

# The Co-operative Bank

## Sustainability Review 2013

### In this section

- 1 Background
- 2 Implementation of the Bank Ethical Policy
- 3 Social and environmental banking
- 5 Protecting the environment
- 6 Supporting communities and stakeholders
- 8 Values, ethics and sustainability: Going forward



### Background

2013 was unprecedented in terms of the financial as well as reputational challenges faced by both The Co-operative Group and The Co-operative Bank<sup>1</sup>. Events ranging from the £1.5bn capital shortfall, to the revelations about the former Bank Chairman Paul Flowers, and the need for further provisions for PPI mis-selling have resulted in members, customers, colleagues and other stakeholders feeling deeply disappointed and let down by the Bank, and has led the new Bank Executive to issue an unreserved apology to its customers<sup>2</sup>.

The details of those challenges and the on-going responses to them are covered extensively in the Annual Report and Accounts of both the Group<sup>3</sup> and the Bank<sup>4</sup> and in the independent Kelly Review into events leading to the capital shortfall<sup>5</sup>. Further reports from the Prudential Regulatory Authority, Financial Conduct Authority and Treasury Select Committee will also provide additional insight and reference points for stakeholders.

As such, it is not felt appropriate or in stakeholders' interests to provide diluted versions of those or other emerging events here, and instead they are referenced and signposted in this review.

The Bank believes that there continues to be a lack of choice in the UK banking market, and that it has an important role in providing a viable

alternative to other banks. It has repeatedly acknowledged the importance of ethics and values to its customers and, despite the issues it has faced, the Bank has reiterated that it is committed to refreshing those values and ethics in consultation with customers<sup>6</sup>.

At the end of 2013 the Bank separated from The Co-operative Group and changed its ownership structure. The Group became a 30% shareholder through the Liability Management Exercise (LME)<sup>7</sup>, and then a 20% shareholder following the capital raise that was successfully completed in May 2014.

As part of the Bank's recapitalisation plan, it also started a process of simplification, reflecting its desire to return to its roots as a bank focused on retail and small and medium-sized business (SME) customers with values and ethics at its heart. Some of this simplification process directly impacts the activities that have historically been associated with the Bank's Ethical Policy. These are highlighted within this review.

For the first time in its 140 year history, the Bank has embedded co-operative values and ethics in its Articles of Association. The Bank has also committed to asking its customers to help refresh its ethical policy in 2014.

### Sustainability reporting 2013

The Co-operative Bank was a pioneer and multi-award winner of sustainability reporting in the UK, with its reporting pre-dating that of The Co-operative Group. As such, and given that the Bank was a wholly owned subsidiary of the Group until December 2013<sup>8</sup>, an overview of its sustainability performance for 2013 is provided here. The Co-operative Group's full 2013 Sustainability Report can be found [here](#).

In line with the Bank's reporting over the last 17 years, data and commentary are provided on the following material sustainability issues:

- implementation of the Bank Ethical Policy;
- social and environmental banking, including social and environmental products and services;
- environmental protection, and support for communities and stakeholders; and
- values, ethics and sustainability: Going forward.

## The Co-operative Bank in 2013 – Focus on the Core Bank

Despite the turbulence of 2013, the Bank has taken considerable steps to improve its capital position. Key to this was the completion in December 2013 of the refinancing exercise that successfully increased the level of capital held<sup>9</sup>, along with the raising of additional capital in May 2014.

In order to simplify, de-risk and reshape its business, during 2013 the Bank began to separate its business into two distinct areas: Core Business and Non-core Business.

- **Core Business** (including The Co-operative Bank, Britannia and smile) is focused on UK relationship retail banking customers and offers a wide range of banking products from mortgages and loans to current accounts and savings products. The Core Business and Commercial Banking (BaCB) division provides

services to small and medium sized businesses (SMEs) which will typically have a turnover of less than £25m; have borrowing requirements of less than £5m; and otherwise meet the Bank's risk appetite. In line with its strategy, the Bank offers services to credit unions and social enterprises, as well as to larger charities and co-operatives.

- **Non-core Business** consists of those asset classes which are not consistent with the Bank's business strategy and risk appetite, and will be managed to achieve the most appropriate asset value or are targeted for run down or exit. Non-core assets include large corporates, commercial real estate, project finance, housing associations, local authorities, renewable energy and asset finance.

## Implementation of the Bank's Ethical Policy

### Performance recognition

'Best buy' status:  
The Co-operative Bank for its commitment to ethical screening, awarded by the Ethical Consumer Research Association in 2014<sup>10</sup>

The Bank has been providing co-operative banking services to consumers and businesses for over 140 years. For the past 20 years, the Bank's Ethical Policy has been central to its approach. Launched in 1992, the Policy – based on a customer mandate involving over 250,000 customers to date – contains specific clauses that restrict the provision of finance to certain business sectors or activities, and seeks to

support those organisations making a positive contribution to society (eg credit unions, charities and social enterprises)<sup>11</sup>.

The Policy covers all non-personal assets and liabilities held on the Bank's balance sheet, eg retail loans and deposits and savings, and treasury dealings, and the investment of all retained balances.

## Ethical screening of banking customers

The Bank continues to screen new non-personal customers against its Ethical Policy. As in previous years, in 2013 Ethical Policy compliance was secured in the main by questionnaires which applicants complete as part of the application process, and which are then checked by account opening staff. A central bi-annual screening exercise ensures continued compliance.

Corporate banking customers with a turnover greater than £1m are directly investigated for ethical compliance by trained business development managers and reviewed on an

annual basis. Business development managers are issued with Ethical Policy guidelines that set out the criteria to be considered in the provision of facilities, and make explicit where involvement is prohibited. High-risk sector guidelines detail corporate activities considered to present an elevated Ethical Policy risk (eg the manufacture of chemicals), where further review is mandatory. In most cases, an independent analysis is then commissioned from EIRIS, a leading ethical investment research organisation.

**Ethical screening referrals and outcomes<sup>12</sup>**

Year	Accepted	Declined
2010	40	368
2011	35	402
2012	42	284
2013	12	220

■ Accepted  
■ Declined

**All 2013 Bank business declines by issue and value (£)**

Issue	Referred	Declined	Value
International development and human rights	113	3	£341,100
Climate change	36	5	£180,300
Animal welfare	32	1	£773,000
Social inclusion	2	2	£85,000
Biodiversity	24	0	0
Chemicals	7	1	£10,000
Waste	3	0	0
Other	15	0	0
<b>Total</b>	<b>232</b>	<b>12</b>	<b>£1,389,400</b>

In 2013, 232 (2012: 326) financial applications were reviewed. Of these, 12 (5%) (2012: 13%) were found to be in conflict with the Bank's Ethical Policy and the application was refused<sup>13</sup>. The number of applications referred for screening was lower than in previous years, reflecting the circumstances of the Bank during this period of uncertainty.

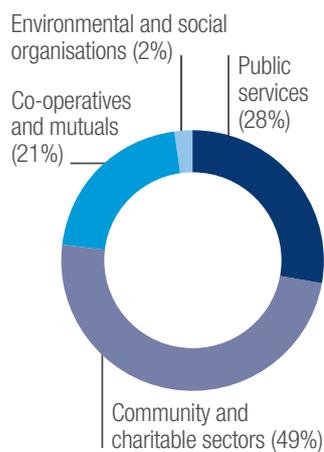
In 2013 the annualised gross income foregone by the Bank as a result of ethical screening was an estimated £15.4m<sup>14</sup>.

The Bank has committed to carrying out an Ethical Policy customer consultation to refresh its Ethical Policy mandate in 2014<sup>15</sup>.

## Social and environmental banking

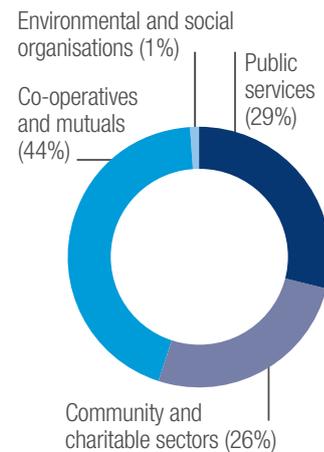
Total of average Core Business and Commercial Banking (BaCB) deposits from social, co-operative and environmental businesses in 2013 reached £2.4bn, 46% of total £5.2bn Core Business and Commercial Banking liabilities.

**Positive contribution of Core BaCB liabilities (eg deposits) to society in 2013: £2,395m**



Total of average Core Business and Commercial Banking assets from social, co-operative and environmental businesses in 2013 reached £350m, 40% of total £878m Core Business and Commercial Banking assets.

**Positive contribution of Core BaCB assets (eg loans) to society in 2013: £350m**



## Social and environmental products and services

---

**£1.19m  
raised**

for charity through affinity  
credit cards in 2013

### **Charity credit cards**

In 2013 the Bank offered a range of charity credit cards, each linked to one of 15 partners<sup>16</sup>. A donation is made to the chosen charity when an account is opened and additional donations are made in proportion to the amount spent using the card. In 2013 the Bank raised a total of £1.19m for charity through affinity credit cards (2012: £1.25m). In 2014 the Bank is planning to simplify its range of charity credit cards, in order to ensure a sustainable long-term offering.

The think credit card promotes ethical purchasing by offering better rates of interest for purchases from 16 specified ethical partners<sup>17</sup>, identified as partners that provide sustainable products or services, or are considered to be 'ethical leaders'<sup>18</sup> in their sector. When a new card is activated, in partnership with the Royal Society for the Protection of Birds (RSPB)<sup>19</sup>, a third of an acre of Indonesian rainforest is purchased and protected in the customer's name. For every £100 spent on the card, a further 25p is donated to rainforest protection.

Since its launch in December 2008, the partnership has raised £352,000, enough to protect 6,709 acres of rainforest.

### **Basic bank accounts**

Basic bank account features, such as the ability to pay bills by direct debit, can help customers organise their finances and increase their confidence in managing their money<sup>20</sup>. The Bank offers a basic bank account, Cashminder, aimed at those who may not be eligible for a standard current account.

The Bank believes that it has a disproportionate and unsustainable share of the basic bank account market and has called for account providers, consumer groups and policymakers to work together to introduce a sustainable framework for basic banking.

In 2013, as part of The Co-operative Group, the Bank provided evidence to the Parliamentary Commission on Banking Standards (PCBS) on basic accounts, and welcomed the PCBS' final report which recommended that the industry voluntarily implement minimum standards or the Government should legislate.

### **Bank accounts for prisoners**

Since 2006 the Bank has operated a scheme to provide bank accounts for prisoners, ready for use on release. The scheme operates from 31 UK prisons, and 2,791 accounts were opened in 2013, with a total of 16,171 accounts opened since 2006.

### **Bonus Account**

The Co-operative Bank offers a youth account that supports animal welfare and conservation. Since 2003 the Bonus Account, in partnership with the Born Free Foundation, has provided nearly £250,000 (£7,500 in 2013) towards projects such as anti-poaching units in Kenya and chimpanzee sanctuaries in Cameroon.

### **Co-operative and community accounts**

The Co-operative Bank provides bespoke banking packages, available to all UK co-operatives<sup>21</sup>, charities, community groups and voluntary organisations<sup>22</sup>, which are free for day-to-day banking transactions, subject to certain limits. The Bank additionally offers a bespoke savings account and credit card for co-operative members. In 2013, total Core Business and Commercial Banking lending to co-operatives averaged £127m.

In 2013 The Co-operative Bank launched a bespoke banking package, Social Enterprise Directplus<sup>23</sup>, for the sector, which is also free for day-to-day banking transactions. Social enterprises are businesses characterised by a clearly defined social or environmental mission and a commitment to reinvest the majority of their profits to further this mission and, as such, are aligned to co-operative values.

## Supporting credit unions

Credit unions are financial co-operatives that offer savings and low-cost loans to their members – many of whom do not have access to traditional services. They are particularly important in areas and communities not served by mainstream financial service providers. The Bank remains the largest provider of banking to the credit union sector<sup>24</sup>.

The Bank's overall credit balances held by credit unions increased 17% in 2013 to £137m (2012: £117m). The Bank provides a current account for credit union members, in partnership with the Association of British Credit Unions Ltd (ABCUL). In 2013, 23 credit unions offered the account and 36,793 (2012: 36,500) customers benefited.

## Cash machines

The Co-operative Bank does not charge for using any of its 2,558 (2012: 2,660) cash machines, 18 (2012: 15) of which are located in low-income communities eligible for a financial inclusion premium<sup>25</sup>.

### Proportion<sup>26</sup> of The Co-operative Bank branches<sup>27</sup> in deprived areas<sup>28</sup>

2010	37%
2011	37%
2012	38%
2013	35%

### Financial support to small businesses in deprived areas as a proportion of all equivalent Co-operative Bank activity<sup>29</sup>

	2010	2011	2012	2013	Industry average <sup>30</sup>
Business current accounts	6.3%	5.4%	5.4%	5.8%	4.5%
Overdrafts	5.5%	4.7%	4.9%	5.1%	4.7%
Loans	5.7%	5.9%	5.7%	7.5%	3.5%

## Regional Growth Fund

The Bank supports the Government's Regional Growth Fund Programme<sup>31</sup> and has provided loans totalling £3.5m to Community Development Finance Institutions to be disbursed to SMEs and social enterprises which protect and create employment in the most socially deprived boroughs in England and drive investment in local economies. All recipients of funding have had traditional bank funding declined.

## Microfinance support

In 2007 The Co-operative Bank introduced a £25m microfinance fund to support the development of small businesses in some of the world's poorest countries. To date the Bank has lent to four microfinance schemes and supported microfinance institutions in 28 countries.

## Access to finance in deprived areas

In November 2013, as part of the Bank's recapitalisation plan, the Bank announced its intention to rationalise the branch network; 43 branches were subsequently identified for closure in early 2014.

In 2013 the Bank's finance to small businesses in deprived<sup>32</sup> areas (as a proportion of equivalent bank activity) remained above the industry average.

# Protecting the environment

**25% reduction**

in greenhouse gas emissions (tCO<sub>2</sub>e) since 2006

The Bank seeks to minimise its environmental impacts and in 2013 it maintained its certification to the ISO 14001 standard.

## Renewable energy

In 2013 the Bank continued to source 98.8% of its electricity from renewables, and maintained its 'beyond carbon neutral' policy for the seventh consecutive year, by offsetting its operational greenhouse gas emissions<sup>33</sup> plus an extra 10% to address legacy issues.

### Total greenhouse gas emissions by source, 2013

Source of emissions	Total emissions (tCO <sub>2</sub> e)
Fuel combustion	3,796
Electricity consumption <sup>37</sup>	25,790
Refrigerant leakages	504
Business travel	1,753
<b>Total</b>	<b>31,843</b>
<b>Carbon intensity (tCO<sub>2</sub>e/£m turnover)</b>	<b>19.8</b>

## Greenhouse gas emissions

Since October 2013, new Government regulations<sup>34</sup> require all UK quoted companies to report on their greenhouse gas emissions as part of their annual Directors' Report. The Co-operative Bank measures its direct greenhouse gas (GHG) emissions in carbon dioxide equivalent (CO<sub>2</sub>e) using the latest UK Government guidance<sup>35</sup>. The direct GHG footprint encompasses energy consumption, refrigerant leakages from major occupancies and all business travel (air, rail and road). All greenhouse gas data and related commentary are externally assured<sup>36</sup>.

The Bank has reduced its total greenhouse gas emissions by 25% since 2006, avoiding 10,300 tCO<sub>2</sub>e per year.

68% waste reused/recycled

14% reduction in water consumption

since 2010  
2012: 4%

**Waste arisings**

	Total waste arisings	Reused/ recycled	Waste to landfill
2009	2,626	1,601	1,025
2010	2,252	996	1,256
2011	2,493	1,350	1,143
2012	2,571	1,721	850
2013	2,637	1,800	837
<b>Reduction since 2012</b>	-3%	-4%	2%
<b>Reduction since 2009</b>	0%	-12%	18%

**Estimated water consumption: The Co-operative Bank**

	2010 baseline	2011	2012	2013
Total water consumption (m <sup>3</sup> )	155,564	191,640	139,810	134,253

**Waste**

The Bank produced 2,637 tonnes of waste in 2013, of which 68% (1,800 tonnes) was recycled or reused. The Bank has reduced waste sent to landfill by 18% since 2009.

**Resources**

In 2013 FSC-certified timber or high recycled content MDF was specified for all wood refurbishments in Bank branches (198 branches).

The Bank monitors its water usage, to help inform better management and reduction in water consumption. In 2013, across the Bank's estate, there was a 4% reduction in water consumption compared with 2012. Average water consumption reduced from 163m<sup>3</sup> per branch location in 2012 to 141m<sup>3</sup> in 2013.

**Chemicals – credit cards**

Most credit and debit cards in the world are made of PVC. Since 2007 The Co-operative Bank has issued 3.8 million PVC free cards made from the plastic glycol-modified polyethylene terephthalate (PETG), which does not contain or use chlorine in its production<sup>38</sup>.

Supporting communities and stakeholders

Communities

**Employee volunteering**

In 2013, as part of The Co-operative Group, the Bank continued to support communities, with an investment programme that championed employee volunteering. In 2013, 770 Bank employee volunteers supported a range of initiatives including Number Partners, Reading Partners, e-mentoring and acting as school governors.

Employees also continued to volunteer in their local communities through team challenges, with Bank employees taking part in 54 team challenges in 2013, benefiting schools and community organisations across the UK.



**Charity of the Year**

In 2013 the Bank participated in The Co-operative Group Charity of the Year partnership with Carers Trust<sup>39</sup>, going out of its way to support young adult carers. Not only did it put on a summer ball raising over £85,000, but banking staff also provided CV workshops, work experience and mentoring for young adult carers, on top of organising numerous fundraising challenges. The Bank raised £463,405<sup>40</sup> for Carers Trust – making a significant contribution to the total £6m raised by The Co-operative Group to support 20,000 young carers across the UK.



**Fundraiser of the Year**

Five colleagues from The Co-operative Group were nominated as Fundraiser of the Year at the end of the fundraising partnership. The overall winner, Piers Wrangham (The Co-operative Bank, left), was presented with his award by HRH The Princess Royal, President, Carers Trust, at the fundraising ball in December 2013.

## Employees

The average number of people working for the Bank during 2013 was 7,526<sup>41</sup>, and controllable employee turnover<sup>42</sup> was 13%. A breakdown of employee diversity<sup>43</sup> is shown in the tables below.

**Proportion of employees in each age band**

<24	12%
25–34	33%
35–49	36%
50–64	18%
65+	1%

**Proportion of female, ethnic minority and disabled employees and managers, 2013**

Female		Ethnic minority		Disabled	
Employees	Managers	Employees	Managers	Employees	Managers
65%	53%	3%	3%	0.01%	0.04%

### Employee engagement

During a period of unprecedented turmoil for colleagues, the Bank continued to measure employee engagement scores.

Employee engagement is measured using a methodology carried out by Towers Watson, and based on responses to nine survey questions which fall into three categories: employee engagement, energy and enablement<sup>44</sup>.

The 2013 score was 62%<sup>45</sup>.

### Employee reward and benefits

A breakdown of Bank employees by salary band for 2013 is shown on the left.

Further information on salaries and Executive remuneration can be found in the Bank's 2013 Annual Report and Accounts<sup>46</sup>.

In addition, as part of The Co-operative Group in 2013, Bank employees were offered the same range of employee benefits (such as holidays, pension scheme, childcare vouchers, staff travel benefits, personal accident and private medical insurance schemes, sick pay, etc) as Group employees<sup>47</sup>.

At the end of 2013, 89% of the Bank's employees were members of The Co-operative Group pension scheme, Pace.

### Health, safety and wellbeing

The Bank continued to monitor accident rates in 2013, which showed a slight decline from 2012.

**The Co-operative Banking Group accidents per 100,000 employees (FTE)<sup>48</sup>**

	2011	2012	2013
Reportable	0.74	0.45	0.31
Non-reportable	15.40	11.65	11.43

As part of The Co-operative Group, all Bank employees and their families were offered the services of an employee assistance programme, operated by Validium. In 2013, 3% (2012: 2%) of employees from the Banking Group used these services<sup>49</sup>.

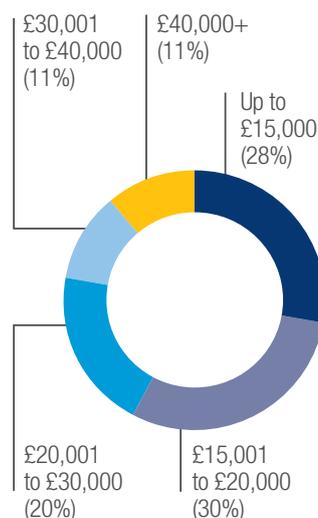
### Absence rate

In 2013, the absence rate at the Bank was 5%.

### Whistleblowing

In 2013 an independent, impartial service called Speak Up was available for all employees and suppliers, as part of The Co-operative Group's approach to whistleblowing. No calls were made in respect of issues relating to the Bank. In addition, a dedicated telephone service was available, which received 39 correspondences.

**Proportion of staff in each salary band, 2013**



#### Performance recognition

Winner of uSwitch Best Branch Customer Service in 2013<sup>50</sup>  
The Co-operative Bank

## Customers

### Customer satisfaction

In 2013 the Bank continued to be rated highly by customers. The Co-operative Bank carried out a customer satisfaction survey of its business customers<sup>51</sup> for 2013, using an index that weights results according to the stated importance of attributes.

**Customer satisfaction: Business banking customers**

2010	2011	2012	2013
80.3%	84.4%	85.0%	85.1%

The Bank achieved a business banking Customer Satisfaction Index score of 85.1%, an increase of 0.1% from the previous year. Scores relating to the web service and online banking improved most since 2012, whilst the greatest decreases in satisfaction related to the clarity of charges and responsiveness to new transactions.

### Performance recognition

99% of The Co-operative Bank customer complaints were resolved within eight weeks compared to an average of 91.9% across the financial services industry<sup>52</sup>

2012: 97% against an industry average of 86%

## Customer complaints

The total number of complaints for the Bank fell significantly in 2013 to 51,515, due to the decrease in payment protection insurance (PPI) sales complaints<sup>53</sup> to the Bank (which were a significant proportion of complaints in 2012). In total, the Bank upheld over 15,000 complaints related to PPI in 2013.

## Suppliers and sound sourcing

The Co-operative Bank Sustainable Procurement and Supplier Policy (SPSP) is used to screen new and existing suppliers.

In 2013 the SPSP applied to all Co-operative Bank procurement activities with spend of

The Bank received 1.59 regulated complaints<sup>54</sup> per thousand live policies, accounts or investment products in the first half of 2013 (excluding those relating to PPI<sup>55</sup>) and 1.69 per thousand in the second half<sup>56</sup>.

£100,000 or over. It applies to goods and services not for resale of high or medium ethical risk, according to an established risk matrix. In 2013, five suppliers and one partner were referred for screening against the SPSP.

# Values, ethics and sustainability: Going forward

On separation from the Group, the Co-operative values and ethics were formally embedded in the Bank's Constitution through its Articles of Association<sup>57</sup>.

A new Values and Ethics (V&E) Committee was established in November 2013 to demonstrate the Bank's commitment to promoting and conducting its business in accordance with the established values and ethics of The Co-operative Movement<sup>58</sup>.

The purpose of the V&E Committee is 'To recommend to the Board for its approval and adoption the Co-operative Values and Ethical Policies of the Bank'<sup>59</sup>. The Committee meets at least twice a year and prepares an annual report for approval by the Board. In May 2014 the Bank announced the appointment of Laura Carstensen as the V&E Committee Chairman.

Laura, together with other members of the Committee, will attend the Bank Annual General Meeting to answer any shareholder questions on the Committee's activities.

The Bank's Ethical Policy has been renewed and expanded in line with customers' views on four separate occasions since its launch in 1992. In early 2014, the V&E Committee of the Board approved a further questionnaire to be issued to customers in 2014.

Since 2006 The Co-operative Group Social Goals function has worked with the Bank on the development and implementation of its ethical, community and environmental programmes. This arrangement continued in 2014 under a Service Level Agreement.

## Independent Assurance – Observations

The Co-operative Bank: Sustainability Review 2013 formed part of the scope of the independent assurance we undertook of The Co-operative Group (The Co-operative) Sustainability Report 2013. The assurance process was conducted in accordance with AA1000AS (2008).

The following observations should be read with reference to the [full Independent Assurance Statement](#) in The Co-operative Sustainability Report 2013<sup>60</sup> and should not be taken to imply any view on our part regarding the financial soundness of the Bank overall.

The Co-operative Bank faced unparalleled challenges in 2013 and rebuilding stakeholder trust is one of the great tasks that lie ahead. Nonetheless, the Bank continued to implement its Ethical Policy throughout 2013 and compliance with the Policy continues to be comprehensive.

The co-operative values and principles have been embedded in the Bank's new Articles of Association. The Bank has also committed to involve a range of stakeholders in the review and renewal of its Ethical Policy.

DNV GL – Business Assurance, July 2014



# Footnotes

- 1 For more information on The Co-operative Bank, see [www.cooperativebank.co.uk](http://www.cooperativebank.co.uk)
- 2 [www.co-operativebank.co.uk/investorrelations](http://www.co-operativebank.co.uk/investorrelations), page 3.
- 3 [www.co-operative.coop/corporate/Investors/Publications/Annual-Report-and-Accounts/](http://www.co-operative.coop/corporate/Investors/Publications/Annual-Report-and-Accounts/)
- 4 [www.co-operativebank.co.uk/investorrelations](http://www.co-operativebank.co.uk/investorrelations)
- 5 [www.thekellyreview.co.uk/final\\_report\\_2014.html](http://www.thekellyreview.co.uk/final_report_2014.html)
- 6 Chief Executive's Review ([www.co-operativebank.co.uk/investorrelations](http://www.co-operativebank.co.uk/investorrelations), page 3).
- 7 This Liability Management Exercise (LME) involved issuing new shares and new debt in exchange for cash and existing debt and preference shares (LME Prospectus available at: [www.co-operativebank.co.uk/investorrelations/presentationsandprospectuses/liability-management-exercise-2013](http://www.co-operativebank.co.uk/investorrelations/presentationsandprospectuses/liability-management-exercise-2013)).
- 8 From 20 December 2013, the Co-operative Group is no longer the Bank's only shareholder. Although it remains the largest single shareholder, the majority of the Bank's shares are now owned by other investors. The Bank is run and governed separately from The Co-operative Group with an independent Board with its own Chairman, Chief Executive and a new management team.
- 9 See footnote 7.
- 10 [www.ethicalconsumer.org/home/insurance.aspx](http://www.ethicalconsumer.org/home/insurance.aspx)
- 11 [www.co-operativebank.co.uk/aboutus/ourbusiness/ethicalpolicy](http://www.co-operativebank.co.uk/aboutus/ourbusiness/ethicalpolicy)
- 12 The number of referrals received during 2013 reflects the Bank's new Core Business strategy.
- 13 On the basis of customer confidentiality, the Bank is generally unwilling to name businesses found to be in conflict with its Ethical Policy. However, all referrals are subject to independent third-party scrutiny.
- 14 This figure relates to the potential financial opportunities foregone following referral. Figure comprises the first year of income foregone as a result of business turned away in 2013 (£1,389,400) and declines originating in the years 2000–2012 (£14,027,557), on the basis that financial services provision will have retention beyond 12 months.
- 15 Chief Executive's Review ([www.co-operativebank.co.uk/investorrelations](http://www.co-operativebank.co.uk/investorrelations), page 3).
- 16 RSPB, Oxfam, Tearfund, Wateraid, Woodland Trust, Greenpeace, Amnesty International, Christian Aid, Save the Children, Help the Aged (Age UK), CAFOD, ActionAid, Friends of the Earth, Help the Hospices, Shelter.
- 17 RSPB, Traidcraft, IKEA, Lush, theTrainLine.com, Raleigh, Nigel's Eco-store, Ethical Superstore, Ecofirst, Ecotricity, Arriva, Ethical Consumer Magazine, The Ecologist, Co-op Electricals, The Co-operative Food and The Co-operative Insurance.
- 18 Leadership positions are identified via independent third parties, such as Ethical Consumer Research Association (ECRA).
- 19 [www.rspb.org.uk/supporting/campaigns/sumatra/](http://www.rspb.org.uk/supporting/campaigns/sumatra/)
- 20 British Bankers' Association (March 2006).
- 21 Co-operatives Directplus Account ([www.co-operativebank.co.uk/business/community/co-operatives-directplus](http://www.co-operativebank.co.uk/business/community/co-operatives-directplus)).
- 22 Community Directplus Account ([www.co-operativebank.co.uk/business/community/community-directplus](http://www.co-operativebank.co.uk/business/community/community-directplus)).
- 23 [www.co-operativebank.co.uk/business/community/social-enterprise-directplus](http://www.co-operativebank.co.uk/business/community/social-enterprise-directplus)
- 24 Approximately 60%.
- 25 Introduced in 2007 as a market-based incentive to encourage ATM operators to place free ATMs in deprived areas (ATM Working Group, December 2006, Cash machines – meeting consumer needs).
- 26 Co-operative branches located in deprived areas as a proportion of all Co-operative branches.
- 27 Based on 294 branches as of 31 December 2013.
- 28 Areas that correspond with the 20% most deprived areas identified in the Government's Indices of Multiple Deprivation for England (2010), Wales (2011), Scotland (2012) and Northern Ireland (2011). Deprivation is considered to be a multi-dimensional problem, encompassing a range of domains such as financial, health, education, services or crime (Venkatapuram and Marmot, 2009). The four constituent nations of the UK have each developed their own index of multiple deprivation, providing a comprehensive assessment of deprivation at small area level within each country, and therefore this is the most appropriate definition in the context of deprived areas within the UK.
- 29 This data does not take account of the Bank's split into distinct Core and Non-Core activity.
- 30 Figures relate to British Bankers' Association 2010 data; 2013 data is not available ([www.bba.org.uk](http://www.bba.org.uk)).
- 31 [www.gov.uk/understanding-the-regional-growth-fund](http://www.gov.uk/understanding-the-regional-growth-fund)
- 32 Businesses with an annual debit turnover of up to £1m. Deprived areas are defined as those 5% of postcode sectors equating to the 2% most deprived electoral wards in Great Britain. This is the definition of deprivation used by the British Bankers Association and is the most appropriate definition of deprivation in the context of banking support for small businesses.
- 33 Remaining emissions from gas, brown electricity, business travel and major occupancy refrigerants once green electricity supply is discounted.
- 34 The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.
- 35 Department for Environment, Food and Rural Affairs, Environmental Reporting Guidelines: Including Mandatory greenhouse gas emissions reporting guidance, June 2013 ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/206392/pb13944-env-reporting-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206392/pb13944-env-reporting-guidance.pdf)).
- 36 Assurance is provided by DNV GL in accordance with the AA1000 Assurance Standard (2008) (Co-operative Group Sustainability Report, [www.co-operative.coop/sustainabilityreport](http://www.co-operative.coop/sustainabilityreport), page 90).
- 37 If electricity from renewable sources is accounted as zero carbon then emissions from electricity would be 320 tCO<sub>2e</sub>.
- 38 Since 2009, The Co-operative Bank has issued PVC cards under the Britannia subsidiary brand. In 2013, this was less than 1% of all cards issued.
- 39 [www.co-operative.coop/charityoftheyear](http://www.co-operative.coop/charityoftheyear)
- 40 This includes money raised by General Insurance which along with the Bank, formed part of The Co-operative Banking Group in 2013.
- 41 This comprised an average of 5,646 full-time and 1,880 part-time staff (Annual Report and Accounts, see footnote 3, page 165).
- 42 [www.co-operative.coop/sustainabilityreport](http://www.co-operative.coop/sustainabilityreport) (footnote 8, page 100).
- 43 In 2013 The Co-operative Group held diversity data for up to 40% of employees across its family of businesses, which included The Co-operative Bank.
- 44 'Employee Engagement': colleagues' levels of attachment, pride and advocacy of The Co-operative as an employer and willingness to give discretionary effort. 'Energy': individual physical, interpersonal and emotional wellbeing at work. 'Enablement': the provision of a work environment that supports productivity and performance.
- 45 Changes were made to how the engagement score was compiled and measured in 2013. Engagement scores have been taken comparing 2013 with 2012 using the previous methodology. Under the new methodology, the score was 62% for The Co-operative Banking Group. A direct comparison to previous years cannot be made using the new methodology.
- 46 See footnote 2.
- 47 Co-operative Group Sustainability Report, [www.co-operative.coop/sustainabilityreport](http://www.co-operative.coop/sustainabilityreport), page 71.
- 48 In 2013 data was recorded for the whole of the Co-operative Banking Group (including General Insurance) and has therefore been reported jointly.
- 49 April–December 2013. Data not available prior to this as Validium was a new service provider in April 2013.
- 50 [www.uswitch.com/blog/2013/05/08/first-direct-and-smile-triumph-in-the-uswitch-current-account-awards/](http://www.uswitch.com/blog/2013/05/08/first-direct-and-smile-triumph-in-the-uswitch-current-account-awards/)
- 51 The Co-operative Bank did not conduct satisfaction surveys among corporate customers (as previously measured) due to its exit from the corporate market during 2013.
- 52 Based on FCA data for the first half of 2013. Data available from [www.fca.org.uk/firms/systems-reporting/complaints-data](http://www.fca.org.uk/firms/systems-reporting/complaints-data). H2 figure for The Co-operative Bank for 2013 was 97%.
- 53 Although The Co-operative Bank experienced high levels of PPI complaints in the first quarter of 2013, there was a gradual decline until the fourth quarter, when complaints levelled out. The Bank has also continued to communicate with customers who have not complained, but who have been identified as potentially at risk of having had an inappropriate sale of PPI.
- 54 A regulated complaint refers to a complaint that has not been resolved by close of business the day after it has been received.
- 55 Including PPI complaints, the figure for the first half of 2013 was 3.38 and for the second half was 4.00.
- 56 Reported in accordance with FCA requirements based on half-yearly figures. Further details on Co-operative Bank complaints are available at [www.co-operativebank.co.uk/aboutus/ourbusiness/complaints-data](http://www.co-operativebank.co.uk/aboutus/ourbusiness/complaints-data) and are reported in accordance with FCA (previously FSA) requirements at [www.fca.org.uk/firms/systems-reporting/complaints-data/firm-level](http://www.fca.org.uk/firms/systems-reporting/complaints-data/firm-level)
- 57 [www.co-operativebank.co.uk/aboutus/governance/articles-of-association](http://www.co-operativebank.co.uk/aboutus/governance/articles-of-association)
- 58 [www.co-operativebank.co.uk/aboutus/governance/terms-of-reference-for-board-committees](http://www.co-operativebank.co.uk/aboutus/governance/terms-of-reference-for-board-committees)
- 59 Ibid.
- 60 Co-operative Group Sustainability Report, [www.co-operative.coop/sustainabilityreport](http://www.co-operative.coop/sustainabilityreport), pages 90–91.