

Supplier Code of Conduct

December 2022

How to respond

This Supplier Code of Conduct is owned by the Supplier Management Team within the FCA Procurement function.

For further information, queries and notifications, please contact us at: FCASupplierManagement@fca.org.uk

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Foreword

Thank you for being an important supplier to the Financial Conduct Authority (FCA) and the Payment Systems Regulator (PSR), enabling both organisations to deliver our strategic objectives.

This code highlights the principles and values that are important to the FCA and the PSR and should be implemented by their suppliers.

This year's Code of Conduct reflects our ongoing focus on delivering in the public interest, operational resilience, and meeting our Environmental, Social, and Governance (ESG) objectives.

We continue to recognise our reliance on our suppliers to implement critical services across the industry and to help us deliver policy. With this in mind, we continue to emphasise how important it is that our current and potential future suppliers understand, and align with, the behaviours and standards we expect from anyone working in, or with, the FCA and the PSR.

The public expects the FCA, the PSR and our suppliers to deliver in their interests, fulfil any promises made, behave ethically, and treat end-users, employees, and subcontractors fairly and with respect. Suppliers expect us to be fair and transparent in all dealings with them.

The Supplier Code of Conduct requires suppliers to support the FCA and the PSR to deliver our Role and Purpose respectively, in a manner consistent with each organisation's values. It outlines the standards and behaviours expected when working on an FCA or a PSR contract. We expect suppliers to act in a manner that is compatible with public service values, promotes innovation and expertise, and that increases opportunities for small- and medium-sized enterprises.

We expect all suppliers, the FCA and the PSR to meet these commitments continuously and ensure that employees, partners, and subcontractors do the same. If any party fails to meet these commitments, we will review and take action accordingly.

This document also allows future potential suppliers to understand what is expected of them if they are looking to work for the FCA or the PSR. When selecting suppliers, we check that we are contracting with reputable bodies. These checks are conducted in line with procurement regulations to guarantee fair access to opportunities for all suppliers and equal treatment during selection processes.

This document is intended to complement our contracts with suppliers and the rules we set out when we procure our goods and services, which will always take precedence.

We expect our suppliers to communicate this Supplier Code of Conduct to their employees, parent company, subsidiaries, and subcontractors. Likewise, we communicate it to our employees.

Pippa Gillibrand, Chief Procurement Officer (Interim)
Financial Conduct Authority

1 About us

The Financial Conduct Authority (FCA)

We are the conduct regulator for around 50,000 financial services firms and financial markets in the UK and the prudential supervisor for 48,000 firms, setting specific standards for around 18,000 firms. We aim to make financial markets work well – for individuals, business and the economy as a whole.

1.1 Our strategic objective is to make sure that the relevant markets function well. Our operational objectives are to:

- protect consumers – we secure an appropriate degree of protection for consumers
- protect financial markets – we protect and enhance the integrity of the UK financial system
- promote competition – we promote effective competition in the interests of consumers

1.2 Our organisational values



Deliver in the public interest

- **Resourceful** - delivering the greatest public value for our money
- **Public first** - putting the public's needs first
- **Informed** - we always know what we're talking about when we talk about consumers and markets



Act with integrity

- **Open & honest** - we say exactly what we'll do-and then do it
- **Courageous** - we stand up for what is right not what is easy, even under pressure
- **Accountable** - we take responsibility for our decisions and actions



Be ambitious

- **Fast & fair** - staying focused, keeping things simple and delivering at pace
- **Challenging** - using our judgement to challenge and change the status quo
- **Forward thinking** - actively anticipating and preparing for the future



Work inclusively

- **Keep an open mind** - ways be objective and fair, put your preconceptions in a box
- **Get the full picture** - actively seek the input of others with different experiences
- **Be a good colleague** - being caring, helpful, supportive and challenging so we can all work at our best



Connect and deliver

- **Forge productive links** - create collaborative relationships across and outside the FCA
- **Join things up** - seek ways to share knowledge and integrate work
- **Support & challenge** - stay focused on our priorities and support each other when under pressure

The Payment Systems Regulator (PSR)

1.3 Every time anyone uses a cash machine, transfers money, uses contactless, or gets paid, they use a payment system. Payment systems are always evolving and the PSR is here to make sure they work well for everyone.

1.4 Our objectives are to:

- ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them
- promote effective competition in the markets for payment systems and services – between operators, Payment System Providers (PSPs) and infrastructure providers
- promote the development of and innovation in payment systems, in particular the infrastructure used to operate those systems

1.5 Our organisational values

INTEGRITY	We are professional, honest and responsible. We respect our colleagues and stakeholders and we have the courage to make evidence-based decisions and do as we say.
UNITY	We act as a community, being supportive and respectful to each other. We have a positive attitude and communicate well.
KNOWLEDGE	We encourage and support each other. We strive to develop ourselves and our team, learn new things and take on the lessons from every piece of work.
PURPOSE	We think strategically, looking ahead and prioritising our work. We are proactive and take pride in what we do.
ENGAGEMENT	We are open with each other and take part in what's happening around us. We recognise and celebrate success together with enthusiasm.

2 Delivery

- 2.1** In this chapter, we set out our approach and expectations under the FCA values 'deliver in the public interest' and 'be ambitious', and the PSR values of 'purpose' and 'knowledge'.

Value for money

- 2.2** The public expects the FCA and the PSR to get value for every pound spent and to be able to show that long-term value is being achieved. This means that contracts should be priced to offer sustainable value throughout their life, including when changes are needed.
- 2.3** We accept that our suppliers need to make a fair profit in return for any risks they are accepting and the commitments and investments they make to be able to deliver services for us. We do not expect suppliers to exploit an incumbent or monopoly position, an urgent situation or a disparity of capability or information to overprice.
- 2.4** We will engage constructively with suppliers about any required changes; we expect suppliers to do the same. We expect them to work in good faith to resolve any disputes promptly and fairly during the life of a contract. They should do this through good relationship management and, where appropriate, contractual dispute resolution mechanisms, recognising that protracted litigation rarely serves the best interests of any party.
- 2.5** We will seek to award contracts based on the 'Most Economically Advantageous Tender' response. We will measure supplier performance on relevant and proportionate indicators and apply proportionate contractual remedies for non-compliance.

Social value

- 2.6** We are required by the [Public Services \(Social Value\) Act 2012](#) to consider how the services we procure improve the economic, social, and environmental wellbeing of the UK.
- 2.7** We are also in scope of the UK Government's [National Procurement Policy Statement](#) and consider the following national priority outcomes in our procurement activities: creating new businesses, new jobs and new skills; tackling climate change and reducing waste; and improving supplier diversity, innovation and resilience.

Meeting user needs

- 2.8** It is important that contracts with our suppliers meet the needs of service users. We will work with suppliers to explain these outcomes to ensure that the goods and services being provided meet the needs of users. We expect fully reciprocal behaviour from suppliers.
- 2.9** Some contracts deliver services to users with particular needs. For example, physical or mental impairments, medical conditions or other factors that place them in a vulnerable position. We expect suppliers to ensure that these service users are treated fairly and with consideration, and can get outcomes as good as those of other service users.
- 2.10** Suppliers should:
- understand the nature and scale of characteristics of vulnerability that exist in the service user base
 - understand the effect of vulnerability on the needs of service users; consider what types of harm or disadvantage service users may be vulnerable to
 - ensure the fair treatment of vulnerable service users is embedded in the workforce
 - ensure all frontline staff have the necessary skills and capabilities to recognise and respond to a range of characteristics of vulnerability
 - consider the potential effects, negative and positive, of services on vulnerable service users
 - take vulnerable service users into account at all stages of service design processes, including development, testing, launch and review to ensure products and services meet their needs
 - deliver appropriate customer service that responds flexibly to the needs of vulnerable service users
 - review the needs of vulnerable users regularly and confirm whether these are still being met
 - improve services continuously to better meet the needs of vulnerable users

End-to-end delivery

- 2.11** Some contracted services are complex and involve multiple suppliers to provide the end-to-end delivery, with no single supplier having complete contractual responsibility for the service. In these cases, we aim to create and maintain a culture that facilitates collaboration between all suppliers and us to ensure that the right service outcomes are achieved. We expect suppliers to be aware of how they contribute to that overall delivery, and to work collaboratively with us and other suppliers to manage mutual dependencies and ensure that their product or service is used effectively in the delivery of a high-quality service.

Continuous improvement

- 2.12** We expect our suppliers to use recognised industry practices in the delivery of goods and services to, or on behalf of, the FCA and the PSR. We also expect suppliers to continuously improve these goods and services and bring innovation, ideas, and expertise to help us address our strategic challenges. We aim to create the right conditions to allow suppliers to innovate both during the procurement process and the life of a contract. If appropriate, we will inform suppliers of our innovation requirements during the procurement process.

Managing risk

- 2.13** We aim to allocate risk to the organisation best able to manage it. We do not expect any party to be made responsible for managing a risk that is best managed by another. We only look to work with suppliers who can manage all risk allocated to them. Where suppliers allocate risk to other parties, eg subcontractors, the primary supplier remains accountable to the FCA or the PSR for that risk.
- 2.14** All parties should be open and transparent about identifying, assessing, and reducing risks relating to what they supply to us. They should also share intelligence of supply chain risks. This will allow material commercial and operational risks (for example the impact of losing a key supplier) to be managed.
- 2.15** We expect suppliers to work with us to monitor key obligations and service levels through timely provision of management information and reporting. Where a right to audit provision is included in contracts, we expect suppliers to respect those contractual rights, and to support any audit activity collaboratively. These audits may include not only the supplier's own operations, but also those of critical subcontractors.
- 2.16** We expect suppliers to have appropriate arrangements in place to ensure continuity of supply to us. This includes having appropriate and effective business continuity and disaster recovery plans. Where applicable, these should include arrangements to ensure that plans are in place throughout their supply chains.
- 2.17** When exiting from services, we expect suppliers to have arrangements in place, including having appropriate exit plans, to enable continuity of supply where services are being migrated and to address risks around the retention and/or destruction of sensitive data processed on our behalf. We expect suppliers to work with us to develop a robust exit strategy from the point of contract award. We also expect them to collaborate with us to manage the seamless transition of services.
- 2.18** When suppliers intend to rely on a third party for the performance of operational functions that are critical or important, we expect them to notify us and seek approval at contract award, or when there is a proposed change in provider.

3 Information and Systems

- 3.1** In this chapter, we set out our approach and expectations under the FCA value 'act with integrity' and the PSR values of 'knowledge' and 'integrity'.

Transparency

- 3.2** We aim to be transparent in our dealings with suppliers; we expect suppliers to be open and honest in their dealings with us. We also expect them to comply fully with the principles of The Transparency of Suppliers and Government to the Public.

Data quality

- 3.3** We rely on complete, accurate and timely data and information to make decisions and to operate effectively and efficiently. We expect suppliers to ensure the information they give us does not contain errors. If a supplier becomes aware that they have given us incorrect or misleading information, they should notify us quickly, and correct any errors.

Confidentiality

- 3.4** The FCA, the PSR and our suppliers are expected to comply with the provisions in our contracts and any legal requirements to protect commercial and sensitive information. This includes confidential, proprietary and personal information.
- 3.5** All parties may be privy to confidential information that is necessary for effective partnership. This information, even if it is not covered by contractual provisions, should be handled in line with our information classification and handling schemes (FCA scheme; PSR scheme) and with the same care as information of similar sensitivity including special category data (under UK General Data Protection Regulations (UK GDPR)).
- 3.6** Information should not be used for any purpose (eg advertisement or publicity) other than the business purpose for which it was provided, unless the owner of the information has authorised its use in advance.
- 3.7** Despite this mutual understanding, we will disclose information if we are compelled to do so. For example, by law or Parliament, or to comply with the principles stated in The Transparency of Suppliers and Government to the Public.
- 3.8** We expect our suppliers to comply with relevant Data Protection Legislation, including the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 and the Law Enforcement Directive (LED), and the Market Abuse Regulation (MAR).

- 3.9** The FCA, the PSR and our suppliers are expected to comply with the relevant requirements of the Financial Services and Markets Act 2000 (FSMA) and the Financial Services (Banking Reform) Act 2013 including specific obligations about confidentiality. Where the service provision involves the transfer of data which is confidential for the purposes of s.348 FSMA, disclosing data unlawfully is a criminal offence.

Data protection

- 3.10** Suppliers must:
- comply with the Processor and Sub-Processor obligations and only process data as per the instructions of the Controller, ie the FCA or the PSR
 - tell us immediately if they become aware of anything which could affect our ability to keep the personal data of consumers, firms, or employees safe and secure
 - ensure that any cross-border transfers (including data in-transit and storage) outside the UK is subject to contractual agreement with the FCA or the PSR and in line with updated regulatory requirements

Records Management

- 3.11** Suppliers must ensure that:
- any information and data processed and or stored on behalf of the FCA or the PSR adheres to relevant records management policies and standards
 - records are identifiable, retrievable, accessible and usable for as long as they are required for FCA or PSR business purposes
 - appropriate processes and policies are in place for the disposal of records
 - controls and processes are in place to manage, respond to and report records management incidents to us

Cyber security

- 3.12** Suppliers must:
- safeguard the security and privacy of their systems and our data throughout their entire supply chain
 - have appropriate technical and organisational measures in place to meet the information security and privacy standards
 - ensure that appropriate safeguards are put into place to protect the confidentiality, integrity and availability of our data when processed as part of any remote working arrangement
 - seek accreditation, where relevant, with a cyber certification scheme (eg Cyber Essentials)
 - comply with relevant policies and standards and ensure that mechanisms exist to regularly test compliance
 - where required, complete mandatory cyber skills training

- inform us immediately of any cyber security incident and/or loss of our information – this minimises any potential impact on our consumers, firms and employees and ensures compliance with legal and/or regulatory requirements
- cooperate fully with us in any investigation, conduct root cause analysis and follow up actions

4 Conduct and Behaviour

- 4.1** In this chapter, we set out our approach and expectations under the FCA values 'act with integrity' and 'connect and deliver', and the PSR values of 'unity' and 'engagement'.

Professional behaviour

- 4.2** We will work constructively and collaboratively with our suppliers. We expect suppliers to be prepared to invest in their relationships with us and establish trust with our employees and with other suppliers involved in delivery.
- 4.3** We expect suppliers to be able to speak out if we or other suppliers are not upholding the values embedded in this Supplier Code of Conduct. It is important that suppliers speak out, without fear of consequences, when a project or service is unlikely to succeed because of our behaviours or a lack of good governance. We expect the same behaviour when a contract is no longer fit for purpose, for example, in its contractual stipulations or measures.
- 4.4** Suppliers, their partners and subcontractors are expected to have in place appropriate whistleblowing arrangements. We will work with our supply chain to ensure that concerns raised about matters covered by the Public Interest Disclosure Act are properly recorded and investigated and that appropriate actions are then taken. Suppliers, their partners, subcontractors, and employees can also raise concerns via the FCA or PSR whistleblowing processes if appropriate.

Ethical behaviour

- 4.5** We expect the highest standards of business ethics from suppliers and their agents in the supply of goods and services. We expect suppliers to be explicit about the standards they require of executives, employees, partners, and subcontractors and to have governance and processes to monitor adherence to these standards.

Conflict of interests

- 4.6** We expect suppliers to mitigate appropriately against any real or perceived conflicts of interest through their work with us. A supplier with a position of influence gained through a contract should not use that position to unfairly disadvantage any other suppliers or reduce the potential for future competition. For example, no supplier should create a technical solution that locks in the supplier's own goods or services.

- 4.7** Those suppliers whose employees and subcontractors have access to our systems or information, or both, must undertake conflict-clearing checks against the work undertaken for the FCA or the PSR. This should involve checking that an employee or subcontractor does not have any personal connections or hold any direct equity, debt holdings or other financial instruments which could lead to an actual or perceived conflict with the work being assigned at the FCA or PSR.
- 4.8** We expect our suppliers to notify us if they become aware of any real or perceived conflict of interests. Potential conflicts may be organisational or individual in nature. We will require organisations or individuals to take additional steps to mitigate these and will ask suppliers to declare those interests.
- 4.9** We expect our suppliers not to offer gifts to FCA and PSR staff, and to only offer hospitality in line with our [Conflict of Interests policy](#).

Reputation and public trust

- 4.10** We want to work with suppliers who are proud of their reputation for fair dealing and quality delivery. We want working with us to enhance the supplier's reputation. We expect all parties to be conscious of the need to maintain public trust. They should ensure that neither they, nor any of their partners or subcontractors, bring the FCA or the PSR into disrepute by engaging in any act or omission which is reasonably likely to diminish the public's trust in us. We expect suppliers to notify us of any situation which could be damaging to their or our reputations. This is not intended to limit any supplier's legal obligations, their ability to fairly criticise us or our policies or to constrain whistleblowing.
- 4.11** As high-profile bodies, the FCA and the PSR are often considered as valuable referees. If a supplier is currently providing goods or services, they may include our name in their list of clients on their website or in written marketing material, provided they first get our permission in writing. Any description of the goods or services provided should be generic and factual only. If a supplier wishes to say more than this, eg using us as a case study or issuing a press release, the request must be referred to the FCA's Procurement department for approval.
- 4.12** If a supplier would like to put the FCA or the PSR forward as a referee to prospective clients, they must first get permission in writing; such requests should be referred to the FCA's Procurement department for approval. References will only ever be factual, will not include any commercially sensitive information and should in no way be construed as promoting or endorsing the supplier.
- 4.13** Under no circumstances may suppliers use the FCA or the PSR logos for any purpose, other than as authorised in writing by the FCA Communications Department.

Countering fraud and corruption

- 4.14** Suppliers must adhere to anti-corruption and financial crime laws, including the Bribery Act 2010, Anti-Money Laundering and Terrorist Financing regulations. We expect suppliers to have robust processes to ensure that the subcontractors in their supply chain also comply with these laws. We have zero tolerance for any form of corrupt practice including extortion and fraud. We expect suppliers to be vigilant and proactively look for fraud, and the risk of fraud, in their business. Suppliers should immediately notify us if such practice is suspected or uncovered, and disclose any interests that might affect their decision-making or the advice that they give us.

Treatment of supply chain

- 4.15** We expect suppliers to:
- deal fairly with the subcontractors and suppliers in their supply chain
 - have adequate oversight of the subcontractors and suppliers in their supply chain, including the locations that are delivering the service, and where data will be stored and processed
 - seek to reduce barriers to the use of small- and medium-sized enterprises who are qualified to provide goods or services
 - encourage innovation in their supply chains to increase the value or quality of supply

5 Environmental, Social and Governance

5.1 In this chapter, we set out our approach and expectations under the FCA value 'work inclusively' and the PSR values of 'unity' and 'engagement'.

Environmental objectives

5.2 We are committed to becoming a more sustainable organisation and supporting the UK's transition to a net-zero economy by 2050. We expect our suppliers to:

- work with us to seek and implement environmentally sound practices
- be aware of, and support us in complying with all relevant environmental legislation and to work with us to achieve the aims of our [Environmental Policy](#).

5.3 Our suppliers should help us understand and reduce supply chain impacts. In the supply of goods and services, our suppliers should aim to:

- reduce their impact on climate change and biodiversity
- reduce waste and follow the waste hierarchy
- reduce the use of finite resources
- reduce and, where possible, eliminate the use of harmful products
- prevent and control pollution
- promote energy efficiency and the use of renewable energy
- build greater resilience, traceability, and sustainability in their supply chains

5.4 We expect suppliers to help us report accurately on product or service use. Suppliers should strive for continuous improvement by continually assessing their environmental impacts.

Diversity, equity, and inclusion

5.5 We aim to be a fully inclusive employer and contracting authority, where we value difference in our people and use these differences to make us a stronger and more effective regulator. Alongside the 'protected characteristics' defined in law, we value diversity in all its forms, which includes having a strong commitment to improving social mobility. We refer to 'diversity characteristics' in the rest of this document, rather than 'protected characteristics' to reflect this.

5.6 We recognise that diversity has many dimensions. People with different life experiences can bring new thinking and their experiences can inspire new approaches to problem-solving and decision-making. We therefore see that diversity of thought, combined with an inclusive approach to diverse views, can help organisations to understand and meet the needs of customers from diverse segments of society.

5.7 We expect our suppliers to demonstrate their commitment to diversity, equity, and inclusion by:

- complying with all Equalities legislation
- ensuring policies and approaches are in place to support understanding of the importance of Diversity, Equity and Inclusion, including the prevention of discrimination, harassment and bullying based on any diversity characteristic
- working actively towards having a diverse mix of people at all levels in their organisation, recognising the importance of the socio-economic background of their employees as well as diversity characteristics
- offering, where possible, apprenticeship/graduate/internship routes into their organisation and work-experience placements for those from groups that are currently under-represented
- considering the impact of their policies and practices on different groups in the wider population, and where they can take positive action
- being committed to creating an inclusive working environment, in which each employee can fulfil their potential and maximise their contribution

Respectful treatment

5.8 Our employees, those of our suppliers, and service users all have the right to respectful treatment. We will not tolerate discrimination, harassment or victimisation on any basis in the workplace or in connection with any FCA or PSR service. We expect our suppliers to provide the same commitment.

Human rights and employment law

5.9 The FCA, the PSR and our suppliers must comply with all applicable human rights and employment laws in the jurisdictions in which they work. This includes complying with the provisions of the [Modern Slavery Act 2015](#). In addition, suppliers must have robust means of ensuring that the subcontractors in their supply chain also comply.

Health and safety

5.10 We are committed to providing a safe and healthy working environment for all employees, visitors, and contractors. We expect all suppliers to co-operate with us in achieving this goal and to comply with our Health and Safety Policy, health and safety legislation and associated guidance.

5.11 Suppliers must ensure that their employees and contractors are properly trained and competent. They must provide the necessary information, instruction, training and supervision to secure their health and safety at work, and the health and safety of others who may be affected by their actions. Suppliers are expected to work with us to ensure that they follow health and safety procedures and report incidents accordingly.

- 5.12** When appropriate, suppliers may be required to participate in investigations and root cause analysis. We expect suppliers to take preventative actions to avoid incidents that may cause injury to persons or damage to premises. We expect suppliers to ensure that they take those actions and monitor activities to ensure that their actions are to agreed standards.

Living Wage and London Living Wage

- 5.13** The FCA and the PSR are accredited Living Wage Employers. We expect our suppliers to pay real living wages, ie wages that are always enough to meet the costs of living.

Prompt payment

- 5.14** We expect the FCA, the PSR and our suppliers to be fair and reasonable in their payment practices. Suppliers should aim to pay subcontractors within 30 days on FCA and PSR contracts and comply with the standards set out in the Prompt Payment Code on all other contracts.
- 5.15** We aim to pay 100% of undisputed, valid invoices which are supported by a Purchase Order within 30 days of receipt by the Accounts Payable Department.

Corporate governance and corporate responsibility

- 5.16** We expect our suppliers to adhere to good corporate governance principles underpinned by robust processes. We also expect our suppliers to be good corporate citizens by upholding the values of this Supplier Code of Conduct, taking into consideration social value legislation in delivering goods and services. Suppliers should, where appropriate, comply with the UK Corporate Governance Code.

6 Engagement

- 6.1** In this chapter, we set out our approach and expectations under the FCA value 'connect and deliver' and the PSR value of 'engagement'.

Complaints

- 6.2** We expect our suppliers to work with us honestly and openly to investigate complaints made against them or their employees, including notifying the FCA or the PSR of any complaints that they may affect the service to, or the reputation of, the FCA or the PSR. We will work with suppliers to understand the circumstances and details of any complaint and, as appropriate, to agree action to rectify a problem and avoid any recurrence.
- 6.3** Complaints against the FCA or the PSR for exercising, or failing to exercise, any of their relevant functions should be made in line with the [Complaints Scheme](#). More information can be found on the [FCA website](#) or [PSR website](#).

Your thoughts

- 6.4** We are continually looking to improve – if you have any questions about this Code, including requests for clarification, please contact us at FCASupplierManagement@fca.org.uk



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