

## **Introduction**

We recognise that as one of the UK's leading general insurers, our responsibilities extend beyond our commercial interests, and that we play an important role in the areas in which we trade. We want to increase our focus on Corporate Social Responsibility (CSR) within our supply chains through specific improvement programmes and to seek to ensure our key supply chains minimise waste and improve efficiency.

We have put in place a rigorous assessment process for our key suppliers which takes into account the wide range of factors which we believe are inherent to operating as a responsible business. This code sets out our expectations of suppliers in this area.

We are further committed to conducting our business with suppliers in a fair and honest manner, with openness and integrity, in line with legal & regulatory requirements, and we expect our suppliers to operate to these same principles. This document is divided into two parts, outlining our key commitments to our suppliers, and detailing our ethical expectations of the companies that we work with.

## **Part I – Our Commitments to Suppliers**

The performance of our suppliers is critical to our business. We aim to treat our suppliers with respect and to invest in long-term partnerships that benefit both sides. Direct Line Group's (DLG) objective is to deliver best value from our suppliers where appropriate on a long-term basis. While price matters, it is only part of the purchasing decision.

### **Developing our Relationship**

Wherever practical and cost-effective, the purchasing and supply requirements of all the brands and businesses within DLG have been centralised and rationalised. This allows us to invest more time with each supplier, and to seek greater shared efficiencies throughout our supply chain.

### **Our Selection Process**

Our sourcing teams aim to conduct the supplier tendering and assessment process in an open and transparent manner, sharing information wherever appropriate to improve performance. When selecting our suppliers, we assess them against a wide range of criteria, which include:

Management capability and financial strength for long-term reliability.

Ability to deliver enduring quality and value. We conduct rigorous due diligence before and after the bidding process, involving a full cost breakdown analysis, to ensure that the contract can be fulfilled. Commitment to innovation and their ability to help us develop new products, processes and ways of working that can give DLG a commercial edge.

Commitment to the wider CSR agenda. We encourage suppliers to develop and comply with their own detailed CSR policies and guidelines, and we actively assess their practices and commitment. We periodically screen our suppliers against applicable sanctions in order to comply with our responsibilities.

### **Supplier Diversity**

DLG is committed to providing equal opportunities in sourcing, regardless of race, gender, marital status, age, disability, religious belief, political opinion, or sexual orientation.

We aim to maximise supply chain opportunities by proactively seeking and building strong, value-focused relationships with our suppliers. We believe that diversity in our work force and in our supply base contributes to a stronger, better organisation, able to draw from a variety of resources with the aim of delivering increased value to our customers and investors. We want value created from our supplier relationships to help us achieve long-term growth, solidify our partnerships with our customers and preserve a competitive advantage.

### **Consultation and Engagement**

We meet our suppliers regularly to review our business relationships, share ideas and encourage best practice. Furthermore, we encourage feedback on DLG as a customer. We particularly welcome feedback on how we can improve our policies and processes.

## **Part II - Our Expectations of Suppliers**

### **Purpose and Scope of this Code**

As a financial services business, many of our social and environmental impacts can be manifested through the operations of our suppliers. To ensure that we continue to improve our CSR performance, it is important that we work with suppliers who share our determination to be highly successful and customer focused, and who run their businesses to the same high standards as our own, managing their social and environmental impacts responsibly. This code sets out our

expectations of suppliers in this area. The code is applicable to the operations of all our direct suppliers, although we would encourage them to ensure that their own upstream supply chain suppliers adhere to the spirit of these business principles.

## **Ethical Code for Suppliers**

### **Legal and Regulatory Compliance**

We insist that all suppliers adhere rigorously to all relevant legislation and regulation in their operations. This includes all applicable employment, health, safety, environmental, Anti-Bribery & Corruption and Anti-Money Laundering & Sanctions legislation. Regulatory breaches that come to our attention will be taken into account when renegotiating supplier relationships.

### **Business Principles**

We are committed to conducting our business with suppliers in a fair and honest manner, with openness and integrity, and expect that suppliers operate to these same principles. We further expect that suppliers are committed to operating to relevant best-practice standards of employment, health, safety and environmental management in the workplace, and that suppliers provide adequate working facilities for all employees.

Our expectations of suppliers go beyond regulatory compliance.

### **Human Rights & Labour Standards**

We expect that our suppliers adhere to the core International Labour Organisation (ILO) standards which ban the use of child labour and compulsory/bonded labour, protect workers rights to non-discrimination and comply with legislation. Furthermore we also expect our suppliers to adhere to the non-core ILO standards which include statements that workers should have safe and hygienic working conditions, a living wage should be paid, working hours are not excessive, and abuse and intimidation are prohibited and to exercise the same promotion of these requirements and standards across their supply chain. UK legislation should also be complied with, including The Modern Slavery Act 2015 which requires organisations to support the eradication of modern slavery through increased transparency across their supply chains and provide assurances via a published statement outlining the steps that are being taken to support The Act.

### **Environment**

We are committed to strong business growth that is not achieved at the expense of the environment and believe that all businesses should do their utmost to minimise their impact on the environment.

DLG, as a provider of financial services, may affect the environment directly through its own operational activities and indirectly through the activities of our suppliers. The environmental challenges facing us all include our use of resources, the creation of pollution, the effects of its activities on climate change, and our impact on species and habitats. It is important that we not only monitor our own behaviour but also encourage others to adopt best practice.

We therefore expect that Suppliers should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies.

### **Anti-Corruption**

DLG has a strict policy on Anti-Bribery and Corruption. It will not engage in bribery or corruption in any form and has a zero-tolerance approach to any breach whether it involves private individuals or public officials (including in relation to facilitation payments). As such we expect that our suppliers enforce an equally robust Anti-Bribery & Corruption policy of their own, as well as complying with any relevant legislation.