



Sustainable Procurement and Supplier Policy

Published: 2020

Last review: 2022

Next review: 2023

Review process check:
annual review against the Bank's
Ethical Policy and procedures

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

Introduction

This policy document sets out The Co-operative Bank's approach to procuring products and services in a responsible and sustainable way; building on the key principles of our customer-led Ethical Policy. In doing so it also provides guidance for our Procurement Team, and for current and prospective suppliers.



We strive to make ethical choices across all elements of our business. This includes screening to ensure that the businesses and organisations we work with are in tune with the values and ethics we share with our customers.

As part of the on-boarding process we ask new suppliers to complete a short questionnaire that outlines their position against key statements in our Ethical Policy. The responses to these and any follow-up questions will be considered as part of the tendering process. Once a supplier contract is in place, a number of controls and checkpoints are embedded throughout the procurement lifecycle.

Our relationships with our suppliers is based on fairness, transparency and integrity. We want to work with suppliers and partners who are aligned to our values and ethics and can make a positive contribution to our commitments to environmental sustainability and social responsibility.

There are five elements to our customer-led Ethical Policy:

- **Ethical banking** - We do not provide banking services to businesses and organisations that conflict with our Ethical Policy.
- **Ethical products and services** - We seek to offer products and services that reflect our values and ethics.
- **Ethical business** - We endeavour to behave ethically in how we run our business, including our relationships with suppliers and external organisations.
- **Ethical workplace and culture** - Our workplace culture reflects co-operative values and ethics.
- **Ethical campaigning** - We campaign for social and economic change in line with our values and ethics

Read our full policy here:

www.co-operativebank.co.uk/ethicalpolicy

Guiding principles

When working with suppliers, we recognise our responsibility to carry out our activities in an ethical and sustainable manner and we encourage our supply chain to minimise the negative environmental and social impacts associated with the products and services they provide.



Our Sustainable Procurement and Supplier Policy is built on the seven goals at the heart of our Ethical Policy:

- **Acting with honesty and transparency** – We ensure we're honest and transparent in how we do business and engage externally.
- **Being a responsible bank that treats customers fairly** - We seek to run The Co-operative Bank responsibly and through our actions, ensure good outcomes for our customers.
- **Promoting human rights and equality** - We support the principles of the Universal Declaration of Human Rights.
- **Promoting economic and social development in Britain** - We seek to promote economic and social development in Britain, including through supporting charities and social enterprises, and through our support for co-operatives and the co-operative movement.
- **Protecting the environment** - We support small businesses and organisations whose activities promote a healthy environment and we seek to minimise our impact on the environment.
- **Supporting international development** - We seek to promote development and support the reduction of poverty in developing countries.
- **Protecting animal welfare** - We will not provide banking services to organisations which are involved in animal testing of cosmetics or household products or whose activities significantly degrade endangered animals' habitats.

Ethical supplier relationships

As a business, we need to ensure that we behave ethically not only in the direct impact of our activities, but also indirectly through our supplier relationships. Therefore we make the following commitments:

- We actively seek suppliers that are aligned to our ethical goals.
- We aim to work with our suppliers to manage The Co-operative Bank's own environmental impact and support our policy of being beyond carbon neutral. In particular we seek to:
 - ✓ Use renewable energy and manage our energy efficiently
 - ✓ Reduce our reliance on fossil fuels
 - ✓ Reduce our reliance on chemicals that persist in the environment and have the potential to harm health
 - ✓ Embrace natural products and services
 - ✓ Minimise waste through recycling and other sustainable waste management practices.

To this end, we value relationships with suppliers whose own sustainability policies and activities are consistent with ours.

Zero Tolerance to corruption, fraud, bribery and modern slavery

We have a zero-tolerance approach to basic standards of conduct. If breaches of basic standards occur, such as those involving corruption, fraud, bribery and modern slavery, we will require these to be addressed 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.

Other important statements for suppliers in our customer-led Ethical Policy:

- As an ethical bank, our customers expect us to conduct our business with honesty and transparency. We are signatories to the **Code of Practice for the Taxation of Banks** and we expect our suppliers to work within the letter and spirit of UK tax legislation.
- The Co-operative Bank is an accredited **Living Wage Employer**. We encourage our suppliers to join us and over 6,000 UK employers who believe a hard day's work deserves a rate of pay that's based on real living costs and we require our suppliers to pay employees operating at our sites the Living Wage. For more information visit www.livingwage.org.uk.
- We support fair trade and seek to ensure that the rights of workers in developing countries are protected.
- We expect our suppliers to support at least minimum standards of animal welfare.
- We are a campaigning organisation and give our support to causes that are in line with our values and ethics. As valued partners, we may occasionally ask our suppliers for their support with campaigns.



Our expectations of suppliers

Environmental Sustainability

We expect our suppliers to:

- Use renewable energies and manage resources efficiently
- Reduce reliance on fossil fuels
- Reduce reliance on persistent and bio-accumulative substances
- Embrace natural products and services, whilst taking account of nature's capacity for renewal
- Minimise waste, recycle and practice other forms of sustainable waste management
- Recognise and pursue ecological sustainability.

Additionally, we will seek to avoid companies and activities that develop genetically modified organisms where there is concern as to:

- Uncontrolled environmental contamination
- Negative impacts on developing countries
- Patenting (in particular of indigenous knowledge) or
- Cloning (in particular, of animals for non-medical purposes).

Social Responsibility

We expect our suppliers to:

- To have policies in place protect the rights of all employees, customers and other stakeholders
- Recognise employees' rights of freedom of association and collective bargaining and their rights to join or form trades unions of their own choosing
- Not engage in or support the use of child labour, and to provide consideration to young persons aged 15 to 18 in respect of their hours of work and safety
- Eliminate all forms of forced or compulsory labour
- Provide a safe and hygienic working environment, ensuring that appointed health and safety worker representatives are not subject to discrimination and have reasonable access to the workers they represent within the workplace
- Provide wages for a standard working week that meet at least the legal or industry minimum standard, whichever is the higher, and are sufficient to meet basic worker needs and provide some discretionary income
- Not discriminate in respect of hiring, compensation, access to training, promotion, termination of employment or retirement based on age, race, gender, sexual orientation or any other characteristics or union membership or political affiliation
- Not engage in or threaten physical, sexual or verbal abuse or employ harassment or intimidation of any kind.
- To avoid association with equipment such as instruments of torture, or the manufacture or transfer of armaments to oppressive regimes

Our commitment to suppliers

In return for their support of our Ethical Policy, we make the following commitments to our suppliers:

- We undertake to pay suppliers on time and to the terms agreed with them. Our payment practices will be reported twice yearly via the Government reporting for Business payment practices and performance. We value and seek relationships with suppliers who behave in the same way with their own suppliers
- We will seek to operate to the highest professional standards and will pursue mutually beneficial relationships
- We will conduct our supplier tendering and assessment process in a fair and honest manner, with openness and integrity
- We will carry out regular sustainability assessments of our key suppliers, such as screening our suppliers periodically, including against applicable sanctions lists
- We will seek to procure products and materials from recognised responsible sourcing schemes where they represent value for money

Further help and information:

For further information or guidance on any aspect of the Sustainable Procurement and Supplier Policy, please get in touch:

Email: procurementhelpdesk@co-operativebank.co.uk

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