

sustainable development

Our ethical and ecological
health check

Partnership Report 2002 - Summary

Introducing our Partnership Approach

Business does not operate in a vacuum. Activities inevitably lead to a series of ecological and social impacts. Each year, we produce a Partnership Report – a detailed analysis of our approach to sustainable development. This is a summary version of the full Report, which is available on our website – www.co-operativebank.co.uk/ethics/partnership2002. Alternatively, a full copy of the Report (including large print, Braille and audio versions) is available by calling 0800 435 906).

Leading the way Over the years, The Co-operative Bank has built a strong reputation for prioritising ethical, social and ecological issues. A Queen's Award for Enterprise, in the Sustainable Development category, was conferred on the bank in April 2002 in recognition of our Partnership Approach to management. We were also honoured to receive the Special Judges' Award for Overall Corporate Social Responsibility Performance at the prestigious New York-based Global Corporate Conscience Awards, making us the first UK company to be named as the world's most socially responsible business in the award's seventeen years. In 2003, our Partnership Report was declared the 'Best Sustainability Report' at both the UK and European Sustainability Reporting Awards. These achievements followed those in 2002 when the United Nations Environment Programme ranked the bank first in their Global Benchmark of Sustainability Reporting.

Approach to sustainable development Of the 64 targets set in last year's Partnership Report, we have fully achieved 45 (70%), made acceptable progress on 11 (17%) and not yet achieved 8 (13%). Contained within this year's Partnership Report are 77 new targets for 2003 and beyond.

Campaign analysis Each year, *ethics etc...* independently analyses our campaigns in order to establish whether the bank's primary interest is business benefit or advancement of the issues. This year the Cluster Bomb Campaign and the Ethical Purchasing Index were reviewed.



Published by Landmine Action in March 2002, with research and production costs funded by The Co-operative Bank, this report has influenced the United Nations decision to start negotiating a new protocol on explosive remnants of war in 2003.

**Richard Evans, *ethics etc...*
comments on the bank's
Cluster Bomb Campaign.**



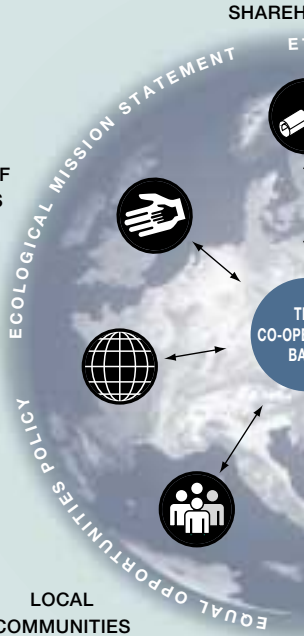
“This outstanding campaign has raised public awareness, paid for substantial work in clearing unexploded munitions and made the possibility of a change in global policy, through international negotiation at the United Nations, real and achievable. The bank has played a key role, which confirms its commitment not just to its ethical branding, but also to making the world a better place for all. It is a campaign that should make every one of the bank's customers and employees proud.”

The Co-operative Bank

PAST & FUTURE
GENERATIONS OF
CO-OPERATORS

NATIONAL &
INTERNATIONAL
SOCIETY

LOCAL
COMMUNITIES



It is our firmly held business philosophy that sustainable success is achieved through the broadest view of their responsibilities. We are committed to supporting our Partners and Partner groups involved in our activities. We seek to deliver value to our Partners in a socially responsible and ecologically sustainable manner. Our 'warts and all' Partnership Report allows all Partners to review our performance.

The opinions, suggestions and feedback from Partners provide us with valuable insights. We extend our thanks to all of you who have taken the time to provide your views. please visit our website – www.co-operativebank.co.uk/ethics

Partnership Approach

SHAREHOLDERS

ETHICAL POLICY



THE CO-OPERATIVE BANK



MISSION STATEMENT

CUSTOMERS

STAFF AND THEIR FAMILIES

SUPPLIERS

COMMUNITY INVOLVEMENT POLICY

Success is best achieved by those organisations willing to take the view of serving the interests not only of shareholders but of all seven stakeholders (as defined by the Partner, not by the bank) to all our stakeholders in a fair manner. Are we getting the balance right over time? The bank's shareholders judge our performance and decide for themselves.

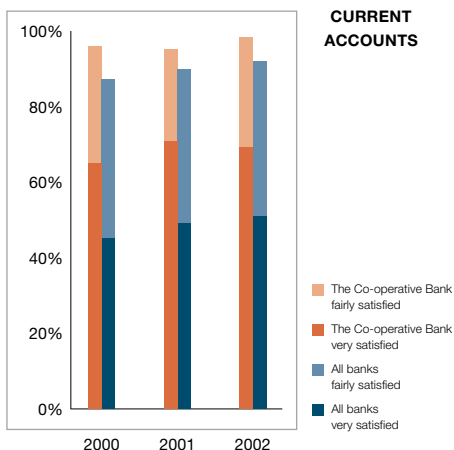
We would like to provide a valuable extra dimension to our Partnership Approach. We would like to provide feedback in the past. If you have any comments, please contact us at <https://www.co-operativebank.co.uk/partnership2002> and 'Have Your Say'.

delivering value

What do Partners want from their relationship with the bank?
Has the bank done its best to find out and to respond accordingly?

Customers The majority of personal customers (77%), corporate customers (73%) and **smile** customers (87%) rate their overall relationship with the bank as either 'excellent' or 'good'. MORI's surveys show that The Co-operative Bank's current account, savings, credit card and loan customers are more likely to be very satisfied than the market average. According to MORI, 58% of The Co-operative Bank's current account customers are very likely to recommend the bank, compared with the market average of 33%. New products launched during 2002 include a new **smile** Visa credit card, **smile**invest sharedealing, an expanded range of green mortgages, an expanded range of affinity Visa credit cards and an enhanced business current account, Business Directplus.

MORI FINANCIAL SERVICES COMPARISON: CUSTOMERS' SATISFACTION WITH THEIR BANK



delivering value

Suppliers Once again, virtually all suppliers are satisfied with our conduct in the four areas of highest priority to them: prompt payment (87%), good relationship (95%), effective communication (90%) and fair treatment (91%). Furthermore, across these areas, at least 80% of suppliers thought we compared favourably with other companies with whom they dealt.

Co-operation Following the recommendations of the Co-operative Commission, a new foundation – Co-operative Action – was launched in April 2002 to assist communities to develop co-operative, mutual or social enterprises, through the provision of grants and loans. The bank has contributed £500,000 towards the establishment of the foundation. We continued our programme to install cash machines in Co-operative retail stores throughout the UK. May 2002 saw the launch of the Co-op Dividend Visa credit card. The Co-operative Group can now offer customers not only the chance to earn extra Dividend at its own stores, but also an additional Dividend at any outlet accepting Visa cards.

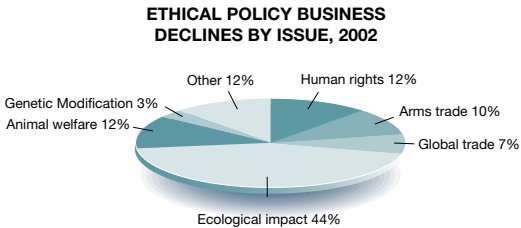
Our people In every staff survey conducted, we find high levels of pride in the bank as an employer and as a leading promoter of ethical business practice. We have achieved all 5 targets set last year regarding staff issues. We continued to focus on 'work/life balance', revising our policies to provide for flexible working, enhanced maternity, paternity and adoption leave, childcare vouchers, a maternity returners' bonus and options to request compressed working hours and term-time working. The bank's standing as a progressive employer has been recognised for the third consecutive year by 'Great Place to Work' as one of the 'UK's Best Workplaces 2003'.



social responsibility

The bank knows that Partners want it to conduct its business in a socially responsible manner. How far has it succeeded?

Ethical Policy Once again, our social auditor, *ethics etc...*, has given us a clean bill of health with regard to implementation of our Ethical Policy. During 2002, income of over £4.0 million was foregone as a result of business declined where a referral was made to the Ethical Policy Unit.



(Source: Ethical Policy Unit 2003)

In our fourth Ethical Policy review, undertaken in 2002, survey results were collected through a postal and web-based questionnaire and through branch-based 'polling stations'. Over 70,000 personal customers and 3,000 corporate and business customers took part. 97% stated that they fully support the bank's Ethical Policy.

Ethical products and services We launched a number of ethical products and services in 2002, including a new range of Visa credit cards with WaterAid (see picture) and new Platinum Visa credit cards with three of our established affinity partners, Amnesty International (UK), Oxfam and RSPB. The bank's affinity cards raised more than £1.19 million for 'charitable' partners during 2002.



WaterAid helps some of the world's poorest communities set up safe water supplies close to home. Its work helps stop women like these in Tereta, Ethiopia, having to trek miles each day to collect water for their families.

Photograph: WaterAid/Steve Morgan

Community involvement During 2002 we gave the equivalent of £3.3 million, or 2.7% of pre-tax profits, to charitable causes. In terms of community support, the bank had previously identified that Black and Minority Ethnic (BME) groups made very few funding requests. In response, a dedicated BME fund of £50,000 was established in 2001 with the Community Foundation for Greater Manchester and, in early 2003, the first grants were agreed for three community organisations. In early 2002, we formally announced our intention to grant staff up to three days paid leave to contribute to their local communities, where they match this with time of their own. A range of projects has been promoted, including an RNID mentoring project for deaf and hard of hearing adults, which has been launched in support of the European Year of Disabled People.



ecological sustainability

The bank recognises that the world has a limited capacity to provide resources and absorb wastes. How well has it performed in the light of this recognition?

Ecological impact In 2002, we once again reduced our ecological impact. Almost two thirds of waste is now either reused or recycled, carbon dioxide emissions from our buildings have been reduced by 90% per customer account since 1997 (with 98% of electricity used now being from renewable sources) and water consumption has fallen by 42% per customer account since 1999. Compared with 1997, paper purchased per customer account has fallen by 59%. During 2002 targets to increase paper, metal can and toner cartridge recycling by 5% were met but a similar target for plastic cups was not achieved.

Ecological products and services In 2002, our range of 'green' mortgages was again extended. Throughout the lifetime of the mortgage, the bank pays Climate Care to offset a fifth of each household's annual carbon dioxide emissions. To date, this money has funded the reforestation of 10 hectares of rainforest in Kibale, Uganda.



Rainforest restoration in Uganda, one of the carbon offset projects supported by the bank's 'green' mortgages.

The bank has agreed a £20 million funding scheme with the European Investment Bank (EIB). The Scheme aims to assist Registered Social Landlords (either Local Authorities or Housing Associations) and National Health Service

ecological sustainability

Trusts in the financing of energy efficiency projects via the provision of leasing facilities at preferential rates. The Scheme supports the UK Government backed Affordable Warmth Programme, which has the central objective of tackling fuel poverty. Households in fuel poverty are defined as having to spend 10% or more of their income on heating their homes, and number some 6.8 million. Fuel poverty results from factors such as inefficient heating equipment and low household income. By way of example, Dundee City Council recently agreed £4.5 million under the Scheme for the installation of new, more energy efficient boilers, for use in 2,500 council homes.

**Jonathon Porritt, Chairman
of The Natural Step UK,
comments on the bank's pursuit
of ecological sustainability**



“It is once again a very encouraging and informative Report, with considerable detail provided on the bank’s actions and progress on annual targets. Further progress has been made in reducing most of its principal environmental impacts over the last few years – indeed, most companies would just love to get anywhere near the kind of performance improvements reported here. The bank report clearly demonstrates that its overall approach to environmental management and social responsibility is by now well embedded across the organisation, and this is reflected in staff responses to the working environment and their understanding of the bank’s mission.”



Our Partnership Report Summary is available on our website in eight languages.

এই 'কাস্টমার সামারী' (Customer Summary) বা খরিস্কারদের জন্য সারসংক্ষেপ ব্যাংক-এর ওয়েবসাইট থেকে বাংলা ভাষায় পাওয়া যায়।

এখানে দেখুন : www.co-operativebank.co.uk/ethics/partnership2002/pr/accessible_reporting.html

本銀行網站提供此客戶一覽表的中文版。

請訪問：www.co-operativebank.co.uk/ethics/partnership2002/pr/accessible_reporting.html

ਭੰਕਨੀ ਵੇਅਸਾਈਟ ਪਰ ਗ੍ਰਾਹਕ ਆਟੋਨੋ ਸਾਰਾਂਸ਼ ਗੁਜ਼ਸ਼ਤੀਆਂ ਉਪਲਬਧ ਏ.

ਕ੍ਰਮ ਕਰੀਏ www.co-operativebank.co.uk/ethics/partnership2002/pr/accessible_reporting.html ਵੇਅਸਾਈਟਨੀ ਮੁਖ਼ਾਕਾਤ ਫੀ.

ग्राहकों के लिए सारांश हिन्दी भाषा में बैंक की वेबसाइट पर उपलब्ध है।

कृपया www.co-operativebank.co.uk/ethics/partnership2002/pr/accessible_reporting.html देखें।

वाचकं लघी छिग संधेप बैंक दी वृष साष्टी उ पंजाबी व्हिच छुपलघ्य वै।

ਕਿਰਪਾ ਕਰਕੇ www.co-operativebank.co.uk/ethics/partnership2002/pr/accessible_reporting.html ਵੇਖੋ।

گاہکوں کے لئے یہ خلاصہ بینک کی ویب سائٹ پر اردو میں دستیاب ہے۔

براؤزر یا نئی www.co-operativebank.co.uk/ethics/partnership2002/pr/accessible_reporting.html ملاحظہ فرمائیں۔

Mae'r crynodeb cwsmeriaid hwn ar gael yn Gymraeg ar wefan y banc.

Ymwelwch â:

www.co-operativebank.co.uk/ethics/partnership2002/pr/accessible_reporting.html



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