

# Modern Slavery and Human Trafficking Statement

## Our Modern Slavery and Human Trafficking Statement

The Co-operative Bank is defined by its Values and Ethics and we are committed to ensuring that our operations, supply chains and the way we do business are aligned with those values. We work with our customers and suppliers to uphold the standards set out in our Ethical Policy, which include environmental sustainability, human rights and social responsibility. We take a zero-tolerance approach to breaches of our policies and standards on modern slavery and human trafficking and we will always take action to investigate suspected incidences of modern slavery or to immediately address any confirmed incidences.

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

We also publish an annual Values and Ethics Report, which reviews our performance against our Ethical Policy. Our Values and Ethics report can be found here:

[co-operativebank.co.uk/assets/pdf/bank/news/values-and-ethics-report-2015.PDF](https://www.co-operativebank.co.uk/assets/pdf/bank/news/values-and-ethics-report-2015.PDF)

## About The Co-operative Bank

The Co-operative Bank is defined by its Values and Ethics and is a retail and SME bank based exclusively in the UK. The majority of our supply chains are also based in the UK. We operate from 95 branches across the UK and several large offices primarily based in the North West of England. Our supply chains include goods not for resale (such as paper, stationery, uniforms, furniture and marketing materials), ICT equipment and services, professional services such as auditing and accounting, and business services such as cleaning, catering and facilities management.

Further information about the Bank, its strategy and its structure can be found in our Annual Report and Results and our Interim Results, which can be accessed here:

[co-operativebank.co.uk/investorrelations](https://www.co-operativebank.co.uk/investorrelations)

## Our Approach

Our approach to tackling unethical or illegal activity in our business and supply chains begins with our culture and values. Co-operative values, reflected in our customer-led Values and Ethics Policy are embedded in our Articles of Association, ensuring that they guide the management and conduct of the Bank. Compliance with this policy is overseen by the Values

and Ethics Committee, which is a sub-committee of the Board of the Bank, and chaired by an Independent non-executive director. The Values and Ethics Committee reviews the Bank's activity to ensure it meets our commitments as set out in our Ethical Policy. The Bank's risk framework enables the Bank, to assess regulatory, legal and reputational risks. This is overseen by the Risk Committee, a sub-committee of the Board of the Bank.

Our revised Ethical Policy was published in January 2015 and reflects input from around 74,000 customers and colleagues. The Policy provides a framework for all employees of the Bank, from those in our branches to our senior executives to ensure that Values and Ethics are reflected in decisions at every level. The core principles of the Ethical Policy include promoting human rights and equality, and reducing poverty by supporting international development. These values and ethics are also reflected in our business policies, practices and culture, guiding our colleagues on their duty of care and responsibility to each other.

We expect our suppliers and our business and corporate customers to uphold the same values and commitments as set out in our Ethical Policy. We seek to work with suppliers, partners and customers who can make a positive contribution to our pursuit of sustainable development, both in terms of environmental sustainability and social responsibility.

As well as a strong culture of Values and Ethics, the Bank also has several specific policies and processes in place that make clear our expectation that our colleagues, suppliers and non-personal customers behave ethically and always comply with the law in the UK and overseas, based on the principles set out in our Ethical Policy:

- A risk framework that all colleagues across the Bank use to identify and manage regulatory, legal and reputational risks
- Resourcing policies that we follow when recruiting new colleagues or working with employment agencies
- Training and policies to enable our colleagues to identify customers who may be money laundering or handing the proceeds of crime, which could arise from human trafficking or modern slavery
- Potential suppliers and business customers over a specific threshold (or those identified as high risk) undergo our Social Goals screening process
- During on-boarding of new suppliers, they are requested to confirm that they are compliant with our Sustainable Procurement and Supplier Policy
- Suppliers must agree to abide by all laws, regulations and industry codes of practice as part of our tendering and contracting process

- Our Supplier Management Framework sets out how we work with suppliers throughout their relationship with the Bank, including regular re-screening against our Social Goals criteria.
- Codes of conduct and training for all of our colleagues and contractors setting out the ethical standards we expect them to meet

Further information on all of these processes can be found below.

## Our Ethical Policy

Our Ethical Policy sets out our commitment to be an ethical bank and ensure we have ethical supplier relationships. This includes:

- Our commitment to paying the National Living Wage (as calculated by the Living Wage Foundation) and encouraging our contractors and suppliers to become Living Wage employers, and in doing so require our contractors to pay employees operating at our sites the UK Living Wage
- Upholding the right of all employees to join a trade union if they wish
- Ensuring co-operative values are embedded in our workplace culture.

For further information on our Ethical Policy, please visit: [co-operativebank.co.uk/aboutus/ourbusiness/ethicalpolicy](https://co-operativebank.co.uk/aboutus/ourbusiness/ethicalpolicy)

## Our Risk Management Framework

Like all Banks, we have a formal structure for identifying, reporting, monitoring and managing risks, comprising our Board approved Risk Appetite statements, underpinned by a Risk Management Framework (RMF). The RMF sets out the high level policy, standards, roles, responsibilities, governance and oversight for the management of all risks across the Bank.

Third Party Supplier Risk has been identified as being significant and is therefore included in the RMF and must be managed, monitored, measured and reported through our governance procedures. Our Third Party Supplier Risk Policy outlines the key principles to be applied when managing Third Party Supplier Risks. This includes:

- Third party suppliers must have the ability, capacity and any appropriate regulatory authorisation to perform the function, service or activity

- Outsourcing must be managed in line with the Bank's Material Outsource Operating Model (MOOM) arrangements or Supplier Management Framework
- Initial and ongoing risk assessments of Third Party Suppliers must be conducted
- Where a third party uses another third party (subcontractor) to meet its obligations to the Bank, they must manage the third party (subcontractor) in line with the Third Party Supplier Risk Policy and its supporting control standards, and this arrangement must be disclosed to the Bank.

## Our Resourcing Policies

When recruiting colleagues or working with employment agencies, we use a number of policies and procedures to ensure that we always behave ethically and manage risk:

- All permanent, temporary and contractor recruitment is outsourced to a third party. One of the criteria for the selection of our external recruitment partners is that they must have a Slavery and Human Trafficking policy.
- Their policy must highlight a zero tolerance approach to modern slavery and include a commitment to acting ethically and with integrity in all business dealings and relationships. The policy must also form part of any of our partner's sub-supplier agreements.
- We undertake an annual payroll audit to ensure all of our colleagues are being paid at least the Living Wage Foundation rate, including an audit of our employment suppliers' payroll.

## Identifying Money Laundering and the Proceeds of Crime

In common with all Banks, we have a 'three line' approach to managing risk amongst our customers, including policies on Anti-Money Laundering and the Proceeds of Crime. These policies are intended to prevent the Bank from providing banking facilities to those engaged in illegal or criminal activities, which may also include modern slavery and human trafficking.

## Our Social Goals Screening process

Our Social Goals screening reviews all potential suppliers (over a specific turnover threshold or those in high risk-sectors) and non-personal high-risk customers to ensure they are

compatible with our Ethical Policy, before any commercial contracts are agreed, or services supplied. We ask all suppliers to undertake a Pre-Qualification Questionnaire, which includes questions, and asks them to confirm that they agree with a range of statements about, their labour practices and standards. We also gather information from third party sources such as journalists, NGOs, trade unions or employees.

The Social Goals screening enables us to identify high risk supply chains by gathering information about their business, parent or subsidiary companies and the sectors and jurisdictions in which they operate, at the outset of our relationship. We review our larger suppliers against our Social Goals process on an annual basis (as per our Supplier Management Framework). The Social Goals process also helps to ensure we don't provide banking services to businesses that don't meet our ethical standards, such as upholding human rights.

For full details of our Social Goals process, please see our latest version of the annual Values and Ethics Report: [co-operativebank.co.uk/assets/pdf/bank/aboutus/ethicalpolicy/full-values-and-ethics-report-2015.pdf](https://co-operativebank.co.uk/assets/pdf/bank/aboutus/ethicalpolicy/full-values-and-ethics-report-2015.pdf)

## Our Sustainable Procurement and Supplier Policy (SPSP)

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

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

## Our Tendering and Contracting Process

In addition to our SPSP, during the on-boarding process suppliers are required to agree to our standard terms and conditions, confirming that they:

- Will remain in compliance with all Regulations, both at home and abroad
- Comply with all customer policies concerning ethics, anti-bribery and/or anti-corruption as well as with any relevant industry code on anti-bribery.

## Our Supplier Management Framework

Once they become a supplier of goods or services to the Bank, our Supplier Management Framework and Third Party Supplier Management Policies set out how we continue to work with our commercial suppliers on a day to day basis, throughout the lifetime of their contract. As part of the Framework, we review these suppliers against our Social Goals criteria annually. Suppliers who present a higher risk may be screened more often.

We also monitor the progress of our suppliers in developing and implementing ethical improvement initiatives.

## Training our Colleagues

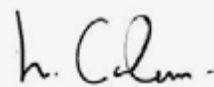
As part of our risk-based approach we provide the following training to our colleagues to ensure they uphold our values and ethics

- The Bank's Code of Conduct sets out how we expect all colleagues to conduct themselves with other colleagues and wider stakeholders. The Code helps ensure the Bank complies in full with its obligations and takes an appropriate attitude to risk. There is also a separate Code that covers contractors and agency workers.
- We update both Codes regularly to provide clarity on the roles and responsibilities of our leaders and colleagues, underpinned by our Values and Ethics. Everyone, whether a colleague, contractor or agency worker, is required to complete a mandatory e-learning module on the Code every year and to agree to comply with it and so uphold our Values and Ethics.
- Investigating suspected incidences of modern slavery and human trafficking

As set out in our SPSP, we adopt 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 require suppliers to address these immediately. We expect action to be taken to investigate the conduct, remediate where possible, and ensure plans are put in place to avoid the situation recurring. We would always report any suspected criminal activity to the relevant authorities in the UK or overseas.

## Whistleblowing

The Bank is committed to ensuring that colleagues can seek advice on and report any work-related concerns that they do not feel able to raise with their line manager, such as unethical behaviours, dishonesty or breaches of internal policy. We maintain a Concern at Work service through which all colleagues can report concerns by telephone, text or email. All concerns are treated sympathetically and in the strictest confidence by trained internal investigators experienced in dealing with sensitive issues.



**Liam Coleman**  
Chief Executive