

# Modern Slavery and Human Trafficking Statement 2022 / 23

The **co-operative** bank

Ethical then, now and **always**

# 1.0 Introduction

## Overview

Our Ethical Policy is shaped by our customers and defines how we act as a business, the causes we support and the ways we use (and won't use) our customers' money. In 2022 we published the sixth update to our Ethical Policy, strengthening our commitments to uphold the ethics and values of our customers.

As part of this commitment and in line with our regulatory obligations, each year we publish our Modern Slavery and Human Trafficking Statement. This outlines the policies, procedures and training we have in place to prevent modern slavery and human trafficking occurring in our business and supply chains. It also details how we investigate suspected incidences of modern slavery, and how we will address them if they are confirmed.

This is the sixth Modern Slavery and Human Trafficking Statement made by The Co-operative Bank Holdings Limited. This statement is applicable to our subsidiary undertakings, which includes The Co-operative Bank plc, incorporated in England and Wales and each entity within the group. It is made in accordance with the UK's Modern Slavery Act 2015 and covers the financial year ended 31 December 2022.

# The **co-operative** bank

platform part of  
The **co-operative** bank



**Britannia**  
part of The **co-operative** bank

The Co-operative Bank, Platform, smile and Britannia are trading names of The Co-operative Bank p.l.c.

## Our approach

Our approach to unethical or illegal activity in our business and supply chains begins with our customer-led Ethical Policy and the values and ethics of the co-operative movement, which drive our culture and are reinforced through our governance structure.

Co-operative values are embedded into The Co-operative Bank's Articles of Association, ensuring they guide the management and conduct of the Bank. Delivery of the Ethical Policy and adherence to co-operative values are overseen by the Values and Ethics Committee, a Board-level committee of the Bank.

We understand that modern slavery in the UK and overseas can take many forms including trafficking, servitude or forced labour. It is a hidden crime that destroys lives, damages communities and has strong links with organised crime. We take a zero-tolerance approach to breaches of our standards on modern slavery and human trafficking and we will always take action to investigate suspected incidences and to immediately address any confirmed cases.

This statement has been reviewed and updated to reflect our progress made throughout 2022. Our Procurement and People functions hold responsibility for our policies relating to modern slavery and human trafficking, with support from colleagues from across the business.

## 2.0 About us

The Co-operative Bank is a financial services company, providing a range of products and services to c2.7m personal customers and over 94k small to medium sized business customers (SMEs).

We are based solely in the UK, with our Head Office site and a number of our large offices in the North West of England and 50 branches located across England, Scotland and Wales.

The majority of our c.3,400 colleagues are direct employees of our Bank. We are also supported by a range of third parties and suppliers, a small number of whom provide important outsourced services through close partnership relationships.

Further details about The Co-operative Bank's financial performance and strategy can be found in our Annual Report and Accounts, which can be found here:

[Read our 2022 Annual Report and Accounts](#)



**The Co-operative Bank brand is defined by the values and ethics of the co-operative movement. In 2022, we celebrated a major milestone in our bank's history as we marked 150 years of ethical banking.**

Our customer-led Ethical Policy has been part of our story for the past 30 years. The most recent update to the Policy was published in June 2022 following a poll of our customers, and it now reflects the views of over 370,000 customers and colleagues.

The Ethical Policy covers key issues such as human rights, international development and tackling poverty. Our Policy remains unique in UK banking and sets out how our business' values and ethics shape the way we operate and the decisions we take.

Today's Ethical Policy reflects all aspects of our business, from our impact on the environment, the products and services we offer, our workplace, the relationships we have with suppliers, to the causes we support and our involvement in local communities.

Our Ethical Policy underpins our commitments within this Modern Slavery and Human Trafficking Statement and allows us to fulfil our customers', colleagues', suppliers' and other stakeholders' aspirations to deliver a differentiated ethical banking service.

Click here to read our Ethical Policy:

[Read our Ethical Policy](#)



## Our progress in tackling modern slavery and human trafficking in 2022

In 2022, we updated our customer-led Ethical Policy, following a customer consultation exercise carried out in 2021. Our updated Policy re-affirms our commitment to respecting human rights in all our business activities, including our provision of banking services, in line with the **UN Guiding Principles on Business and Human Rights**.

As such, we will not provide banking services to any business, organisation or government that fails in its responsibility to respect human rights. This includes and all elements of international human rights and humanitarian law applicable to business.

Furthermore, we will not provide banking services to any business or organisation that fails to implement basic labour rights as set out in the **Fundamental UN ILO Conventions**.

We also retain discretionary power to deny banking to any business, organisation or government that we interpret as not meeting our ethical standards.

Our Ethical Policy commits The Co-operative Bank to promoting human rights, equality and socially just international development. We have made a commitment to work to ensure we have processes in place to identify, prevent and mitigate any adverse impacts of our business on human rights, which includes cases of modern slavery and human trafficking.



## 3.0 Our policies relating to modern slavery and human trafficking

### The Co-operative Bank has a robust policy framework that prohibits modern slavery and human trafficking.

We continue to review relevant policies to ensure they comply with legislation and support its spirit. The purpose of our policies is to prevent, identify and address incidents of modern slavery and human trafficking as and when they arise.

### 3.1 Customers

As part of our on-boarding process, all new business customers are assessed against our Ethical Policy and subject to appropriate due diligence in line with our anti-money laundering policy. When we believe there is an increased risk of modern slavery, we will conduct additional due diligence. If we identify activity we suspect relates to modern slavery or human trafficking we take appropriate action in line with our legal and regulatory obligations.

The Co-operative Bank is committed to combatting financial crime and the misuse of our assets and systems by criminals. We take a proactive approach to financial crime risk and meet our regulatory obligations to prevent our accounts being utilised to facilitate money laundering, bribery & corruption, tax evasion and breaches of sanctions breaches.

Considering human trafficking specifically, our Financial Crime team investigate suspicious activity to better detect and disrupt threats to the bank. We are always prepared to exit relationships that demonstrate human trafficking indicators.

We will always collaborate with the government, NGOs and law enforcement to help identify and mitigate against modern slavery and human trafficking.

### 3.2 Suppliers

When choosing suppliers we look to those who are aligned to the commitments of our customer-led Ethical Policy and the values and ethics of the co-operative movement. We assess each supplier against our Sustainable Procurement and Supplier Policy, which reflects our Ethical Policy. This screening allows us to identify high risk supply chains at the outset of the relationship.

See 5.0 Our suppliers for more information.

### 3.3 Colleagues

We expect all colleagues to be treated fairly, with respect and dignity. Our Code of Conduct applies to all Co-operative Bank colleagues (which includes employees and contractors). This sets out our values and expectations of colleagues and includes a clear commitment to human rights. All employees are recruited legally and must meet the 1998 Immigration Act requirements. Relevant background checks are undertaken to ensure this.

We have formalised our commitment to freedom of association through the creation of a 'Freedom of Association' Policy, which confirms that we are committed to creating an ethical workplace, maintaining good industrial relations, communications and dialogue and ensuring that all colleagues are treated fairly and equally. In doing so, we ensure compliance with laws that ensure freedom of association and the right to engage in collective bargaining.

The Co-operative Bank has been accredited by the Living Wage Foundation since 2015. We extend this requirement to all colleagues employed via suppliers (e.g. cleaning and security staff).

See 6.0 Our workplace for further information.

## 4.0 Our supply chain

**The Co-operative Bank works with a network of 491 suppliers who help us to deliver important goods and services to our customers and colleagues.**

It is vital that our suppliers are aligned to the commitments of our customer-led Ethical Policy and the values and ethics of the co-operative movement, which define our brand. We ensure this by assessing whether the operations of our suppliers are consistent with our **Sustainable Procurement and Supplier Policy**, which reflects our Ethical Policy.

Screening against our Sustainable Procurement and Supplier Policy allows us to identify high risk supply chains at the outset of the relationship by gathering information about the business, any parent or subsidiary companies and the sectors and jurisdictions in which they operate.

All potential suppliers are screened before any commercial contracts are agreed, or services supplied.

- All suppliers are asked to complete a pre-qualification questionnaire, which requests information on a range of issues including labour standards.
- Compliance with our Sustainable Procurement and Supplier Policy forms part of the ongoing relationship with higher risk suppliers who are managed through the Bank's Supplier Management Framework. These suppliers are reviewed annually for ongoing compliance.
- On occasion some suppliers are unable or unwilling to sign up to our Sustainable Procurement and Supplier Policy. These are reviewed on a case-by-case basis. We look at the nature of the business and the good or service they are providing to the Bank and whether there is a risk of conflict to our Ethical Policy commitments. Additionally, we would look for evidence of their own corporate social responsibility (CSR) policies. The decision to on-board the supplier is further ratified by our Executive team.

### **Our tendering and contracting process**

When we enter into a contract with a supplier, our standard terms and conditions require that suppliers:

- adhere to all applicable law
- remain in compliance with all relevant 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.

### **What does the policy mean in practice?**

We ask suppliers to confirm they do not breach our Sustainable Procurement and Supplier Policy 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, in accordance with whichever affords the better protection, and ensure that employees shall not, on a regular basis, be expected to work for more than 48 hours per week.

## 5.0 Our suppliers

Once a supplier is on-boarded, our supplier management framework and third party supplier management policies set out how we will work with the supplier on a day-to-day basis and throughout the life of their contract.

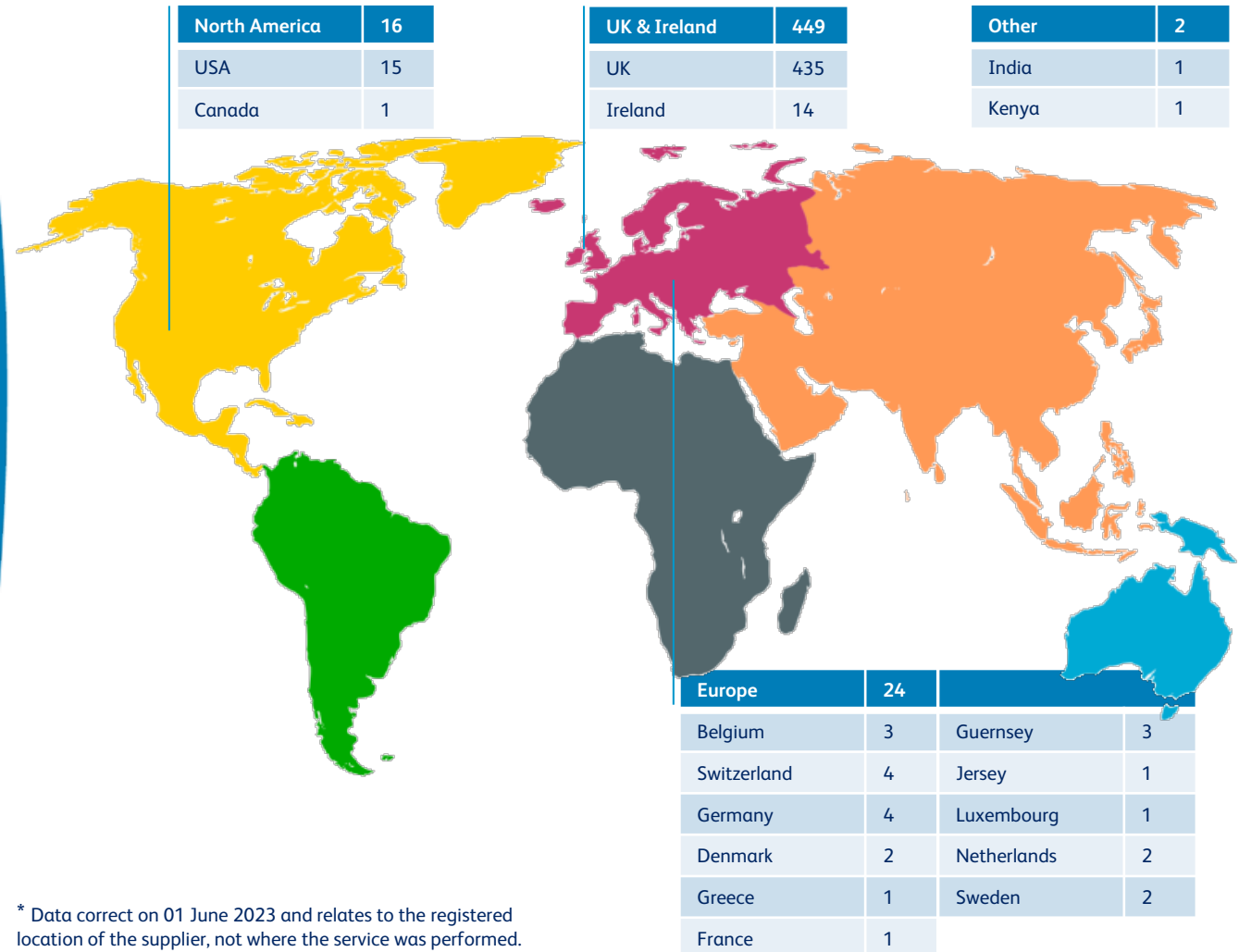
As part of the framework, we review suppliers against our Ethical Policy and Sustainable Procurement and Supplier Policy periodically. Suppliers identified as operating in geographies or industries which represent a higher risk, may be screened more often.

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. Additionally, we would always report any suspected criminal activity to the relevant authorities in the UK or overseas.

We have mapped the location of our suppliers to ensure we manage appropriately those who may operate in higher risk areas.

The Co-operative Bank has a total of **491** current live suppliers.\*



\* Data correct on 01 June 2023 and relates to the registered location of the supplier, not where the service was performed.



## 6.0 Our workplace

**Our Ethical Policy sets out our commitment to be an ethical bank and workplace.**

### How we pay our colleagues

- We do not provide any zero hours contracts. All colleagues have a guaranteed number of hours.
- We commit to paying the Real Living Wage (as calculated by the Living Wage Foundation) and undertake an annual payroll audit to ensure this is adhered to. We also encourage our suppliers to become Living Wage employers and require them to pay employees operating at our sites the Real Living Wage.



### Worker rights and colleague voice

- We uphold the right of all employees to join a Trade Union.
- We run regular surveys to understand colleague sentiment and to encourage colleagues to speak up.
- We measure our culture and our engagement on an annual basis to identify areas for improvement and to benchmark against the financial services industry.



### Colleague support mechanisms

- We have robust support mechanisms in place for our colleagues should they require any personal support linked to modern slavery or human trafficking issues.
- This includes our employee assistance and wellness programme, designed to help colleagues manage personal issues. It's available 24 hours a day, seven days a week, providing support services on matters affecting emotional wellbeing including relationships, bereavement, stress and anxiety plus in-depth legal help and information.



## 7.0 Our training

### Code of Conduct

All colleagues complete an annual mandatory e-learning module on the Code of Conduct and must agree to comply with it and so uphold our values and ethics. Contractors and agency workers employed through our managed service provider also complete this training.

The purpose of our Code of Conduct is to define how we demonstrate to all our stakeholders that our colleagues behave in line with our Ethical Policy and Guiding Values, to deliver the right customer outcomes and comply with regulatory requirements. It also helps the Bank demonstrate to its financial regulators that it complies in full with its obligations and takes appropriate attitudes to risk. Most recently we have enhanced this policy to include details of the new Consumer Duty from the Financial Conduct Authority, which sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first.

We regularly update our Code of Conduct to provide clarity on the roles and responsibilities of our leaders and colleagues, underpinned by our values and ethics.

### Financial Crime

Our annual mandatory training on financial crime for all colleagues provides guidance on how to identify indicators of modern slavery and human trafficking. The training also helps colleagues to understand what actions to take if they suspect a customer is a victim or a perpetrator of modern slavery and human trafficking, and includes links to resources for further reading on the subject.

### Inclusion and diversity

All colleagues undergo annual inclusion and diversity training. This includes training on unconscious bias and how to manage this, to ensure that we are supporting our colleagues and leaders to make objective decisions.

The training also shares positive working practices, to show how we can co-operate together to promote an inclusive work environment that engages the talents, beliefs, backgrounds, capabilities and ways of working of unique individuals, to create a culture of belonging in which people are valued and respected.

### Supporting our customers

- All customer-facing colleagues receive training to help them to identify all forms of financial abuse, fraudulent activity and money laundering, which could indicate that the customer is a victim of human trafficking or modern slavery.
- Having identified a potential victim, the training provides techniques to engage the customer in conversation and encourage them to disclose their circumstances and provide any support they need.
- All colleagues have access to a dedicated section on our colleague intranet which includes background information on modern slavery and human trafficking, signs to look out for and information on how to support victims. This information is updated at least annually.
- We recognise that providing banking facilities to survivors of modern slavery is a lifeline but that challenges around account opening and providing proof of identity and address history can be a barrier. With this in mind, we have added additional accepted documents to our process, for example, letters of introduction and Home Office documents. Where vulnerable customers need further support, we have provided funding for a dedicated resource at Citizens Advice. They are able to support on a whole range of issues such as immigration and claiming benefits.

## 8.0 Our recruitment

**Our commitment in recruitment is to deliver a sustainable pipeline of competent and diverse people within required time frames and budget, to help sustain a workplace culture that retains talent and complies with legal, regulatory and ethical requirements.**

We do this by having clear frameworks for the recruitment team and hiring leaders, to ensure we always behave ethically and manage risk. This includes:

- A commitment to openly advertise all roles in line with procurement standards, trade union agreements, employment legislation, employer branding and company values. This ensures job opportunities are open to all and that we accurately represent the role on offer and the organisation.
- During the recruitment processes we will follow fair, transparent and consistent practices in line with business and customer needs. We commit to treating both successful and unsuccessful candidates in line with agreed procedures and company values.
- Employment contracts are signed off to confirm that they comply with business requirements, employment legislation, the Remuneration Committee governance framework and employment codes of practice, as well as the requirements as set out by our regulators.

### What do we do in practice?

#### How we manage recruitment

- Permanent vacancies are managed by our in-house team, whilst all temporary and contractor recruitment is outsourced to a third party.
- As part of our recruitment practices we ensure that all recruitment contracts include reference to our Modern Slavery and Human Trafficking Statement. This highlights our zero tolerance approach to modern slavery and includes a commitment to acting ethically and with integrity in all business dealings and relationships.

#### Pre-employment Screening

- We actively manage the risk of modern slavery by asking candidates if they have the eligibility to work within the UK as part of the recruitment process.
- We have a Pre-employment Screening Policy which details the level of checks that we will complete as part of the on-boarding process. This includes employment referencing, a criminal record check, fraud checks and checks in relation to financial sanctions.
- We use a reliable third party to conduct employment screening checks before the candidate's start date, to ensure we actively check their right to work in the UK.
- All candidates must pass the screening checks according to our policy before they can join the Bank.

## 9.0 Managing risks and raising concerns

### The 'three line' approach

We have a 'three line' approach to managing risk. The Bank's risk framework allows us to assess regulatory, legal and reputational risks and is overseen by the Risk Committee, which is a committee of the Board.

The 'three line' approach includes the management of policies and practices on Anti-Money Laundering and 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.

#### 1<sup>st</sup> Line

The Bank's 1st line of Defence is the front line business functions, who are responsible for the day to day management and operation of processes and controls to manage risk within the bank's defined risk appetite.

#### 2<sup>nd</sup> Line

The Bank's Risk function acts as the 2nd line of Defence. They are responsible for the creation of policies and control standards (deciding the way things should be done), defining Risk Appetite (the level of risk we're willing to take), and oversight and monitoring of the 1st line.

#### 3<sup>rd</sup> Line

Internal and External Audit act as the 3rd line of Defence. They are responsible for independent monitoring of the 1st and 2nd line areas.

### Concern at Work

At The Co-operative Bank, all colleagues are able to escalate any concerns through appropriate routes and in doing so will help correct wrongs, fix problems or highlight risks.

No colleagues will be treated unfairly or risk losing their job if they raise concerns, whether they use the Bank's normal risk processes or the Concern at Work processes.

### Whistleblowing

The Bank operates a Whistleblowing scheme, allowing employees to raise an anonymous and confidential concern about the actions of business partners, managers and other employees.

The scheme can be used for anything of concern including corruption, human rights violations and other areas of concern. These concerns are then investigated independently.

## 10.0 Measuring effectiveness

The effectiveness of The Co-operative Bank's Modern Slavery and Human Trafficking Statement and all associated policies are reviewed annually at Executive level.

We continue to develop our approach to identifying and mitigating modern slavery and human trafficking risks within our business and supply chain, and how we measure the effectiveness of our policies.

The Bank has controls in place to monitor activity indicative of modern slavery or human trafficking, with regular training delivered to all staff.

We will continue our work to improve our approach to tackling modern slavery and human trafficking through collaboration with other businesses where relevant and regularly undertaking a peer review of other companies' modern slavery and human trafficking statements, which will indicate potential areas for improvement.

We will continue to increase visibility of the issue within our Bank by training our colleagues to maintain the highest standards of integrity and sharing information about modern slavery as part of our financial crime and front-line colleague training programme.

We will raise the profile of the issue with our customers by regularly talking to them about modern slavery and human trafficking through our customer communications and social media channels.

## 11.0 Conclusion

*We are committed to ensuring our colleagues understand the signs of modern slavery and human trafficking that they need to look out for and know how to offer support when needed. I am confident that our colleagues are equipped to identify all types of customer vulnerabilities and that our processes enable colleagues to refer customers to the most suitable source of support for their needs.*

*With a strong focus on our Code of Conduct, our training and induction programmes, and our wider people practices and policies, we will ensure that our colleagues remain aware of this important issue. We will continue to uphold our commitment to a zero tolerance approach to modern slavery and human trafficking.*

*We understand the importance of continuing to strengthen our processes and of raising awareness of the issue of modern slavery and human trafficking.*



**Nick Slape**, Chief Executive

21 June 2023

Approved by the Board on 21 June 2023

Throughout 2022 we continued to demonstrate our commitment to our Ethical Policy and we publish our achievements each year in our Sustainability Report.

You can read our latest report here:

Read our  
Sustainability Report

