

## Supplier Code of Conduct 2022

### Introduction/ Mission Statements from CPO

Lloyd's is the world's specialist insurance and reinsurance market. With expertise earned over centuries, Lloyd's is the foundation of the insurance industry and the future of it. Led by expert underwriters and brokers who cover more than 200 territories, the Lloyd's market develops the essential, complex and critical insurance needed to underwrite human progress.

Subsequently, we are committed to the highest professional standards and ethics, and we expect the same high standards from the suppliers we work with.

### Our Vision

- To demonstrate **continuous improvement** and the achievement of **value for money** through the effective procurement of goods and services to ensure that Lloyd's needs and those of the local community are met.
- To have a clear framework of **accountability and responsibility** that adopts legally compliant, best practice procurement procedures and techniques.
- To build a **diverse and competitive market** that can meet Lloyd's and its service users' requirements and provide value for money.
- To encourage **communication and interaction with local and national suppliers** to understand their views and what enables and encourages diverse parts of the market to bid for work with Lloyds.
- To ensure all products and services that involve data are **provided in a secure and ethically responsible way**, ensuring **compliance with all data protection regulations** and Information Security controls and Regulatory requirements in the jurisdictions where data is processed.
- To develop a relationship between Lloyd's, the business community and the broader voluntary and community sector that **creates mutually advantageous, flexible and long-term relations** based on continuous improvement of quality of performance and financial savings.
- To ensure that our purchasing and contracting activities are **ethically, environmentally and socially responsible**, applying Lloyd's principles around sustainable procurement, responsible business, the Living Wage, anti-financial crime, diversity & inclusion, modern slavery and human rights.

- To ensure that our suppliers promote an **inclusive culture** for all and embrace **diversity** in the workplace.

### **Compliance (Requirements & Controls)**

This Code of Conduct ('Code') sets out the standards of business conduct which we ask all our suppliers and any third-party sub-contractors to comply with. Throughout the contract term and during renewal, suppliers will be required to evidence compliance with this Code; Lloyd's has the right to assess the supplier's compliance at any time.

If the supplier is in breach of the Code, the supplier will be required to take all reasonable measures to comply fully with the Code and must promptly report any known or suspected breach to Lloyd's.

### **Our Commitment**

Our goal is to work collaboratively with our supply chain partners towards a responsible business approach; in cases where a supplier is unable to fully adhere to the Code, they should notify Lloyd's as soon as possible and both parties will work together to develop an improvement plan. If the supplier continues to fall short of these standards, Lloyd's may terminate the business relationship.

Lloyd's is signed up to the [United Nations Global Compact](#), committing to the [ten universal principles](#) for human rights, labour, the environment and anti-corruption. Our actions in these areas improve our responsible business practices, supporting the United Nations [Sustainable Development Goals](#).

### **Your Commitment**

We require our suppliers to:

- fully comply with internationally recognised environmental, social and corporate governance standards (ESG standards) and applicable laws.
- take a pro-active approach, committing to responsible business initiatives like the United Nations Sustainable Development Goals, the United Nations Global Compact and other national or international positive commitments.
- have a responsible business strategy and transparent reporting, and where applicable responsible investment policy, appropriate to the size and nature of the supplier.
- To ensure their workforce (including those not directly employed by the Supplier i.e. agency staff, contractors and subcontractors) are kept aware of the Code or the supplier's own policy (if this is to a higher standard) and provide them with the appropriate training and skills to maintain continuous improvement.

### **Outsourcing**

Lloyd's is a PRA-regulated entity and is therefore required to comply with the regulatory requirements and expectations relating to outsourcing and third-party risk management (as

per Supervisory Statement SS2/21). We have documented our approach in an Outsourcing Policy, aspects of this will be shared as required in order to help our suppliers get a better understanding of Lloyd's regulatory obligations, risk tolerance and expected service levels.

### **Content**

- Financial Crime
- Environment
- Labour & Modern Slavery
- Diversity & Inclusion
- Wellbeing
- Information Security
- Data Privacy & Protection
- Business Continuity

## **Financial Crime**

### **Importance**

All suppliers and third parties must comply with applicable legislation and regulations to protect Lloyd's (including the Corporation and the Lloyd's market) and wider society from financial crime.

### **Expectation from third parties**

- Suppliers must embed basic business principles in their activities and conduct. in a Code of Business Standards or equivalent. This should include acknowledgement and commitment to adhere to local laws and regulations.
- Lloyd's expects suppliers to have policies and controls in place to mitigate financial crime such as anti-bribery & corruption and anti-financial crime polices.
- Suppliers must ensure that they comply with UK and all other applicable sanction regimes and obligations.
- Suppliers must have and adhere to reasonable and lawful payment policies with their own suppliers and subcontractors.
- Suppliers must not engage in any form of bribery, including making facilitation payments, or in any way facilitate tax evasion.
- Where suppliers outsource aspects of their deliverables or processes, they must ensure that their supply chain or subcontractors comply with the requirements set out in this Code.
- Suppliers must notify Lloyd's of proposed changes in their ownership structure or within their senior management.

### **Evidence of requirements**

- Evidence of appropriate arrangements to ensure compliance with national and international sanctions legislation.
- Evidence of an appropriate anti-bribery and corruption policy and practices, that demonstrate compliance with applicable legislation.
- Details of other policies and practices designed to mitigate the risk of being used to further financial crime, including fraud, money laundering, the facilitation of tax evasion and market abuse.
- Details of oversight mechanisms in place where activities are outsourced.

## **Environment**

### **Importance**

Lloyd's aims to integrate sustainability into all of its business areas and expects its suppliers to support sound environmental management principles and reduce their impact on the environment.

Lloyd's aims to be net zero by 2025 in terms of our own operations and are looking to our suppliers to support this.

### **Expectation from third parties**

- Suppliers must have a written environmental/sustainability policy or equivalent, appropriate to the size and nature of the supplier's operations that, where applicable, addresses preventing, mitigating and controlling serious environmental and health impacts from operations including raw material usage, greenhouse gas emissions, water, waste, air quality and biodiversity.
- Suppliers must have effective internal environmental management programmes with adequately trained staff responsible for managing the organisation's environmental performance.
- Suppliers must abide by all legislation and regulations related to the protection of the environment and the handling and disposal of dangerous and hazardous materials.
- Suppliers should use products which can be re-used, recycled, used in an energy efficient manner and which cause minimal environmental damage at all stages of the supply chain.
- Suppliers should monitor and reduce, where feasible their environmental impacts.

### **Evidence of requirements**

- Evidence of an Environmental Policy or commitment statement declaring commitment to comply with environmental laws and regulations and continuous improvement in environmental performance.
- Copies of applicable environmental permits or licences compliant with legal requirements.
- A valid Environmental Impact Assessment report or documentation which covers all activities within its business scope, compliant with legal requirements.

## **Labour & Modern Slavery**

### **Importance**

Lloyd's is committed to the protection of human rights and is guided by fundamental principles such as the United Nations Universal Declaration of Human Rights, the International Labour Organisation (ILO), core labour standards and the Modern Slavery Act 2015. Lloyd's seeks to ensure there are no human rights abuses throughout our supply chains by encouraging behaviours and practices that are consistent with these principles.

### **Expectation from third parties**

- A commitment to anti-slavery and compliance with the requirements of the Modern Slavery Act 2015, or equivalent.
- Suppliers must take appropriate steps to identify and reduce risks of child labour.
- Provision of a safe working environment, abiding by national Health and Safety laws.
- Compliance with all applicable national wage and working hour laws.
- Employees and employees of any sub-contractors are provided with a mechanism to enable individuals to raise concerns relating to wrongdoing or malpractice at work such as a Whistleblowing or Speaking Up policy.

## **Diversity & Inclusion**

### **Importance**

At Lloyd's we believe that a diverse workforce and inclusive culture is intrinsically linked to improved business outcomes. As an employer we recognise the importance that equality legislation has to play in promoting equality and eliminating unlawful discrimination. At Lloyd's we strive for excellence and diversity and inclusion is a focus for us. Lloyd's aim is to build a diverse, inclusive environment that reflects the global markets we work in and in which everyone is treated with dignity and respect and achieves their full potential regardless of their gender, gender identity/expression, marital/civil partnership status, race, religion, ethnicity, disability, age, sexual orientation, socio-economic background or nationality.

### **Expectation from third parties**

Our suppliers should support and reinforce Lloyd's commitment to providing an inclusive culture for its workforce. We expect our suppliers to provide the same inclusive opportunities to their workforce and we require commitment to the following:

- Compliance with all applicable national equality laws.
- Zero-tolerance of any form of unlawful discrimination: promoting a workplace free from bullying, harassment, victimisation, racism, or any other form of abuse.
- Demonstrate a commitment to inclusion: by having a Diversity and Inclusion policy or equivalent, that covers gender, gender identity/expression, marital/civil partnership status, race, religion, ethnicity, disability, age, sexual orientation, socio-economic background, and nationality.
- Provide training to all staff covering equality, diversity, and inclusion principles.
- Provide evidence where requested, of how services are inclusive and accessible to all intended users, such as people with disabilities as well as people from all diversity groups.

### **Evidence of requirements**

- Evidence of compliance with the UK's Equality Act of 2010 and/or local equality laws.
- Processes in place that prohibit all forms of discrimination, both in the workplace and at the time of recruitment.
- Evidence of diversity and social mobility monitoring data for its workforce where national laws permit the collection of such data.
- Training records demonstrating that all staff have training in relevant aspects of Equality, Diversity & Inclusion.

- Evidence of how Equality, Diversity & Inclusion is communicated and promoted to the workforce and supply chain where relevant.
- Evidence of a continuous improvement process.

## Wellbeing

### Importance

At Lloyd's we take a proactive approach to wellbeing; it plays a key part in building an inclusive culture. Organisations taking this approach can also benefit from improved employee retention and productivity.

### Expectation from third parties

We expect our suppliers to support Lloyd's commitment to wellbeing and to take a proactive approach by implementing:

- Policies and initiatives to support wellbeing, including a healthy work life balance.
- The provision of employee benefits designed to enhance wellbeing, such as an employee assistance programme.
- Mental health core standards as detailed in the "Thriving at Work", [Stevenson - Farmer review of mental health and employers](#).
  - Produce, implement and communicate a mental health at work plan.
  - Develop mental health awareness among employees.
  - Encourage open conversations about mental health and the support available when employees are struggling.
  - Provide employees with good working conditions.
  - Promote effective people management.
  - Routinely monitor employee mental health and wellbeing.

### Evidence of requirements

- Implementation of mental health core standards.
- Training records demonstrating that staff have training in Wellbeing.
- Evidence of how Wellbeing is communicated and promoted to the workforce and supply chain where relevant.

## **Branding**

### Importance

The Lloyd's brand is one of our strongest assets and is carefully promoted and protected. All Lloyd's suppliers are required to accurately represent the Lloyd's brand in accordance with our brand guidelines. Suppliers and third parties are required to:

- Meet the full requirements of all Lloyd's brand, style and language guidelines across all services provided.
- Ensure any systems, tools, platforms etc. being provided as part of the services are totally compatible with the requirements of our brand guidelines.
- Identify at the beginning of the process, before contracts are agreed, any areas which cannot comply with our brand guidelines (i.e. components which cannot be edited within a system) for the brand team to consider and advise accordingly.
- Not use or reference the Lloyd's brand or use the Lloyd's logo in their marketing or promotional materials.
- Ensure that controls are in place to guarantee awareness of the Lloyd's brand standards amongst any employee or third-party suppliers working on Lloyd's communication, marketing, or events.
- Ensure controls are in place to supply or return all creative assets that are the property of Lloyd's at the end of a project or contract, by contacting [marketing@lloyds.com](mailto:marketing@lloyds.com) inbox to arrange handover.

## **Information Security**

### **Importance**

At Lloyd's we recognise that Information Security is a business matter, not just an IT matter, and that it must reflect and keep up to date with organisational design, technology adoption, culture and regulatory and legal change.

### **Expectation from third parties**

Our suppliers must demonstrate compatibility with Lloyd's Information Security standards, as detailed in Lloyd's contracts. This will include the adoption of industry best practices including:

- Recognised security compliance certification such as SOC 2 and 3, Cyber Essentials, Cyber Essentials Plus, ISO 27001 or equivalent.
- Maintaining formal security policies and standards.
- Ensuring appropriate business administration standards are in place such as pre-employment screening and segregation of duties.
- Declaring any outsourced services that are used to provide services to Lloyd's.
- Applying appropriate controls to protect the confidentiality, integrity and availability of Lloyd's data.
- Ensuring that effective technical controls are in place to ensure appropriate Authentication, Identification and Authorisation paying particular attention to password policy and authentication mechanisms.
- Having a formal Incident and Response process that will capture, remediate and notify Lloyd's of any breach of Information Security applicable to Lloyd's.
- Applying essential Network Security controls such as Network Segregation and Segmentation, Firewalls, Proxies, Network Scans, Honey pots, Anti-Malware, Intrusion Detection Systems and Intrusion Prevention Systems.
- Ensuring that strict Physical and Environmental security controls are in place for any premises where Lloyd's data is either stored managed or processed.
- Ensuring that business continuity and disaster recovery plans are in place, tested to ensure successful restoration and updated as necessary to protect essential services and that immutable backups are held to protect against ransomware or other impacts.
- Demonstrating compliance with all relevant legal and regulatory standards.

## Evidence of requirements

- Information Security Certifications and/or SOC 2 and 3 reports and/or external audit reports assessing Information Security Controls (provided annually for critical asset suppliers, which will be determined by Lloyd's).
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- Details of the Information Security Framework including regularly reviewed and approved policies and standards (including HR, Risk, Business Continuity, Physical Security and Data Protection).
- Formally documented assignment and allocation of information security roles and responsibilities and senior exec accountabilities for the delivery of the cyber security framework.
- Measures in place to ensure data is classified and protected based on its criticality and sensitivity.
- Details of regular ongoing assurance reviews on security operations (network security, asset management and protection, cryptographic controls, third party security, systems development, cloud security, vulnerability management, identity and access and anti-malware)
- Measures in place to assess the security capabilities and management of cyber risk by third party suppliers (including HR screening, mandatory data and cyber training).
- Incident response procedures in place including regular testing and improvement activities actioned.
- Business continuity plans encompassing third-party suppliers are current and tested.
- Disaster recovery plans and processes are in place to manage and recover from incidents.

## **Data Privacy and Protection**

### Importance

Lloyd's has a legal and regulatory obligation to comply with data privacy laws including the [UK GDPR](#) and the [Data Protection Act 2018](#), where the processing of data is concerned.

These legal and regulatory obligations also extend to all third parties where data is processed or stored on behalf of Lloyd's. It is therefore the responsibility of both Lloyd's and applicable third parties to ensure compliance with data privacy and protection laws including the UK GDPR and that upon request from Lloyd's or a Lloyd's mandated auditor, that third-party suppliers are able to evidence compliance.

### Expectation from third parties

All 'Lloyd's data' – meaning both commercial and personal data – is to be handled and 'processed' in accordance with all appropriate data privacy and data protection laws, regulations and guidance issued by local data Supervisory Authorities, and any legal requirements in order to:

- Process personal and commercially sensitive data only in accordance with Lloyd's written instructions.
- Not engage another processor without Lloyd's prior written consent.
- Implement the 'appropriate technical and organisational measures as per [Art. 32 GDPR](#) and provide Lloyd's with sufficient guarantees that you have done so.
- Comply with the key data privacy and protection principles as defined in the UK GDPR.
- Preserve confidentiality of Lloyd's data and confidential information.
- Where applicable, to protect the rights and freedoms of data subjects.
- To cooperate with Lloyd's in dealing with requests from both data subjects and regulators.
- Make available to Lloyd's all information necessary to demonstrate compliance with data privacy and protection laws including the GDPR and allow for and contribute to audits, including inspections conducted by Lloyd's or another mandated auditor.
- To protect against the risk of 'personal data breaches' (as defined in the UK GDPR/EU GDPR) and other data breaches.
- Delete or return all personal and commercially sensitive data to Lloyd's upon expiry or termination of any applicable agreement.
- To record and manage the processing of personal data.

Lloyd's will ask suppliers to evidence adherence to the applicable data protection regulations, and industry standards.

Suppliers to Lloyd's may also be party to confidential information that is necessary for them to fulfil their obligations. This information, even if it is not covered by contractual provisions, should be handled with the same care as information of similar sensitivity in the supplier's own organisation.

Evidence required:

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- A Data Protection Policy, and evidence of measures to ensure employee adherence to the Policy
- Privacy Notice ([Art. 12, 13, and 14](#)) An essential part of compliance, it serves two purposes: to promote transparency, and to provide individuals with more control over the way their data is used.
- Data Retention Policy (Articles [5](#), [13](#), [17](#), and [30](#)). A data retention (or records retention) policy outlines the organisation's protocol for retaining information.
- Details of the training given to staff, and the frequency of the training, including the number of staff who have completed the training and who have not so completed it
- Registration details with data protection Supervisory Authorities where data is processed.
- Details of any data incidents and breaches (including 'personal data breaches' as defined in the UK GDPR/EU GDPR, whether reported or otherwise)
- Inventory of Processing Activities

## **Business Continuity**

### Importance

Lloyd's has committed to ensuring that Lloyd's Corporation is resilient to operational threats. In March 2021 the Bank of England, with the Financial Conduct Authority (FCA) the Bank and Prudential Regulation Authority (PRA) published their final rules and policy on Operational Resilience requirements for businesses in the UK Financial Sector. These requirements mean we need to identify our Important Business Services (IBS), set impact tolerances and carry out mapping and testing for the IBS's. This mapping includes a thorough look at the dependency of third parties / suppliers to each IBS.

### Requirements from third parties

Our suppliers should support the Lloyd's Business Continuity programme and Operational Resilience obligations and show commitment to the following:

- Where suppliers are providing services, systems or resources which support one of our Important Business Services (IBS), the supplier should work with Lloyd's to ensure we can remain within our stated impact tolerances ([SYSC 15A.4.1R](#)).
- Suppliers may be asked to engage in testing the overall recovery of the IBS ([SYSC 15A.5.3R](#)).
- A supplier should have proportionate business continuity capabilities in place, based on how critical the service is to Lloyd's.

### Evidence of requirements

Where suppliers are providing support to an IBS, the supplier will be required to provide evidence that one or more of the following exist:

- A documented Business Continuity policy, which describes its response and recovery framework.
- Test evidence that demonstrates the ability to meet the recovery time objective(s) (RTO) indicated by Lloyd's.
- Test evidence which supports recovery in a variety of 'severe but plausible' scenarios in addition to standard IT Disaster Recovery tests (above). Examples of these severe but plausible scenario could include but are not limited to cyber-attack ('back to the metal' recovery) / supplier failure (effectively Lloyd's 4<sup>th</sup> parties).
- Business Continuity plans that have been reviewed and exercised at an appropriate frequency.
- Post incident report(s) for any disruptive events that have occurred.

## **Account Governance and Compliance**

We encourage active engagement, strong account governance and open communication with our suppliers throughout the term of the engagement; we expect our suppliers to:

- Actively support eProcurement, e-Invoicing, including as a minimum to accept PDF Purchase Orders and provide PDF Invoices via email.
- Take responsibility for ensuring that they keep Lloyd's up to date with any changes to their details including VAT registered number, bank account details and address.
- Notify Lloyd's of any proposed changes to authorisations, company ownership or control structure, investigations and material risks and any other development that may impact their ability, capacity, and authorisation to deliver.
- Sign and comply with Lloyd's Non-Disclosure Agreement (NDA).

## **Policy Changes**

Lloyd's will periodically review this Code and make revisions when needed, which suppliers will be required to adopt. Any changes will be communicated to suppliers.