

Modern Slavery and Human Trafficking Statement 2019/2020

The co-operative bank

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1.0 Introduction

Overview

We take a zero-tolerance approach to breaches of our standards on modern slavery and human trafficking and we will always take action to investigate suspected incidences to immediately address any confirmed incidences.

We are committed to ensuring that our operations, supply chains and the way we do business are aligned with our customer-led Ethical Policy and the values and ethics of the Co-operative Movement which define our brand. We work with our customers and suppliers to uphold the standards set out in our Ethical Policy, which include environmental sustainability, human rights and social responsibility.

As part of this commitment and in line with our regulatory obligations we publish this annual statement outlining the policies, procedures and training we have in place to prevent incidences of modern slavery and human trafficking occurring in our business and supply chains, investigating suspected incidences and how we address confirmed incidences.

Our Approach

Our approach to unethical or illegal activity in our business and supply chains begins with our customer-led Ethical Policy and the values and ethics of the Co-operative Movement, which drive our culture and are reinforced through our governance structure.

Our customer-led Ethical Policy is founded on the co-operative values, which are embedded into the Articles of Association of our business ensuring they guide the management and conduct of the Bank. Compliance with the Ethical Policy and adherence to the co-operative values is overseen by the Values and Ethics Committee, which is a committee of the Board of The Bank.

The statement has been reviewed and updated to reflect the progress made throughout 2019. Ownership of our policies relating to modern slavery and human trafficking is led by the Procurement and People functions, with support from colleagues from across the business.

We are publishing our Modern Slavery Statement at the time of an international crisis caused by the coronavirus pandemic. We know that the virus and the measures taken to control it have had a considerable impact on our colleagues, customers and suppliers and we have been committed to supporting all of our stakeholders to ensure we continue to upholding the principles of our Ethical Policy and the commitments laid out in this statement.

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platform part of
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This is the Modern Slavery and Human Trafficking Statement of The Co-operative Bank Holdings Limited and its subsidiary undertakings, which includes The Co-operative Bank plc, incorporated in England and Wales. This statement is applicable to each entity within the group to which the reporting requirements of the 2015 Modern Slavery Act apply and covers the financial year ended 31 December 2019.

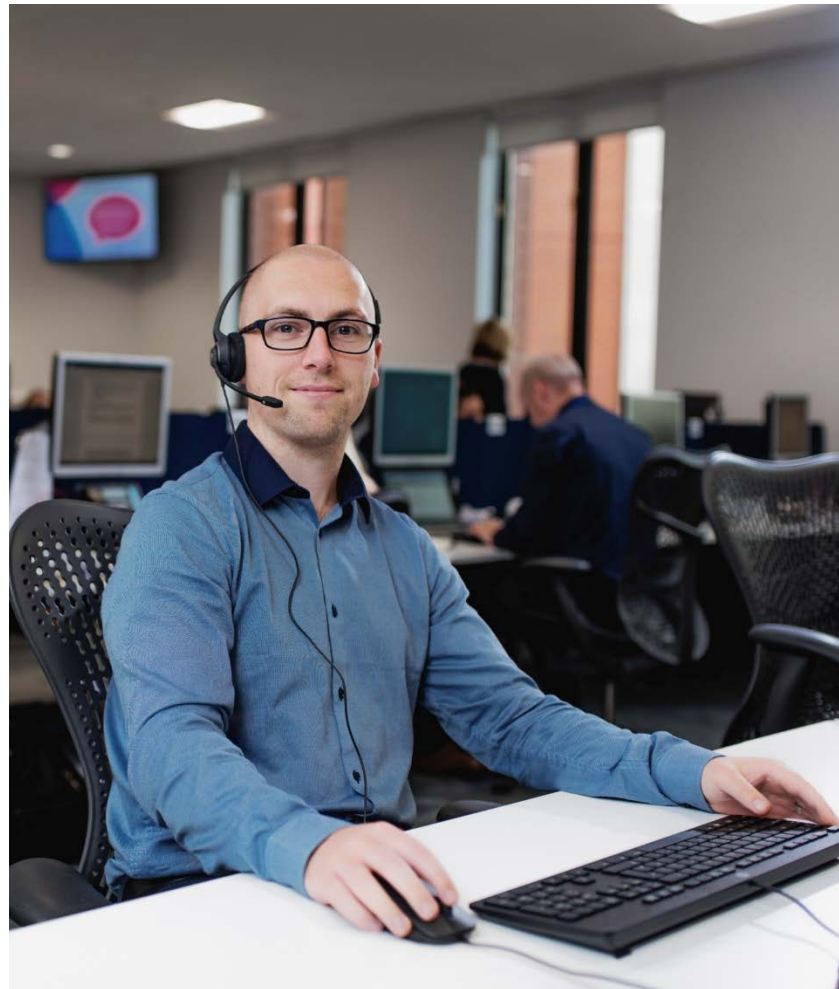
The Co-operative Bank, Platform, smile and Britannia are trading names of The Co-operative Bank p.l.c.

2.0 About Us

The Co-operative Bank brand is defined by the values and ethics of the co-operative movement, set out in our Ethical Policy, which represents a clear point of difference that has set us apart from our competitors since 1992, when we were the first bank in the UK to launch a customer-led Ethical Policy.

Today's policy reflects all aspects of our business, from our impact on the environment, the products and services we offer, our workplace, the relationships we have with suppliers, to the causes we support and our involvement in local communities.

Our Ethical Policy underpins our commitments within this Modern Slavery and Human Trafficking Statement and enables us to stay true to our customers', colleagues', suppliers' and other stakeholders' aspirations to deliver a differentiated ethical banking service.



We provide a full range of banking products and services to about 3.5m retail and c.85k small and medium sized enterprises (SME).

We are based solely in the UK, with our Head Office site and a number of our large offices based in the North West of England and 68 branches across England, Scotland and Wales. The majority of our colleagues are direct employees of our Bank. We are also supported by a range of 3rd parties and suppliers, a small number whom provide important outsource services through close partnership relationships.

Our strategy and more details about the Bank's financial performance can be found in our Annual Report and Accounts, which can be found here:

www.co-operativebank.co.uk/assets/pdf/bank/investorrelations/2019-annual-report-and-accounts.pdf

3.0 Our Ethical Policy



Our Ethical Policy has been in place for over 25 years and the most recent update was published in January 2015 and reflects over 320,000 customer and colleagues views.

The Policy extends to cover key issues such as human rights, international development and tackling poverty. Our policy remains unique in UK banking and sets out how our business values and ethics shape the way we operate and the decisions we take.

Read our full policy here:

<https://www.co-operativebank.co.uk/assets/pdf/bank/aboutus/ethicalpolicy/ethical-policy.pdf>

4.0 Our Supply Chain

Since we last published our statement and to support our overall business strategy we have consolidated our supplier network significantly and we now have just 521 current live suppliers. We aim to reduce this further during 2020.

These suppliers and their supply chains help us deliver important goods and services to all our customers and colleagues. It is important that our suppliers share our commitment to our customer-led Ethical Policy and the values and ethics of the Co-operative Movement, which define our brand.

To ensure this we assess whether the operations of our suppliers are consistent with our Sustainable Procurement and Supplier Policy, which reflects our customer-led Ethical Policy.

Our Ethical Policy and Sustainable Procurement and Supplier Policy screening reviews all potential suppliers (over a turnover threshold of £250,000 or those in high risk-sectors) and all non-personal customers to ensure they are compatible with our Ethical Policy, before any commercial contracts are agreed, or services supplied.

- All suppliers are asked to complete a pre-qualification questionnaire, which requests information on a range of issues including labour standards.
- Compliance with our Sustainable Procurement and Supplier Policy forms part of the ongoing relationship with higher risk suppliers who are managed through the Bank's Supplier Management Framework and as such we review their ongoing compliance annually.
- On occasion some suppliers are unable or unwilling to sign up to our policy. These are reviewed on a case by case basis. We look at the nature of the business and the good/service they are providing to the Bank and whether there is a risk of conflict to our Ethical Policy commitments. Additionally, we would look for evidence of their own CSR policies. Once we are satisfied the decision to on-board is further ratified by our Executive team.

Screening is carried out to enable us to identify high risk supply chains by gathering information about their business, parent or subsidiary companies and the sectors and jurisdictions in which they operate, at the outset of our relationship.

What does the policy mean in practice?

We periodically ask suppliers to confirm they do not breach our Sustainable Procurement and Supplier Policy which sets out our expectations that a supplier's core activities are sustainable, fair, legal and ethical. This includes a number of terms relating to labour standards. For example:

- Support the fundamental international labour organisation conventions and not engage in or support the use of forced labour, and recognise that workers should be free to terminate their employment after a reasonable agreed period of notice;
- Not engage in or support the use of child labour, and to provide specific consideration to young persons between the ages of 15 and 18, particularly in respect of their hours of work and safety;
- Meet legislative and industry standards pertaining to working hours, whichever afford the better protection, and ensure that employees shall not, on a regular basis, be expected to work for more than 48 hours per week.

4.0 Our Supply Chain

It is important that our suppliers share our commitment to our customer-led Ethical Policy and the values and ethics of the Co-operative Movement, which define our brand.

Our tendering and contracting process

In addition to our Sustainable Procurement and Supplier Policy, when we enter into a contract with a supplier, our standard terms and conditions require that suppliers:

- adhere to all applicable law
- remain in compliance with all relevant regulations, both at home and abroad
- comply with all customer policies concerning ethics, anti-bribery and/or anti-corruption as well as with any relevant industry code on anti-bribery.



5.0 Our Suppliers

Once a supplier is on-boarded, our supplier management framework and third party supplier management policies set out how we will work with the supplier on a day-to-day basis and throughout the life of their contract.

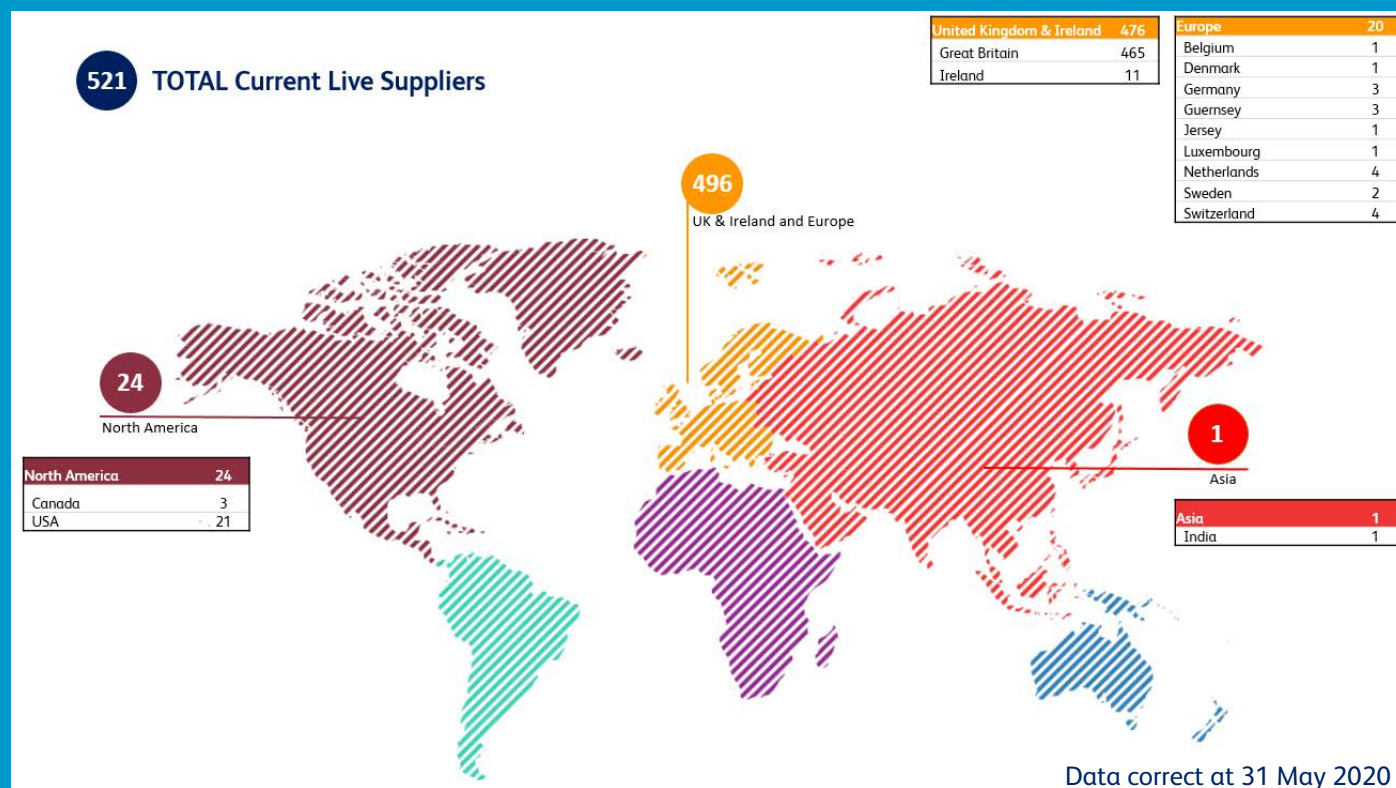
As part of the framework, we review suppliers against our Ethical Policy and Sustainable Procurement and Supplier Policy periodically. Suppliers identified as operating in geographies or industries which represent a higher risk, may be screened more often.

If breaches of basic standards occur, such as those involving corruption, fraud, bribery and modern slavery, we require suppliers to address these immediately.

We expect action to be taken to investigate the conduct, remediate where possible, and ensure plans are put in place to avoid the situation recurring. Additionally we would always report any suspected criminal activity to the relevant authorities in the UK or overseas.



We have mapped the location of our suppliers to ensure we manage appropriately those who may operate in higher risk areas.



Supplier Code of Conduct

The implementation of our Supplier Code of Conduct has been deferred during the current situation as our primary focus has been the performance of our key suppliers in delivering critical services for the Bank and its customers. It will however be published and implemented by the end of 2020.

This will require suppliers to operate in accordance with the Code and it will outline amongst other things, how we manage human rights, and the behaviours and practices we expect suppliers to demonstrate to ensure compliance with our policies.

6.0 Our Workplace



Our Ethical Policy sets out our commitment to be an ethical bank and workplace.

How we pay our colleagues

- We do not have zero hours contracts,. All colleagues have a guaranteed number of hours.
- We commit to paying the National Living Wage (as calculated by the Living Wage Foundation) and encouraging our contractors to become Living Wage employers, and requiring our contractors to pay employees operating at our sites the UK Living Wage. We undertake an annual payroll audit to ensure this is adhered to.

Worker rights and colleague voice

- We uphold the right of all employees to join a trade union.
- We run regular surveys to understand colleague sentiment and to encourage colleagues to speak up.
- We measure our culture and our engagement on an annual basis to internally identify areas for improvement and to benchmark against the financial services industry.

Colleague support mechanisms

- We have robust support mechanisms in place for our colleagues should they require any personal support linked to modern slavery or human trafficking issues.
- This includes our employee assistance and wellness programme, designed to help colleagues manage personal issues. It's available 24 hours a day, seven days a week, providing support services on matters affecting emotional wellbeing including relationships, bereavement, stress and anxiety plus in-depth legal issue help and information .

7.0 Our Training

Code of Conduct

Everyone, whether a colleague, contractor or agency worker, completes mandatory e-learning on the Code every year and agrees to comply with it and so uphold our values and ethics.

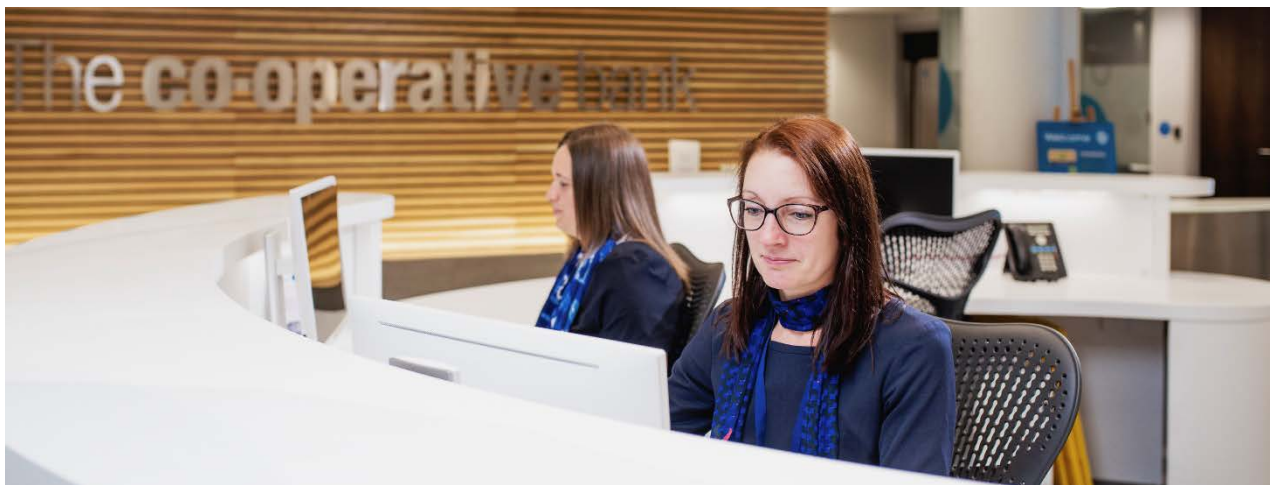
The purpose of our Code of Conduct is to define how we demonstrate to all our stakeholders that our colleagues behave in line with our Ethical Policy and Guiding Values, to deliver the right customer outcomes and comply with the regulatory requirements. It also helps the Bank demonstrate to its financial regulators that it complies in full with its obligations and takes appropriate attitudes to risk.

We regularly update our Code of Conduct to provide clarity on the roles and responsibilities of our leaders and colleagues, underpinned by our values and ethics.

Inclusion and diversity

All colleagues undergo annual inclusion and diversity training. This includes training on unconscious bias and how to manage this, to ensure that we are supporting our colleagues and leaders to make objective decisions.

The training also shares positive working practices, to show how we can co-operate together to promote an inclusive work environment that engages the talents, beliefs, backgrounds, capabilities and ways of working of unique individuals, to create a culture of belonging in which people are valued and respected.



Supporting our customers

- All our customer-facing colleagues receive training to help identify all forms of financial abuse, fraudulent activity and money laundering which could arise from human trafficking or modern slavery. The training covers how to engage in conversation with our customers and encourage them to disclose their circumstances and support they need. Colleagues also have access to a dedicated section on our colleague intranet which includes background information, signs to look out for and information on how to support our customers.
- The training and policies we have in place enable our colleagues to identify customers who may be money laundering or handing the proceeds of crime, which could arise from human trafficking or modern slavery.
- We recognise that providing banking facilities to survivors of modern slavery is a life-line but that challenges around account opening and providing proof of identity and address can be a barrier. With this in mind, we have added more accepted documents to our process for example, letters of introduction and Home Office documents. Where vulnerable customers need further support, we have provided funding for a dedicated resource at Citizens Advice Manchester. They are able to support on a whole range of issues such as immigration and benefits.

8.0 Our Recruitment

Our commitment in recruitment is to deliver a sustainable pipeline of competent and diverse people within required time frames and budget, to help sustain a workplace culture that retains talent and complies with legal, regulatory and values and ethics requirements.

We do this by having clear frameworks for the recruitment team and hiring leaders, to ensure we always behave ethically and manage risk. This includes:

- A commitment to openly advertising all roles in line with procurement standards, Trade Union agreements, employment legislation, employer branding and company values. This ensures job opportunities are open to all and that we accurately represent the role on offer and the organisation.
- During the recruitment processes we will follow fair, transparent and consistent practices in line with business and customer needs. We commit to treating both successful and unsuccessful candidates in line with agreed procedures and company values.
- Employment contracts are signed off to confirm that they comply with business requirements, employment legislation, the Remuneration Committee governance framework and employment codes of practice and requirements as set out by our regulators.



What do we do in practice?

How we manage recruitment

- Permanent vacancies are managed by our in-house team, whilst all temporary and contractor recruitment is outsourced to a third party.
- As part of our recruitment practices we ensure that all recruitment contracts include reference to a Slavery and Human Trafficking policy that highlights a zero tolerance approach to modern slavery and includes a commitment to acting ethically and with integrity in all business dealings and relationships.

Pre Employment Screening

- We actively manage the risk of modern slavery by ensuring that as part of the recruitment process, we ask candidates if they have the eligibility to work within the UK.
- We have a pre employment screening policy which details the level of checks that we will complete as part of the on-boarding process. This includes employment referencing, a criminal record check, fraud checks and financial sanctions.
- We use a reliable third party to conduct employment screening checks before the candidate starts in the Bank on day one, to ensure we actively check their right to work in the UK.
- All candidates must pass the screening checks according to our policy before they can join the Bank.

9.0 Managing risks and raising concerns

The 'three line' approach

We have a 'three line' approach to managing risk. The Bank's risk framework enables us to assess regulatory, legal and reputational risks and is overseen by the Risk Committee, which is a committee of the Board.

The 'three line' approach includes the management of policies and practices on Anti-Money Laundering and Proceeds of Crime. These policies are intended to prevent the Bank from providing banking facilities to those engaged in illegal or criminal activities, which may also include modern slavery and human trafficking.

1ST LINE

The Bank's 1st line of Defence is the front line business functions, who are responsible for the day to day management and operation of processes and controls to manage risk within appetite.

2ND LINE

The Bank's Risk function acts as the 2nd line of Defence. They are responsible for the creation of policies and control standards (deciding the way things should be done), defining Risk Appetite (the level of risk we're willing to take), and oversight and monitoring of the 1st line.

3RD LINE

Internal and External Audit act as the 3rd line of Defence. They are responsible for independent monitoring of the 1st and 2nd line areas.



Concern at Work

The Bank believes that all colleagues should be able to escalate any concerns through appropriate routes and in doing so will help correct wrongs, fix problems or highlight risks.

No colleagues will be treated unfairly or risk losing their job if they raise concerns, whether they use the Bank's normal risk processes or Concern at Work processes.

Whistleblowing

The Bank operates a Whistleblowing scheme, allowing employees to make an anonymous and confidential concern about the actions of business partners, managers and other employees.

The scheme can be used for anything of concern including corruption, human rights violations and other areas of concern. These are then independently investigated.

10.0 Conclusion

We believe our colleagues are equipped to identify all types of vulnerability within the customers they serve and our existing processes enable colleagues to refer customers to the most suitable source of support for their needs.

We are committed to continuing to strengthen our processes and raising the focus on this issue, by ensuring our colleagues understand the signs they need to look out for and how to offer support when needed.

We will also continue to maintain our strong focus on our Code of Conduct, our training and induction programmes, and our wider people practices and policies, to ensure we maintain awareness of the issue with new and existing colleagues and strengthen our commitment to zero tolerance to modern slavery and human trafficking.



Andrew Bester
Chief Executive

Throughout 2019 we have continued to demonstrate our commitment to our Ethical Policy and we publish our achievements each year in our Values and Ethics Report.

You can read our latest report here:

<https://www.co-operativebank.co.uk/assets/pdf/bank/news/values-and-ethics-report-2019.pdf>

