations related to accessibility including, where applicable, Web Content Accessibility Guidelines (WCAG) v2.2 to minimum AA standard.
- ensure that any technology, products and services that are sourced, take into account the access requirements of people with disabilities, and adopt a best practice approach to inclusion, accessibility and usability.

We encourage you to:

- have a documented accessibility statement or have specific references to accessibility within your Policy framework.
- put in place accessibility roadmaps, feedback processes and accessibility testing to create inclusive and accessible products, services, environments or facilities.

Conducting your Business Responsibly

We expect all suppliers to act with honesty and integrity, managing their business ethically and responsibly.

We encourage you to:

- have a statement, processes and procedures in place which sets out your approach, governance and the steps you take to ensure you are doing business ethically and responsibly.
- adopt your own Code of Business Responsibility, or similar policies or statements that address your approach and management of the following responsible business issues and ethical business conduct including; adherence to local laws, ensuring no bribery and corruption, and ensuring business is conducted to the highest standards of business ethics and integrity (including no improper payments, no

conflicts of interest, no fraud, no unfair competitive practices, no gifts and hospitality that could create a sense of obligation, and ensuring brand and intellectual property protection).

Environmental Sustainability

Businesses have a responsibility to proactively identify, manage, and reduce their environmental impact. This includes greenhouse gas emissions, impacts on nature and biodiversity, energy consumption, air and water pollution, water usage and waste.

We expect you to understand these impacts and to:

- abide by all environmental legislation and regulation, including climate-related disclosures and transition plans where these are applicable to your organisation.
- have a written Environmental Sustainability Policy which is appropriate and relevant for your organisation, and includes how your organisation is working to measure and reduce your environmental impacts, considering the lifecycle of your products and services, and is supporting the transition to a low-carbon economy.
- understand and mitigate the physical and transition risks that climate change poses to your business.
- have a commitment to reach net zero emissions by 2050 (or sooner) and be working towards having interim science-aligned greenhouse gas emissions reduction targets by 2030 (or sooner).
- be working towards disclosing scope 1, 2 and 3 greenhouse gas emissions and broader sustainability performance.

We encourage you to:

- have climate change and a nature-positive approach embedded within the strategy and governance of the organisation, so related risks and opportunities are managed appropriately.
- collaborate with us to help reduce our combined environmental impacts (including carbon reduction, energy consumption, travel, water consumption and operational/technical waste).
- work towards an energy reduction target or be certified (or work towards certification) to a formal Environmental Management System Standard such as ISO14001 or ISO50001.

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➤ **Our Commitment to You**

➤ **Compliance with the Code**

➤ **Useful Links**

What we
will do

Our Commitment to You

We will commit to:

- ensuring we support an ethical, sustainable, inclusive and accessible supply chain.
- supporting viable opportunities to reduce environmental and climate impacts and to preserve our planet and natural resources.
- working closely with you to share expertise in developing innovative, high-quality products and services and in effectively managing risk.
- engaging with you and others in your markets in ways that ensure we achieve the best value for customers in terms of price, quality and social impact.
- building strong, collaborative relationships with our strategic suppliers and helping them to understand the environment in which we operate so that they can meet our needs and our customers' needs.
- providing clear guidance about our payment procedures.
- reporting annually on our progress in helping suppliers to adopt the Code.
- reviewing this Code regularly and revising it over time as our approach to responsible sourcing evolves.

Compliance with the Code

We expect all our suppliers to meet or exceed all the provisions of this Code. Our goal is to work with you on developing our approach to responsible sourcing and sustainable procurement. In situations where you are not yet compliant with the expectations set out in this Code, you must let us know. We will work with you on the development of an improvement plan.

However, if the issue is serious enough or cannot be resolved in a reasonable time frame, we may undertake a review of the terms of the contract. This may include order reduction or, ultimately, in accordance with any applicable contractual right, termination. We reserve the right to review your policies, procedures or any other documentation related to the Code. In some higher risk instances, we may undertake an on-site audit of larger suppliers to validate your adherence to the Code and applicable Third Party Policies. The provisions in the Code are in addition to and not in lieu of any legal agreement or contract.

Businesses operating outside the UK must ensure that local country and jurisdictional legislation and/or regulatory requirements are adopted in addition to the requirements of the Code. We encourage our suppliers to act in the spirit of UK regulation which underpins the key social, ethical and environmental values that the Group abides by.



Useful Links

You can access more information on how we work with our suppliers **online**.

More information on what doing business responsibly means for Lloyds Banking Group is available **here**.

Contact us

We value your feedback. The Code of Supplier Responsibility will be reviewed regularly, however, you can share any queries or comments at any time with your Supplier Manager or business contact.



Tell us what you think about our Code:

Queries or comments can be shared at any time by writing to:

Group Chief Executive's Office
Lloyds Banking Group
25 Gresham Street
London EC2V 7HN

@LBGNews