

LLOYDS
BANKING GROUP



Code of Supplier Responsibility

Lloyds Banking Group

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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 want to ensure that all our suppliers operate in an ethical, sustainable, inclusive and accessible manner and we want our suppliers to share in our purpose to Help Britain Prosper.

As before this Code sets out the key social, ethical and environmental values 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 actions 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 ESG 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, including ideas on areas relating to diversity, accessibility and sustainability. At the same time, if there is anything that could be improved, then we want to know so we can change it.

We are on a journey to continually improve our responsible business approach. We believe we can make a real difference together and work towards realising our purpose to Help Britain Prosper. I invite you to join us on this journey.

George Booth
Chief Procurement Officer
January 2023

1. Introduction

Our Approach to Responsible Business
Our Group Commitments
What You Need To Do

Section 1. Introduction

Our approach to Responsible Business

Lloyds Banking Group aims to be the best bank for customers and shareholders and our purpose is to Help Britain Prosper. To meet our objectives and purpose, it is crucial that we act in an ethical, sustainable, inclusive and accessible manner, and this includes the way in which we source goods and services from our suppliers.

The Group's aim is 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 responsible business practice 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. 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 Group Commitments

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:

- Equator Principles
- UN Global Compact
- UN Universal Declaration of Human Rights
- ILO (International Labour Organization) Labour Standards
- UK Prompt Payment Code
- UK Living Wage
- UN Principles for Responsible Banking
- UN Principles for Responsible Investment
- Stewardship Code
- UN Principles of Sustainable Insurance
- Net Zero Banking Alliance
- Protect Members' Pledge

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

What You Need To Do

You are expected to:

- confirm your agreement to comply with this Code (and any future revisions) when you complete our FSQS and agree contract terms.
- explain the principles of this 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, inclusive, accessible and sustainability-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 this Code.
- understand the ethical, inclusive, accessible and sustainability-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: <https://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.

2. What we expect of you

Human Rights

Inclusion and Diversity

Accessibility

Doing Business Responsibly

Environmental Sustainability

Section 2. What we expect of you

What we expect of you

Our expectations on our suppliers in terms of responsible business, sustainability practice and behaviour are grouped into five key areas:

- Human Rights
- Inclusion and Diversity
- Accessibility
- Doing 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 on the basis of 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.

Inclusion and Diversity

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

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.
- consider all types of customer in everything you do, reflecting their evolving needs and circumstances, so that no groups are disadvantaged.

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).

Accessibility

We expect all our suppliers to be committed to utilising, and making available, accessible technologies and products that contribute to the productivity of all employees, including those with disabilities. Lloyds Banking Group defines disability as a colleague with a disability, long-term health condition (including mental health and neurodiversity) which has a substantial impact on their day-to-day life.

We also expect an accessible, inclusive and barrier-free experience for all our customers, including those who might have additional access requirements.

We expect you to:

- abide by all standards, best practice guidance and regulations related to accessibility.
- 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.

Doing Business Responsibly

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

We encourage you to:

- have a written Responsible Business strategy which sets out your approach, governance and the steps you take to ensure you are doing business 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 or appearance of obligation, and ensuring brand and intellectual property protection).

Environmental Sustainability

All businesses have a responsibility to be proactively identifying, managing, and reducing their environmental impact. This includes: greenhouse gas emissions, energy consumption, air and water pollution, water usage, waste (including hazardous), hazardous chemicals and impacts on nature and biodiversity.

We expect you to understand these impacts and to:

- abide by all legislation and regulations related to environmental protection, 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, which includes how your organisation is working to measure and reduce your environmental impacts, considering the lifecycle of your products and services, and support the transition to a low-carbon economy.
- understand and mitigate the key 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 ESG performance.

We encourage you to:

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

3. What we will do

Our Commitment to You
Compliance with the Code
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Section 3. What we will do

Our Commitment to You

We will commit to:

- ensuring we support an inclusive, accessible and ethical 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 this 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 this Code. In some higher risk instances, we may undertake an on-site audit of larger suppliers to validate your adherence to this Code and applicable Third Party Policies. The provisions in this 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 this 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