

Our Values and Ethics in Action

Sustainability Report 2020

The **co-operative** bank
for people with **purpose**



WE'RE CONTINUING TO



SUPPORT CO-OPERATIVES
WITH A TOTAL £1.7M
INVESTMENT IN
THE HIVE SINCE 2016



WE'VE ACHIEVED
ZERO WASTE
TO LANDFILL



WE'VE RAISED
AWARENESS OF
ECONOMIC ABUSE
IN PARTNERSHIP
WITH REFUGE



WE'VE CONTINUED TO DECLINE



BUSINESSES BANKING SERVICES
DUE TO CONFLICTS WITH
OUR ETHICAL POLICY

Our values and ethics in action

The Co-operative Bank was formed in 1872 as the Loans and Deposits department of the Co-operative Wholesale Society. Nearly 150 years later, as environmental, social and governance issues have become increasingly important to consumers, investors, and other stakeholders, our ambition to take a leading position on these issues remains as strong as ever. Our customer-led Ethical Policy is one of the main reasons our customers choose to bank with us. As CEO, I am determined that The Co-operative Bank retains its position as the UK's leading ethical bank.

Our 2020 Sustainability Report highlights our commitment to protecting the environment, making a positive difference to society and reflecting co-operative values and ethics in everything we do. As we look towards 2022 and our 150th year, we are committed to:

- **Building a greener future for young people:** Maintaining the 'better than carbon neutral' position we have held for over 10 years and supporting small businesses to promote a healthy environment.
- **Co-operation for the nation:** Supporting the co-operative sector and creating opportunities for our customers, colleagues and charity partners to bring about meaningful social change.
- **Inspiring others:** Developing a target-driven sustainability strategy with co-operative values and ethics at its heart and linking part of executive pay to the achievement of our environmental, social and governance targets.

I look forward to sharing our progress on these commitments over the months and years ahead.

While 2020 will be remembered as one of the most challenging years in recent times, I'm incredibly proud of how Co-operative Bank colleagues, customers and communities have pulled together to help one another, and there are many examples of this throughout this report. I also remain proud of our unique values and ethics and that we remain the only UK bank with a customer-led Ethical Policy. This, and the co-operative values we share with our customers and communities remain at the heart of everything we do.

I hope you enjoy this report. If you have any commentary, feedback or questions, please get in touch.

Nick Slape

Chief Executive Officer



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Setting our sustainability agenda

Our environmental, social and governance commitments for 2021

Our Ethical Policy has been shaped by customers for over 25 years, and it inspires us to make a difference to the environment and the communities in which we live and work.

Our key environmental targets



We are already beyond carbon neutral and have been since 2007.

We are committed to maintaining this position.



In 2020, we achieved zero waste to landfill for the first time.

We are committed to maintaining this position and will be starting our journey to embed a full circular economy in 2021.



We have sourced 100% of our electricity from renewable sources since 2015.

We remain committed to continuing to source 100% of the Bank's direct electricity supply from renewables and we will seek opportunities to reduce our overall energy consumption.

Our key social targets



We remain committed to supporting co-operatives by continuing to provide free business banking to the co-operative sector.

In 2021 we are committed to increasing our co-operative business customer base by 14%.



We are dedicated to driving positive social change in our communities through our charity partnerships.

In 2021 we will work with Refuge to undertake a review of the impact of digital banking on survivors of economic abuse, publishing recommendations for positive change across our industry.



Every Co-operative Bank colleague has the opportunity to take two paid volunteering days every year.

We are encouraging all of our colleagues to volunteer in their local communities and we are committing to increasing our total volunteering hours by 10% in 2021.*

Our key governance targets



Our ESG commitments will be key to our bank strategy in 2021 and in the years ahead.

From 2022 onwards, part of Executive pay will be linked to achieving our ESG targets.



We have already exceeded our target of 40% of women in senior positions in our Bank.

Throughout 2021 we will continue to maintain this position and remain focussed on improving our diversity, inclusion and balance at all levels.



Every business application is screened against our customer-led Ethical Policy.

We will continue to decline business banking services to any business which conflicts with our Ethical Policy.

* This target is dependent upon Government restrictions due to COVID-19, which may impact upon the availability of volunteering opportunities.

Our Environmental, Social and Governance Report



Environmental

Protecting the environment has been one of the commitments within our Ethical Policy since 1992.

We have reported our greenhouse gas (GHG) emissions since 1998 and continue to see a downward trend in our carbon footprint. In addition, since 2007 we have offset our carbon emissions plus an additional 10% to address the impact of our business activities in the past. Our 'beyond carbon neutral' status is helping the UK to achieve its Paris Climate Agreement commitment to reduce greenhouse gas emissions by at least 68% by 2030, compared to 1990 levels.

We continued to source our electricity from renewable energy suppliers and the restrictions of the global pandemic

meant that business travel was minimal this year. Having achieved a 47% decrease in our greenhouse gas emissions in 2020, we are targeting a 27% reduction on our 2019 baseline over 2021.

PVC-free credit and debit cards

In line with our Ethical Policy statement against the release of chemicals that persist in the environment, we continue to issue PVC-free credit and debit cards and have been doing so since 2007. In its place we use the plastic glycol-modified polyethylene terephthalate (PETG), which does not contain or use chlorine in its production. Furthermore, all the inks we use in our customer mailings are chlorine-free, and either water or vegetable based.

Our Environmental Data

Greenhouse gas emissions by source[^]

Source of emissions	Total emissions (tCO2e)		
	2020	2019	2018
Fuel combustion	845	876	1032
Electricity consumption ^{1,2}	2786	5,811	7,061
Refrigerant leakages ³	230	312	650
Business travel	100	423	671
TOTAL	3,961	7,422	9,414
Carbon intensity (tCO2e/FTE)⁴	1.4	2.4	2.9

[^] Emissions from homeworking are not included.

Carbon offsetting - beyond carbon neutral

Source of emissions	tCO2e
Fuel combustion	845
Electricity consumption (where unable to verify renewable source)*	181
Refrigerant leakages ³	230
Business travel	100
TOTAL to offset for carbon neutral	1,356
Plus 10% for past activity	135.6
Beyond carbon neutral offset	1,492

* Renewable energy is zero rated for carbon offsetting and therefore all electricity purchased directly by The Co-operative Bank is excluded from the calculation. Electricity used in buildings where the supply is paid for by a landlord is included here as we are unable to guarantee that it is sourced from a renewable energy supply.

Additional environmental metrics and targets

	2021 target	2020	2019	2018
% waste to landfill	0 %	0%	25 %	25 %
Lending to renewable energy sector	Ongoing investment	£19m	£24m	£26m
Total paper usage (reams)	4,000	1,973	20,246	23,306
% energy sourced from renewables ⁵	100 %	100%	100 %	100 %

1. The GHG emissions associated with electricity usage are calculated using the UK average GHG emissions figure. Electricity sourced by The Co-operative Bank is 100% renewable, therefore the annual GHG emissions associated with electricity usage are significantly lower than stated.

2. GHG emissions per unit of electricity are calculated by DEFRA and updated annually.

3. Refrigerant gas data includes major occupancy properties only.

4. Average number of full time equivalent (FTE) employees for the year.

5. All electricity sourced directly by The Co-operative Bank is from renewable sources.

Our Sustainability Checklist - Environment

Environment - Preparedness		
Environmental Policy	✓	The Co-operative Bank's Ethical Policy outlines the Bank's commitments to protecting the environment.
GHG Reduction Programme	✓	Our Greenhouse Gas reporting and targets are outlined on page 4 of this report.
Renewable Energy Programmes	✓	100% of the Bank's electricity is sourced from renewables. See page 4.
Green Procurement Policy	✓	The Bank continues to assess existing suppliers against our Sustainable Procurement and Supplier Policy, which reflects the Bank's Ethical Policy .
Credit and Loan Standards	✓	Each business customer is screened against our customer-led Ethical Policy , excluding those whose business activity conflicts with our customers' views on key issues such as the environment and human rights.
Scope of GHG Reporting	Scope 1 and 2	The Co-operative Bank does not currently report Scope 3 emissions
Environmental Management System	✓	Our environmental management system is outlined on page 15 of this report.
Environmental Management System Certification	✗	This is an area for development.
Environment - Quantitative Performance		
Carbon Intensity and Trend	✓	Details outlined on page 5.
Renewable Energy Use	✓	100% of the energy we buy is sourced from renewables. See page 4.
Responsible Asset Management	✓	All business account applications are screened against our Ethical Policy , which means we say no to business where certain activities are undertaken. See page 12 of this report for further details.
Sustainable Financial Initiatives	✓	We've been supporting and lending to the renewable energy sector since 2007. We support small, localised Hydro and Wind Farm projects in the North of England and on the Scottish Isles. In 2020 we lent £19m to the renewable energy sector.

Our environmental reporting

We measure our direct GHG emissions in carbon dioxide equivalent (tCO₂e) using the latest UK government guidance. Our direct GHG footprint encompasses energy consumption, refrigerant leakages from major occupancies and all business travel (air, rail and road), which are classified as Scope 1 and 2 emissions. Scope 3 emissions, where the bank has an indirect impact via our value chain, are not currently reported. We welcome work currently being undertaken within the financial services sector to establish a reporting framework for Scope 3 emissions and will look to implement this additional reporting once that framework is agreed.

As such, we will continue to develop our ESG reporting and will aim to fully implement the recommendations of the Financial Sustainability Taskforce on Climate-related Financial Disclosures (TCFD) from 2022.

In 2020 we signed up to the UN Principles for Responsible Banking. We'll continue this commitment as we develop our sustainability targets for 2022 and beyond, building on the co-operative values and ethics that are the foundations of our bank.

- Key:
- ✓ We're in a good position on this metric.
 - ✓ We're making progress on this metric but still have some work to do.
 - ✗ This is an area for development.



Social impact

We are committed to keeping co-operative principles at the heart of our business and to demonstrating the co-operative values through everything we do. Our impact on society goes beyond the people to whom we are providing banking services, as we seek to drive positive social change through our community initiatives and in co-operation with the partnerships and charities we work with. Unfortunately, it has been difficult for colleagues to

take part in volunteering activities due to the pandemic this year. We have also needed to make more referrals than ever to Citizens Advice Manchester, as customers feel the financial impact of the pandemic.

This table sets out a snapshot of some of the ways we measure our impact on society.

	2020	2019	2018
Total charity donations	£1,564,783	£997,996	£995,098
Number of co-operatives, charities and credit unions who bank with us	787 co-operatives 4,128 charities 163 credit unions	805 co-operatives 4,416 charities 194 credit unions	750 co-operatives 4,950 charities 218 credit unions
Support for the co-operative movement through funding for The Hive	£625,000	£158,700	£451,196
Supporting our local communities through colleague volunteering	611 hours*	4,759 hours	4,330 hours
% of colleagues who have taken part in a volunteering activity	4%*	27%	19%
Number of customers we've helped to buy their first home	4,209	3,304	3,517
Number of customers supported through our partnership with Citizen's Advice Manchester	536	418	437

Supporting our customers and communities through a difficult year

The impact of the COVID-19 pandemic has been felt by our retail and mortgage customers, by our small business customers and by the many charities and community organisations we support and who bank with us. We have put in place a range of support measures to help

our customers and communities through this difficult time, such as access to the Government backed lending schemes for business customers and payment holidays for mortgage and loan customers.

We are proud to look after the banking needs of:

90,593
SMEs

over

9,800
of which

have accessed the Bounce Back Loan Scheme and Coronavirus Business Interruption Loan Scheme.

Contribution to national wealth

In 2020 our contribution to the national wealth, or 'economic value generated and distributed', was **£379 million**. Of this, our community investment was **£1.6 million** (£1.1 million in 2019). Economic value is distributed as salaries to employees, donations to charitable causes, and, if relevant, profit and reserves to our owners.

£379m
economic
value

£1.6m
community
investment

* Opportunities for corporate volunteering were impacted by Government restrictions due to COVID-19 in 2020.

Our Sustainability Checklist - Social

Social - Disclosure		
Gender pay disclosure	✓	See our Women in Finance Charter progress and Gender Pay Gap Report .
Systemic Risk Reporting	✓	See our Annual Report and Accounts.
Environmental Management System		
Freedom of Association Policy	✓	Read page 22 of our Ethical Policy for details.
Discrimination Policy	✓	A copy of our Prevention of Bullying, Harassment, Discrimination, and Victimization Policy is available to all colleagues. We will take steps to publish this externally in 2021.
Diversity Programmes	✓	Our colleague inclusion networks promote diversity within our organisation. We are committed to measuring our ethnicity pay gap by the end of 2022.
Gender pay equality programme	✓	Read our Women in Finance Charter progress and Gender Pay Gap Report .
Human Capital Development	✓	Formal performance management processes are in place and communicated internally with succession planning and development metrics reviewed by the management team.
Scope of Social Supplier Standards	✓	Read page 21 of our Ethical Policy for details of our Sustainable Procurement and Supplier Policy.
Supply Chain Monitoring	✓	Read page 21 of our Ethical Policy for details of how we work with suppliers to manage our environmental impact.
Responsible Marketing Policy	✓	The Co-operative Bank practices responsible marketing. We are working towards development of a Responsible Marketing Policy and will take steps to publish this externally in 2021.
Data privacy and security policy	✓	Read our privacy policy .
Data Privacy Programme	✓	All colleagues undertake annual mandatory training on data privacy management and data protection.
Data request management	✓	The Co-operative Bank abides by relevant data protection legislation .
Cybersecurity programme	✓	The Co-operative Bank works continually to make our customers' banking experience as safe and secure as possible .
Financial Inclusion	✓	Our range of current accounts is financially inclusive and we provide support for customers facing financial difficulty .
Systemic Risk Management	✓	See Annual Report and Accounts.
Social - Quantitative performance		
Collective Bargaining Agreements	✓	We work co-operatively with our recognised trades union, Unite. Find out more on page 8 of this report.
Employee Turnover Rate	✓	This is not externally reported, however FTE is reported in the Annual Report and Accounts.
Employee training	✓	Along with mandatory regulatory training, we provide a range of tools to allow colleagues to manage their personal development and career ambitions.
Activities in Sensitive Countries	✓	The Co-operative Bank has no involvement in high risk industries in sensitive countries.

Key: ✓ We're in a good position on this metric.

✓ We're making progress on this metric but still have some work to do.

x This is an area for development.



Governance

Key Governance Data

The co-operative values and Ethical Policy are incorporated in the Bank’s Articles of Association and established at the heart of our constitution.

The Values and Ethics Committee provides Board level oversight of the delivery of the values and ethics policy and strategy, ensuring effective governance and accountability. It will continue to review the development of our ESG reporting over time and delivery of our strategy. This will include the recommendations of the Financial Stability Taskforce on Climate-related Financial Disclosures (TCFD) as we assess how we can fully implement the recommendations into future years’ reporting.

The Values and Ethics Committee met **four** times in 2020 and will continue to meet on a quarterly basis in 2021. The governance and implementation of co-operative values and our Ethical Policy were the key areas of focus for the Values and Ethics Committee in 2020 and our oversight focussed on reinforcing and embedding ethics within our operational processes and ensuring that screening our business suppliers and SME customers continues to be robust. You can read the chair of the committee’s report for 2020 in our Annual Report and Accounts.

In October 2020 we provided formal training to the Board on expectations around how firms should develop a framework for identifying and managing the financial risks from climate change.

	2020	2019
Total number of business current accounts opened	12,116	7,473
Total number of applications referred for further Ethical Policy screening (see page 12 for more information)	438	223
% of women in senior positions	42.3%	42.3 %
In 2016 we set our target to increase the number of women in senior positions from 32% to 40% and developed a five-point plan to drive the improvement. As we have exceeded our target we will continue to deliver against the five-point plan, ensuring we maintain the position and remain focussed on improving our gender inclusion and balance at all levels.		
Gender pay gap – median (see our Women in Finance Charter progress and Gender Pay Gap Report for more detail)	25.94%	22.62%
BSB Cultural Survey overall result (out of 100)	75	74

Our Statements and Policies

Modern slavery and human trafficking statement

We are committed to ensuring that our business and our suppliers, are free from modern slavery and human trafficking and uphold the principles of our Ethical Policy. Our Modern Slavery and Human Trafficking statement sets out the steps we are taking to prevent modern slavery.

[Click here to read our Modern Slavery commitments](#)

Freedom of association

We formally recognise the trade union, **Unite** and work closely with them to ensure the voice of our colleagues is heard. We take a proactive approach to understand the needs of our colleagues and their members.

Anti bribery and corruption policy

The Bank has a ‘zero tolerance’ stance on bribery and corruption and the policy is included within the Bank’s Code of Conduct. All colleagues must complete training on the code of conduct once a year and confirm their understanding of the requirements within the policy.

Taxation policy

We are signatories to the HM Revenues and Customs Code of Practice for the Taxation of Banks and are committed to ensuring that nothing in our tax affairs is contrary to UK tax legislation.

[Read our Tax Strategy here](#)

Our Sustainability Checklist - Governance

Governance		
Tax Disclosure	✓	See Annual Report & Accounts 2020.
ESG Reporting Approach	✓	See page 8.
Verification of ESG Reporting	✓	This report will be externally audited following publication.
Governance—Preparedness		
Anti-Bribery and Corruption Policy and Programmes	✓	Our anti- bribery and corruption policy outlines our zero tolerance approach and we are committed to acting with integrity and fairness in all our business dealings and commercial relationships.
Whistleblower Programmes	✓	Our comprehensive Concern at Work Whistleblowing policy is available to all colleagues. We will take steps to publish this externally in 2021.
Business Ethics Programme	✓	Our Ethical Policy outlines our commitments to co-operative values and ethics, while our Board-level Values and Ethics Committee delivers enhanced governance and accountability. See page 8 of this report for more information.
Responsible Investment Policy and Programme	✓	Every business account application is screened against our customer-led Ethical Policy . We refuse banking services to those whose activities conflict with our customer's views on key issues, including the environment and human rights.
UNEPFI Signatory	✓	We became a signatory of UN Environment Programme Finance Initiative Principles for Responsible Banking in February 2020 .
Global Compact / PRI / Equator Principles Signatory	✗	We are not currently a signatory of the Global Compact, the Principles for Responsible Investment or the Equator Principles.
Corporate Finance Programme	✓	Every business account application is screened against our customer-led Ethical Policy . We refuse banking services to those whose activities conflict with our customer's views on key issues, including the environment and human rights.
Responsible Product Offering	✓	We continue to develop products and services that reflect the values and ethics our customers believe in, as indicated on page 15 of our Ethical Policy and on pages 13 and 14.
Anti-Money Laundering Policy	✓	Colleagues undertake annual training on our anti-money laundering policy. We will take steps to publish this externally in 2021.
Compliance Programme	✓	Internal processes are in place to govern all areas of regulatory compliance, in line with the FCA and PRA requirements.
ESG Governance	✓	Our board level Values and Ethics Committee delivers enhanced governance and accountability, see page 8 for more information.
ESG Performance Targets	✓	Our ESG performance targets are in development and will be linked to part of executive pay from 2022.
Political Involvement Policy	✓	The Co-operative Bank is politically neutral.
Lobbying and Political Expenses	None	The Co-operative Bank is politically neutral.

- Key: ✓ We're in a good position on this metric.
 ✓ We're making progress on this metric but still have some work to do.
 ✗ This is an area for development.

Our values and ethics in action

The original ethical bank

Since The Co-operative Bank was formed in 1872, we have worked hard to provide an ethical alternative to the larger high street banks. We were the first and we remain the only UK bank to have a customer-led Ethical Policy. This policy has been shaped by over 320,000 customer responses since its launch in 1992.

The Ethical Policy provides the blueprint of our ethical banking brand. It reflects our ongoing commitment to the values and ethics of the co-operative movement and guides our relationships between our customers, our colleagues, our suppliers and our wider communities.

Our co-operative brand values reflect how we do business, rather than our ownership. Although the ownership of The Bank changed in 2017, our commitment to the co-operative values and principles on which we were built remains as strong as ever, with ESG principles embedded within the business every day.

An important element of our Ethical Policy is our commitment to report annually on our performance on values and ethics. And the decisions we take under our Ethical Policy. The following pages contain this report.

[Click here to discover the history of our values and ethics](#)



Our Ethical Policy



Pillar 1

Ethical banking

We do not provide banking services to businesses and organisations that conflict with our Ethical Policy.



Pillar 2

Ethical products and services

We seek to offer products and services that reflect our values and ethics.



Pillar 3

Ethical business

We endeavour to behave ethically in how we run our business, including our relationships with suppliers and external organisations.



Pillar 4

Ethical workplace and culture

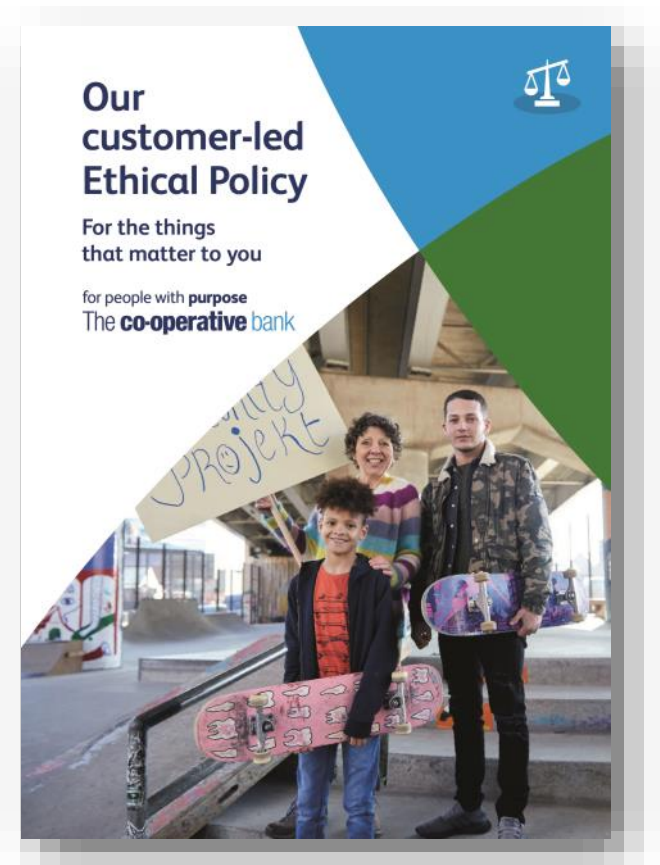
Our workplace culture reflects our co-operative values and ethics.



Pillar 5

Ethical campaigns

We campaign for social and economic change in line with our values and ethics.



[Click here to download our Ethical Policy](#)



Our 2020 highlights

WE DONATED ALMOST



£100K

TO
**106 LOCAL
COMMUNITY
PROJECTS**
DURING THE PANDEMIC

OUR **100%**
ELECTRIC



**POP-UP VAN IS
BRINGING THE BANK
TO CUSTOMERS IN
NORTH WEST COMMUNITIES**



**WE'VE ACHIEVED
ZERO WASTE
TO LANDFILL**



**WE'VE RAISED
AWARENESS OF
ECONOMIC ABUSE
IN PARTNERSHIP
WITH REFUGE**

WE ALLOCATED



£100K
TO **NHS** CHARITIES
TOGETHER

**AND DONATED 100s OF
CARE PACKAGES AND
50 HEADSETS TO LOCAL GPs**

OUR CUSTOMER AND COLLEAGUES
HELPED US TO RAISE



£347K


**FOR CENTREPOINT
WITH A TOTAL OF OVER
£1.7 MILLION
RAISED SINCE 2017**

WE'RE CONTINUING TO



**SUPPORT CO-OPERATIVES
WITH A TOTAL £1.7M
INVESTMENT IN
THE HIVE SINCE 2016**

WE'VE CONTINUED TO DECLINE



**BUSINESSES BANKING SERVICES
DUE TO CONFLICTS WITH
OUR ETHICAL POLICY**

THROUGH OUR PRODUCTS



OVER
£1m

**OUR CUSTOMERS HAVE
DONATED OVER £1M TO THEIR
CHOSEN CHARITIES SINCE 2016**




**WE'VE CAMPAIGNED FOR
HUMAN RIGHTS
IN PARTNERSHIP WITH
AMNESTY INTERNATIONAL UK**



**WE'RE PROUD TO HAVE BEEN
BEYOND CARBON NEUTRAL
FOR OVER 10 YEARS**

WE NOW HAVE



42%

**OF WOMEN IN SENIOR
ROLES AT OUR BANK**



Ethical banking

Every business application was screened against the Ethical Policy in 2020

Since the Ethical Policy was launched in 1992, we have asked all new and some existing business customers to complete an Ethical Questionnaire as part of the application process for a new account or service. Customers are screened based on their responses to make sure we don't provide banking services to any business whose activities conflict with the views of our customers. In 2020, 438 businesses were referred for enhanced screening and as a result, 21 applicants were not accepted as Co-operative Bank customers.

The data

No. of customers referred for screening by issue (2019 figure in brackets for comparison)	Referrals (2019)	Declines (2019)
Labour standards and human rights	173 (92)	3 (1)
Social inclusion	3 (1)	1 (0)
Irresponsible payment of tax	1 (1)	0 (0)
Irresponsible gambling	8 (5)	0 (0)
Irresponsible marketing	26 (28)	0 (1)
Protecting the environment:		
Climate change	30 (5)	16 (1)
Chemicals	6 (3)	0 (0)
Waste	1 (0)	0 (0)
Biodiversity	81 (55)	0 (0)
Protecting animal welfare	98 (30)	1 (1)
Other	11 (3)	0 (0)
Total	438 (223)	21 (4)

Human rights:

We declined banking services to an organisation considered to be **advocating incitement to hatred** on the basis of religion.

We also declined services to a consultancy working within the defence sector whose activities were considered to be in conflict with our position on the **manufacture or transfer of arms** to oppressive regimes and a company involved in the manufacture of **indiscriminate weapons** systems.

Social inclusion:

A business offering short term, high interest loans was refused banking services.

Climate change:

We declined banking services to 16 business whose activities were considered to be in conflict with our Ethical Policy statement on the **extraction and production of fossil fuels** due to involvement in the oil and gas sector.

Animal welfare:

One business was declined for failing to meet our expected standards of **animal welfare**.



As well as being the first UK bank to sign the 2015 Paris Pledge not to finance the coal industry, we are the only UK-based bank in the Don't Bank on the Bomb report Hall of Fame (October 2019) and the Worldwide Investments in Cluster Munitions report Hall of Fame (December 2018). Our inclusion is thanks to our Ethical Policy statement that we will not provide banking services to businesses or organisations involved in the manufacture or transfer of indiscriminate weapons.

Managing customer risk

Sometimes we need to close accounts due to risks outside our Ethical Policy, based on regulatory requirements and other risk factors. In 2020 we closed 366 customer accounts (449 in 2019) due to risk related issues, including suspicion of money laundering and failure to provide documentation to satisfy Customer Due Diligence requirements. Our risk policy also requires the closure of accounts for customers who are involved in or receive profits from organised crime or illegal activities such as the sex trade, drugs or human trafficking.



Ethical products and services

Bringing our bank to you!

In October we were excited to take our bank on the road and into our communities with the launch of our pop-up van. The van has been visiting town centres across the North West, with the team on hand to offer advice and support on all of the accounts and services we offer, such as setting up a new account, making bank transfers, amending standing orders, or updating contact details.

The team have also been helping out in our communities, spending time with local charities and community organisations and lending a helping hand wherever it's needed.



Supporting small business customers through COVID-19

For many small business owners, the carefully laid plans they made at the start of the year had to be revised and, in some cases, revised completely as the impacts of the global pandemic took effect. We've long been a champion of small businesses and we're proud that we've been able to offer practical help and support through what has been an incredibly challenging year.

We've also offered capital payment holidays and provided ongoing support and guidance to our business customers, alongside our market-leading introductory offer of free everyday banking for 30 months for new customers and the benefits available to members of the Federation of Small Businesses (FSB) through our unique partnership.

In 2019 we were awarded £15m from the Capability and Innovation Fund to help us invest in products and services for SMEs. We will invest an additional £17m of our own money to deliver significant improvements by 2023.

In 2020 we launched our enhanced digital service for SME customers and we're excited that work on our new mobile app for small businesses is progressing well.

In March we launched The Business Exchange, an online resource full of help and advice for business customers, including SMEs, co-operatives, charities and not-for-profit operations.

We've been able to support over 9,800 of our existing small business customers via the Bounce Back Loan Scheme and Coronavirus Business Interruption Loan Scheme, vital lifelines that were launched to help businesses survive the pandemic. For example, the Leeds Bread Co-op received financial support that made a real difference to the team during uncertain times.

[Read the full Leeds Bread Co-op case study](#)



Our commitment to UK co-operatives

We support the UK's co-operative sector by offering free business banking to co-operative businesses. We've also provided **£1.7m** of funding to The Hive. This unique business support programme created by Co-operatives UK in partnership with The Co-operative Bank, gives co-operative businesses from all sectors of the economy access to the expert advice and guidance they need to thrive.

Since the start of the programme to the end of 2020, **1,171** groups have benefited from technical advice, peer mentoring, training and introductory workshops. A number

of these groups went on to obtain over **£6 million** of community investment.

This year we've worked with The Hive to make sure that co-operative businesses impacted by the COVID-19 pandemic have had access to free resources and guidance to help them to adapt and survive this challenging year. The Hive Assist Package, launched in response to the economic challenges, was accessed by 10 co-operative businesses.

[Find out how The Hive Assist helped October Books this year](#)





Ethical products and services

Together we've raised £1.7m to tackle youth homelessness

Services for young people have been stretched this year as this demographic have been greatly effected by the economic impact of the pandemic. We've been proud to continue our support for Centrepoin, the UK's leading youth homelessness charity, in their mission to end youth homelessness and give young people a future.

We donate £5 to Centrepoin for every completed mortgage and product switch through our retail and Platform brands. Combined with other fundraising, we have now raised over **£1.7million** for Centrepoin since the start of our partnership in April 2017.



[Find out how we're taking action on youth homelessness](#)



Everyday giving raises £320,000 for five national charities

Everyday Rewards gives eligible current account customers the option to donate their monthly rewards to one of five charities. These customer donations raised over **£320,237** in 2020. In total, **over £1.1m** has now been donated to these charities since Everyday Rewards was launched in 2016.



[Donate your Everyday Rewards to one of our charities](#)

Funding charity projects that improve the lives of local people

Twice a year we award grants of up to £1,000 from our **Customer Donation Fund** to Community Directplus account holders to support special projects and activities.

In 2020 we realised that our charity and community customers were being impacted by not being able to use their usual fundraising methods during the coronavirus crisis. So we made it our mission to provide funding to as many projects as possible this year and to give some of them a boost by featuring them in our marketing campaign.

In 2020 we donated **£99,948** to **106** community projects across the UK. Since the scheme started in 2003, we've donated **£937,000** to **1,072** community organisations.



£99,948

donated in 2020

106

projects supported in 2020

£937,000

donated in total

[Read about more of the projects we've supported](#)





Ethical business

We offset our carbon to support environmental projects around the world

Our Ethical Policy has always included statements on protecting the environment and promoting sustainable development. We refuse to provide banking services to businesses whose core activities contribute to global climate change via the production of fossil fuels. We support organisations that make a positive impact on the environment and we take steps to reduce the environmental impact of our own operations too.

Last year we set a target to reduce our carbon emissions by 10% in 2020. By the end of the year, our total carbon emissions were actually 47% lower in 2020 than in 2019, largely as a result of the restrictions that were put in place due to the pandemic. You can see the full data tables on page 4. As 2020 was such an extraordinary year, we've set a target to reduce our carbon emissions to no more than 5,400 tCO₂e in 2021 (a reduction of 27% on our 2019 baseline emissions figure) and to reduce our carbon intensity (the amount of carbon produced per employee) to 1.9 tCO₂e.

We're beyond carbon neutral

The Co-operative Bank has been '**beyond carbon neutral**' since 2007. We can make this claim because we offset our carbon emissions plus an additional 10% to address the impact our business activities have had in the past. Offsetting allows us to turn our emissions into carbon credits, which are used to invest in environmental projects around the world.

We achieved our pledge to send zero waste to landfill by the end of 2020

In 2019 we challenged ourselves to improve our environmental credentials and do more to protect our planet by sending zero waste to landfill by the end of 2020.

Like many initiatives this year, the pandemic threatened to stop us in our tracks, as specialist recycling companies were forced to close. However, restrictions were lifted just in time for us to implement the programme across our branches and offices.

In December 2020, colleagues across our sites recycled **41%** of waste, with the remaining 59% sent to energy recovery facilities.

Where possible, we send specific waste streams to specialist recycling companies. With so many of our colleagues working from home in 2020, many of these activities, such as sending our office food waste for anaerobic digestion or making new milk bottles from our empties, have been paused as we're just not producing

We will offset **1,492 tonnes** of operational greenhouse gas emissions (1,356 tonnes + 10%) for 2020. We work with climate and development experts, ClimateCare, to support projects that have a positive impact on the environment and the local population and which are in line with our Ethical Policy. In 2019, we supported two amazing projects.



The Gola Rainforest Conservation project in Sierra Leone helps to protect critically endangered animals and funds programmes that benefit the local community, such as the sustainable cocoa production to rebuild communities affected by civil war and the Ebola outbreak.

We also supported the Aqua Clara project in Kenya, which provides simple, affordable solutions to give communities access to safe drinking water that improves health, saves lives, cuts carbon emissions and protects local forests.

enough waste. We'll continue to review this throughout 2021, with a view to re-starting our 'circular economy' activities as soon as possible.

As we head into 2021, we're challenging our colleagues to increase the amount of waste we're recycling to 60%.

"We're all used to separating our rubbish into recyclable and non-recyclable waste at home but not many companies ask their colleagues to do this at work too. We've really enjoyed working with a team of recycling experts this year to identify our most common waste streams and specialist recycling companies that can turn them into new products. Throughout 2021, with recycling facilities in place across our premises, we'll be encouraging colleagues to reduce the amount of waste they produce, to reuse more items and to recycle much more of the waste we do produce."

Darren Nelson-Hall,
Head of Estates, The Co-operative Bank



Ethical workplace and culture

Committed to the HM Treasury Women in Finance Charter

As one of the first banks to sign up to HM Treasury's Women in Finance Charter in 2016, we set a target to increase female representation in our senior leadership from 32% to 40% by 2020.



We are delighted to report that we now have **42%** women in senior roles at our Bank. One way we have achieved this is by encouraging and supporting women to put themselves forward for progression opportunities alongside their male colleagues. Whilst we are pleased to have achieved our initial target, we know that there is more to do to achieve gender balance, particularly in our senior leadership population. We are therefore re-committing our target to achieve **45%** women in senior roles by the end of 2023.

In 2021 we will continue to focus on delivering our five point gender diversity plan to drive our focus on gender balance forward. We will also continue our focus on internal progression through robust succession planning and talent collaboration.

[Read our Women in Finance Report 2020.](#)

Our colleague networks

Our five inclusion networks that are run by colleagues for colleagues. All of our networks are inclusive and open to all colleagues.



Proud Together - represents LGBTQ+ colleagues across The Bank and offers support and information.



Elevate - The Bank's Women's Career network.



Reach - our network that celebrates our Race, Ethnicity and Cultural Heritage.



Access - supporting colleagues with disabilities, long-term health conditions, mental health conditions and caring responsibilities.



Futures - The Bank's newest inclusion network, recognising the challenges people can face at the start of their career.

Members of the Greater Manchester Good Employment Charter

In October, we became the first financial services organisation to gain membership status of the Greater Manchester Good



Employment Charter. The Charter aims to improve employment standards across the North West region, with members committing to pay the Real Living Wage, enable flexible working and support the health and wellbeing of colleagues.

A Real Living Wage employer

As an accredited Living Wage employer since 2015, we ensure all our colleagues are paid a fair wage that reflects the real cost of living.



Disability Confident Employer

We are a Disability Confident certified employer and are committed to recruiting and retaining people with disabilities or health conditions for their skills and talent. In 2020 we continued to hold relationships with diversity advisory bodies such as Inclusive Employers, who provided us with support on inclusion and we renewed our commitments under the Race Charter.

Our co-operative workplace

We have continued to work in close consultation with our recognised trades unions throughout 2020. They have been consulted on proposals for change and have helped us to understand the interests and needs of members/colleagues. We continue to support their important work through funding two full time union representatives.

Our Colleague Co-operative Forum provides an opportunity for colleagues from all areas of the business to come together to share their opinions and influence key aspects of our workplace culture.

Taking Manchester Pride Inside

With the annual Manchester Pride Parade cancelled, we showed our support to the LGBTQ+ community by sponsoring the Alternative Manchester Pride Festival. We also became a sponsor of Hits Radio Pride. Our colleagues recorded a podcast about their support for the LGBTQ+ community.



Click the icon to listen or search for **The Co-operative Bank Podcast 'Why it's important to be an ally of the LGBTQ+ community'** on your preferred podcast app.



Ethical workplace and culture

Making a difference in our communities

We've been delighted to be able to help our customers and the wider community to get through a challenging year. Here are some of the ways we've made a difference.

Supporting our local food banks

Colleagues have continued to collect non-perishable food items and toiletries for their local food banks. In addition, we were very pleased to donate £28,000 to the Trussell Trust food banks in Skelmersdale and Leek, both of which are well supported by colleagues. Thanks to this donation, the food bank team at Skelmersdale were able to buy a van to help them to make deliveries to families in the local area. We were incredibly touched that the van was named 'Paul's Van' in memory of our colleague, Paul Lowe, who sadly passed away earlier this year.

Supporting our NHS

We are incredibly grateful to all of the wonderful NHS staff who have worked tirelessly throughout the pandemic. We were able to show our gratitude by donating £100,000 to NHS Charities together. We also donated headsets to GPs in Stockport to allow them to talk hands-free during telephone and video consultations and sent hundreds of care packages to NHS teams across the North West. One of our colleagues, Kathryn Davies, even received an MBE in recognition of her contribution to this appeal.

Supporting our favourite charities

Our charitable donations in 2020 totalled **£1.6m**. This included donations to our Everyday Rewards charity partners and Centrepont.

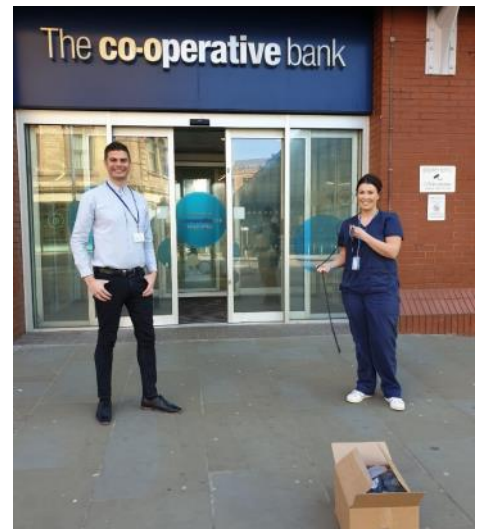
Within this total, £44,600 was raised by our colleagues for Centrepont and a further £16,878 for their favourite local and national charities. The Bank donated an additional £28,700 to these charities through our colleague match-funding scheme.

While every Co-operative Bank colleague has the opportunity to take two paid volunteering days every year, opportunities to support local and national charities and community organisations in 2020 have been limited. Despite this, our colleagues have found ways to make a difference in 2020, such as through remote volunteering activities. 137 colleagues took part in the programme this year, donating a total of 611 hours to their local communities.

In December, colleagues supported the Cash for Kids Mission Christmas appeal, which distributes gifts to disadvantaged children. Colleagues have also made cards and sent gifts to people who were isolated during the pandemic, supported schools by taking part in virtual careers days and helped people get back into work by supporting online job clubs.

Digital Bees celebrate their first year

Our Digital Bees are colleagues from across the Bank committed to bringing digital inclusion to more customers and communities in Manchester and the North West. They've been supporting students, young people and SME business owners virtually during the pandemic.





Ethical campaigning

Ending youth homelessness with Centrepont

1.8 million

16-24 year olds worry about having a roof over their heads if they lost their primary source of income

2020 has been a challenging and unsettling year for everyone, but it has been especially difficult for vulnerable young people. Youth homelessness charity Centrepont has seen a 37% increase in calls to its helpline since March, which led us to work with the charity to find out how the pandemic was impacting young people across the country.

We have been proud to continue our support for this important charity as they provide essential services for young people in crisis.

Staying Up instead of Sleeping Out!

With social distancing restrictions still in place it was impossible to hold Centrepont's flagship Sleep Out fundraising events this year. Instead, the charity challenged supporters to Stay Up on 7 October, a challenge that colleagues at The Co-operative Bank took to heart! Our teams put together a full 24 hour schedule of activities to take them through the day and night, which included high intensity workouts, an Irish Dancing class, taekwondo session and yoga, plus entertainment in the form of live music and quizzes. We were delighted to contribute **£50,000** to the event's fundraising total of **£296,000**.

[Read about our Stay Up fundraising here](#)



Where the money goes

Colleague fundraising, along with a donation from every mortgage sale and corporate donations has generated over £300,000 this year. A proportion of this is used to support the Centrepont Helpline, which helped **6,053** young people in 2020.

We are also delighted to be supporting Centrepont's Greater Manchester Future Foundations project in 2021, which will transform the services the charity is able to provide to young people in our home city over the coming years.

Centrepont estimate that 121,000 young people were homeless or at risk in 2019/2020. Through our work with Centrepont we want to make sure that the right support is there for young people in Manchester and across the UK when they need it.



"For the young people Centrepont supports and as an organisation, the year 2020 was the most challenging ever, as Covid-19 wreaked havoc around the country. We were acutely aware that every organisation and their customers, including The Co-operative Bank, were facing the same challenges. Yet, the bank rose up wonderfully to offer tremendous support, without which it would not have been possible for Centrepont to help thousands of young people through the crisis.

There are, of course, various exciting projects we are delivering together and one truly humbling example was the bank's whole hearted support of our new challenge event STAY:UP, in which staff at every level participated, including the CEO. Just as importantly, our joint research for the event highlighted the stark reality of the impact of the pandemic on youth unemployment and how young people could be helped. It is this depth of engagement that has enabled Centrepont's partnership with The Co-operative Bank to raise more than £1.7m over the years and moves it from just another fundraising engagement to a partnership that is resolutely changing the story for so many young people. I look forward very much to working together next year to give even more young people the opportunity to change their stories for the better, once and for all."

Seyi Obakin OBE,
Chief Executive, Centrepont





Ethical campaigning

Know Economic Abuse

When we extended our Ethical Policy in 2015, our customers told us they wanted The Co-operative Bank to return to campaigning, to addressing issues and causes where we can make a difference. That same year we launched our 'My money, my life' campaign with national domestic abuse charity, **Refuge**, and reported the scale of financial abuse (a type of economic abuse) for the very first time.

Our work with Refuge led to the launch of an industry-wide Financial Abuse Code of Practice in 2018, which aims to provide survivors of economic abuse with better and more consistent support from across the banking and financial sector. To date, 19 banks and building societies have signed up to the initiative. Together, we have made a real difference, but we still have more work to do.

Economic abuse in 2020:

We are proud of the changes brought about by our 'My money, my life' campaign, but we also know a lot has changed in the last five years. We therefore partnered with Refuge again to conduct a new study into the extent of economic abuse in the UK in 2020, and the impact of the coronavirus pandemic on this issue, with our 'Know Economic Abuse' campaign.

What are we campaigning for?

Together with Refuge, we've formed a 'five point plan of action' to increase the support available for those who are experiencing economic abuse or have experienced economic abuse in the past, and to help prevent economic abuse from happening. We're calling on the banking industry and credit reference agencies to become more involved in supporting survivors of economic abuse. The action plan recommends that:

1. Banks and other financial services institutions to build on the support they offer to survivors of economic abuse by:
 - The creation of clear processes for customers who are in debt as a result of economic abuse to inform the bank of their circumstances, be supported by well-trained staff and have that debt burden reduced wherever possible.
 - The provision of information about economic abuse and where customers can seek help when customers apply for joint financial products.
2. Credit reference agencies to take a greater role, protecting survivors of economic abuse through the creation of a preferential 'credit rating repair' system. This would then be implemented by both banks and credit reference agencies.
3. The creation of a cross-government fund for survivors to assist them with the costs of leaving a perpetrator and accessing a safe place to stay.
4. Reform of welfare benefits systems to benefit survivors and current victims of economic abuse. This should include:
 - Automatic separate payments of Universal Credit.
 - Universal Credit advances for those fleeing abusive partners, paid as grants rather than loans.
5. Banks, other financial services institutions and specialist domestic abuse organisations to conduct a review of the impact of online and digital banking on survivors of economic abuse and produce recommendations for change in 2021.



[Read the full report here](#)





Ethical campaigning

Standing up for human rights with Amnesty International

We have a long-standing partnership with Amnesty International UK (AIUK), and a shared commitment to promoting human rights and equality.

Our support enabled AIUK to launch Rise Up, a fully funded pilot youth training programme to empower young people across the UK to create change in their communities. The programme has led to meaningful change with participants taking their first steps in launching activism campaigns.

“The ongoing support of The Co-operative Bank has helped us to navigate a challenging 2020, with their support we’ve been able to keep human rights on the agenda. Putting pressure on governments to protect vulnerable people and frontline workers in the UK and abroad during the Coronavirus pandemic whilst continuing to support those around the world who continue to shed a light on human rights abuses.”



Kate Allen,
Director, Amnesty International UK

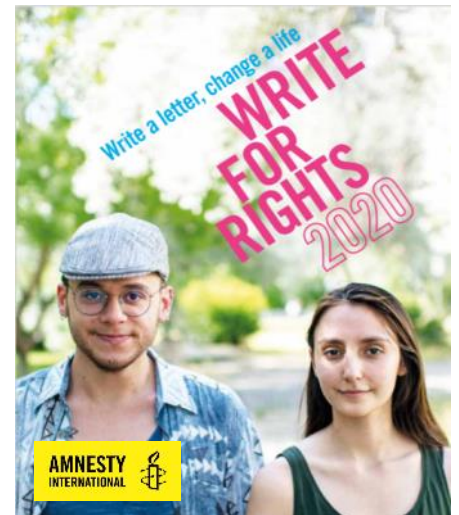
[Read more about our support for Amnesty International](#)

Colleagues and customers take action on human rights

We are proud to be the first corporate organisation to establish a recognised Colleague Amnesty Group, which meets on a monthly basis to drive forward key Amnesty campaigns internally including marking International Human Rights Day, Write for Rights, Pride Inside 2020 and monthly urgent actions for varying causes.

We were also delighted to once again support Amnesty International’s annual letter-writing campaign, **Write for Rights**, in December, promoting the campaign to colleagues and customers, who joined us in sending messages of support to tackle human rights injustice across the world.

This year we focused on two important cases. Firstly, the case of 18 LGBTQ+ students and one academic in Turkey, who are facing trial for holding a peaceful protest against their university’s decision to ban the annual Pride march on the campus. We also supported the case of Germain Rukuki, who is currently serving a 32-year prison sentence for his peaceful activism in Burundi.



Helping young people to Rise Up

Rise Up is a campaigning training programme for young people, run by AIUK and supported by The Co-operative Bank. The programme brings together young people from all walks of life who want to fight for social change. Over the course of four weekends, our young activists built their skills, knowledge, confidence and networks, leaving them well equipped to lead their own social change campaigns.



[Read more about Rise Up](#)

Find out more:

Thank you for reading our Sustainability Report 2020. We're proud of our commitment to the co-operative values and ethics we share with our customers. They guide us every day as we work to achieve our purpose: to pioneer banking that makes a positive difference to the lives of our customers and communities.

Our report is released once a year but we work continually to uphold our Ethical Policy and sustainability commitments and to make a positive impact on our customers and colleagues. You can keep up to date with our activities by following us on social media and on our website. And we're always keen to hear from you, so please keep in touch.

Find us here:

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Assurance

The Co-operative Bank's Internal Audit department, acting as an independent assurance function of the Bank, has performed a verification exercise on the information presented in this report by verifying key data points to underlying records. On the basis of this work they have concluded that the information in this report is accurate and not misleading.