

LLOYDS
BANKING GROUP



CODE OF SUPPLIER RESPONSIBILITY



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Foreword



I am pleased to endorse our Code of Supplier Responsibility. As a Group, Lloyds wants to ensure that all our suppliers operate in a responsible manner and we want our suppliers to share in our purpose to Help Britain Prosper.

This Code sets out the key social, ethical and environmental values that we want you to abide by.

The themes highlight the issues that are important to us; from ensuring we support an inclusive and ethical supply chain through to ensuring individuals throughout our supply base work in a manner which is both safe and healthy.

We would like you to share this Code with your employees that work on Lloyds' activity so they can understand our values and aspirations, and contribute to our mutual success. We are always keen to hear how we can work better together and this includes any ideas about opportunities for responsible business. 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 and 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
Group Sourcing and Supply Chain Management Director
April 2019

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 a responsible, sustainable and inclusive manner, and this includes the way in which we source goods and services from our suppliers. You can read more about our Group and our Strategy on our website, www.lloydsbankinggroup.com

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 Supplier Qualification System (FSQS), our on-line portal for you to submit information and compliance data about your organisation. You can read more about our policies, and our FSQS system in the 'Working with Suppliers' section of www.lloydsbankinggroup.com

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 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

This Code is based on these broad principles, our Responsible Business objectives and Values and our corporate purpose to Help Britain Prosper.



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.

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.
- explain the principles of this Code with 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.
- speak up if you are concerned about any actions or decisions that contravene the standards set out in this Code.



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 confidential Speak Up Line. It is managed by Expolink, who are completely independent of Lloyds Banking Group.

All reports are taken seriously and the identity of those who raise a concern is kept confidential. Calls are not recorded.

Call: 0800 0141053

Email: lbg@expolink.co.uk

Online: www.expolink.co.uk

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

2. What we expect of you

Human Rights

Health and Safety

Supply Chain

Inclusion and Diversity

Business Integrity

Doing Business Responsibly

Environmental Management

Section 2. What we expect of you

What We Expect of You in Terms of Responsible Business Practice and Behaviour

Our expectations on our suppliers are grouped into seven key areas:

- Human Rights
- Health and Safety
- Supply Chain
- Inclusion and Diversity
- Business Integrity
- Doing Business Responsibly
- Environmental Management

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 human rights, both of your own workforce but also those in your supply chain.

We expect you to:

- respect the human rights of your employees and to comply with all relevant legislation, regulations and directives, including the Modern Slavery Act and its reporting obligations, in the countries and communities in which you operate.
- 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.
- ensure that wages meet legally mandated minima without unauthorised deductions.
- allow your employees to legally organise and join associations (such as labour unions).
- provide clear and uniformly applied disciplinary and grievance procedures including prohibiting mental, physical or verbal abuse.
- ensure working hours are in accordance with local regulation and industry practice and voluntary overtime is at a manageable level.

Health and Safety

We expect all our suppliers to operate in a manner which is safe.

We expect you to:

- provide a safe work environment abiding by local laws and regulations, respecting the health and wellbeing of your employees and any subcontractors.
- have a written Health and Safety Policy.

We encourage you to:

- be certified (or working towards certification) to OHSAS 18001, the occupational Health and Safety Management Standard.

Supply Chain

We expect all our suppliers to manage their own suppliers in a responsible manner.

We expect you to:

- manage your own suppliers appropriately to mitigate supply chain risks. These expectations are set out in our Third Party Sourcing Policy.
- have reasonable payment policies covering your own suppliers aligned to our own commitment to the Prompt Payment Code.

We encourage you to:

- have your own Supplier Code of Conduct that your suppliers are required to comply with.
- strive for a supply base that is inclusive and diverse (namely supporting SMEs, Social Enterprises as well as under-represented groups).

Inclusion and Diversity

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

We expect you to:

- treat all employees fairly and not discriminate against any group in your employment practices.
- proactively support the development of an inclusive and diverse workforce including fair representation of women, disabled, LGBT and BAME employees.

We encourage you to:

- have a documented Inclusion and Diversity Policy.

Business Integrity

We have a moral and ethical duty to act with integrity and honesty and we expect you do to the same.

We expect you to:

- meet our expectations in relation to conflicts of interest and market abuse issues. These are set out in our Third Party Compliance Policy.
- adopt your own Code of Business Responsibility, or a similar policy or statement that covers: adherence to local laws; bribery and corruption; and business integrity (including improper payments, conflicts of interest, fraud, competition, gifts and hospitality, and brand and intellectual property protection).

Doing Business Responsibly

At a strategic corporate level, **we expect you to:**

- have a written Corporate Social Responsibility or Sustainability Policy which sets out your approach to doing business responsibly.

We encourage you to:

- support and improve the communities where you operate from an environmental, social and/or economic perspective.

Environmental Management

All businesses have an environmental impact and **we expect you to understand these impacts and to:**

- abide by all legislation and regulations related to environmental protection.
- have a written Environmental Policy which is appropriate and relevant for your operations.

We encourage you to:

- be certified (or work towards certification) to a formal Environmental Management System Standard, such as ISO 14001.

3. What we will do

Our Commitment to you
Compliance with the Code
Useful Links

Section 3. What we will do

Our commitment to you

We will commit to:

- 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 annually 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.



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 annually, 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