

The **co-operative** bank

Modern Slavery and Human
Trafficking Statement
2021 / 22



1.0 Introduction

Overview

We work with our customers and suppliers to uphold the standards set out in our customer-led Ethical Policy, which include environmental sustainability, human rights and social responsibility.

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

This is the fifth 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 2021.

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.

Our customer-led Ethical Policy is founded on the co-operative values, which are embedded into the Articles of Association of our business ensuring they guide the management and conduct of the Bank. Compliance with the Ethical Policy and adherence to the co-operative values is overseen by the Values and Ethics Committee, which is a committee of the Board of the Bank.

We understand that modern slavery in the UK can take many forms including trafficking, slavery, 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 to immediately address any confirmed incidences

This statement has been reviewed and updated to reflect the progress made throughout 2021. 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.

COVID-19

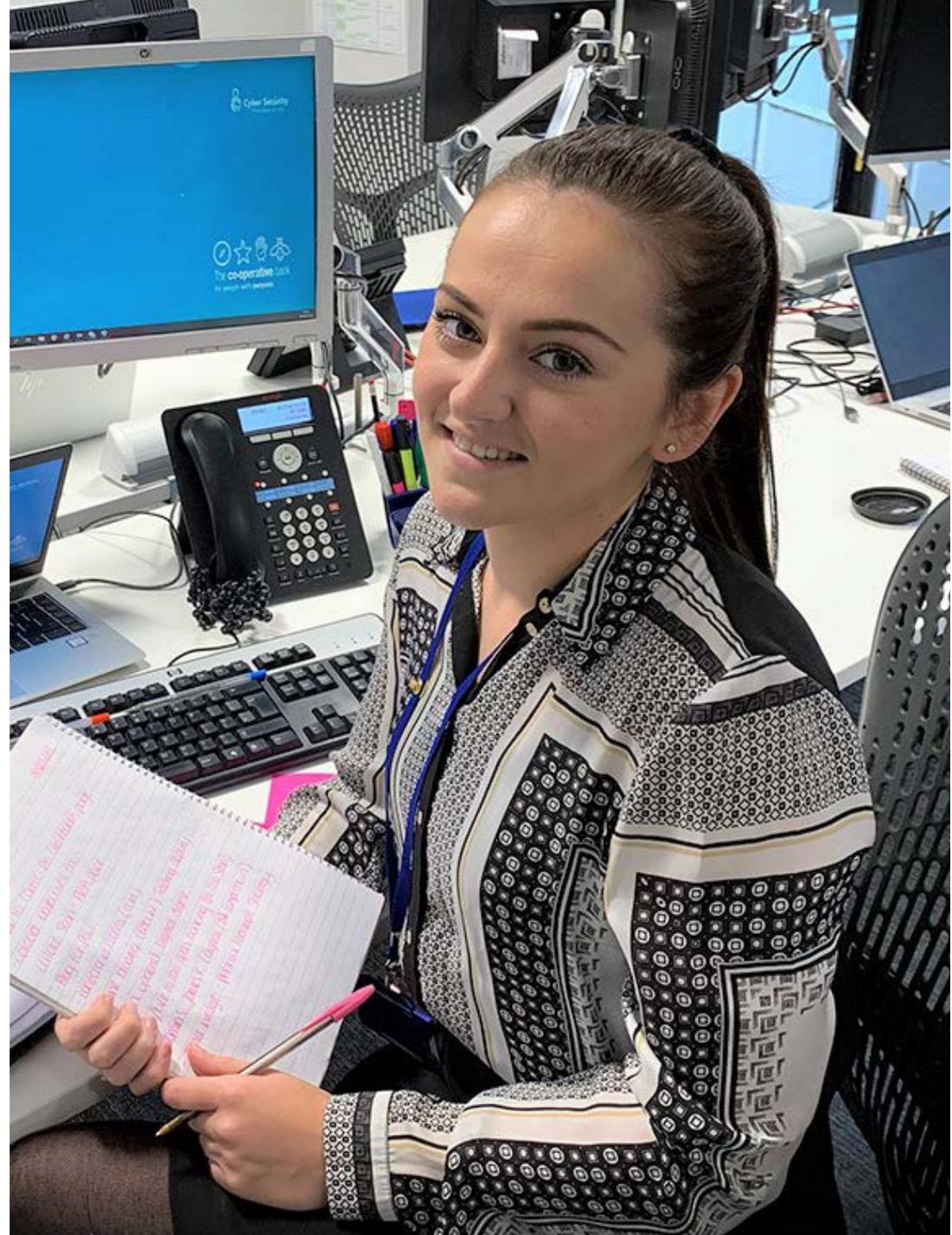
Our Modern Slavery and Human Trafficking Statement 2021 has been published at a time when the world is emerging from the impacts of the coronavirus pandemic. We know that the virus and the measures taken to control it have had a considerable impact on our colleagues, customers and suppliers. We have continued to support all our stakeholders to ensure we continue to uphold the principles of our Ethical Policy and the important commitments laid out in this statement.

1.0 Introduction

Our progress in tackling modern slavery and human trafficking in 2021

In 2021 we enhanced the modern slavery and human trafficking element in our annual mandatory financial crime training for all colleagues to provide 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.



2.0 About Us

The Co-operative Bank is a financial services company, providing a range of products and services to 3.12m personal customers and over 95k small to medium sized business customers (SME).

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 across England, Scotland and Wales.

The majority of our 2,500 colleagues are direct employees of our Bank. We are also supported by a range of third parties and suppliers, a small number whom provide important outsource services through close partnership relationships.

Our strategy and more details about the Bank's financial performance can be found in our Annual Report and Accounts, which can be found here:

www.co-operativebank.co.uk/assets/pdf/bank/investorrelations/2021-annual-report-and-accounts.pdf

The Co-operative Bank brand is defined by the values and ethics of the co-operative movement, as set out in our Ethical Policy. Our customer-led Ethical Policy is a clear point of difference that has set us apart from our competitors since it was launched in 1992.

Our Ethical Policy has been in place for 30 years. The most recent update was published in June 2022 and the Ethical Policy 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 enables us to stay true to our customers', colleagues', suppliers' and other stakeholders' aspirations to deliver a differentiated ethical banking service.

Click here to read our Ethical Policy:

www.co-operativebank.co.uk/assets/pdf/bank/aboutus/ethicalpolicy/ethical-policy.pdf

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 the legislation and support its spirit. The purpose of our policies is to prevent, identify and address incidents 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 sanctions breaches.

Considering human trafficking specifically, our Financial Crime team investigates suspicious activity to better detect and disrupt threats to the bank. We are always prepared to exit relationships that demonstrated 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 customer-led 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 411 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 customer-led 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 annual for ongoing compliance.
- On occasion some suppliers are unable or unwilling to sign up to our policy. These are reviewed on a case by case basis. We look at the nature of the business and the good/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 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, 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.

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.

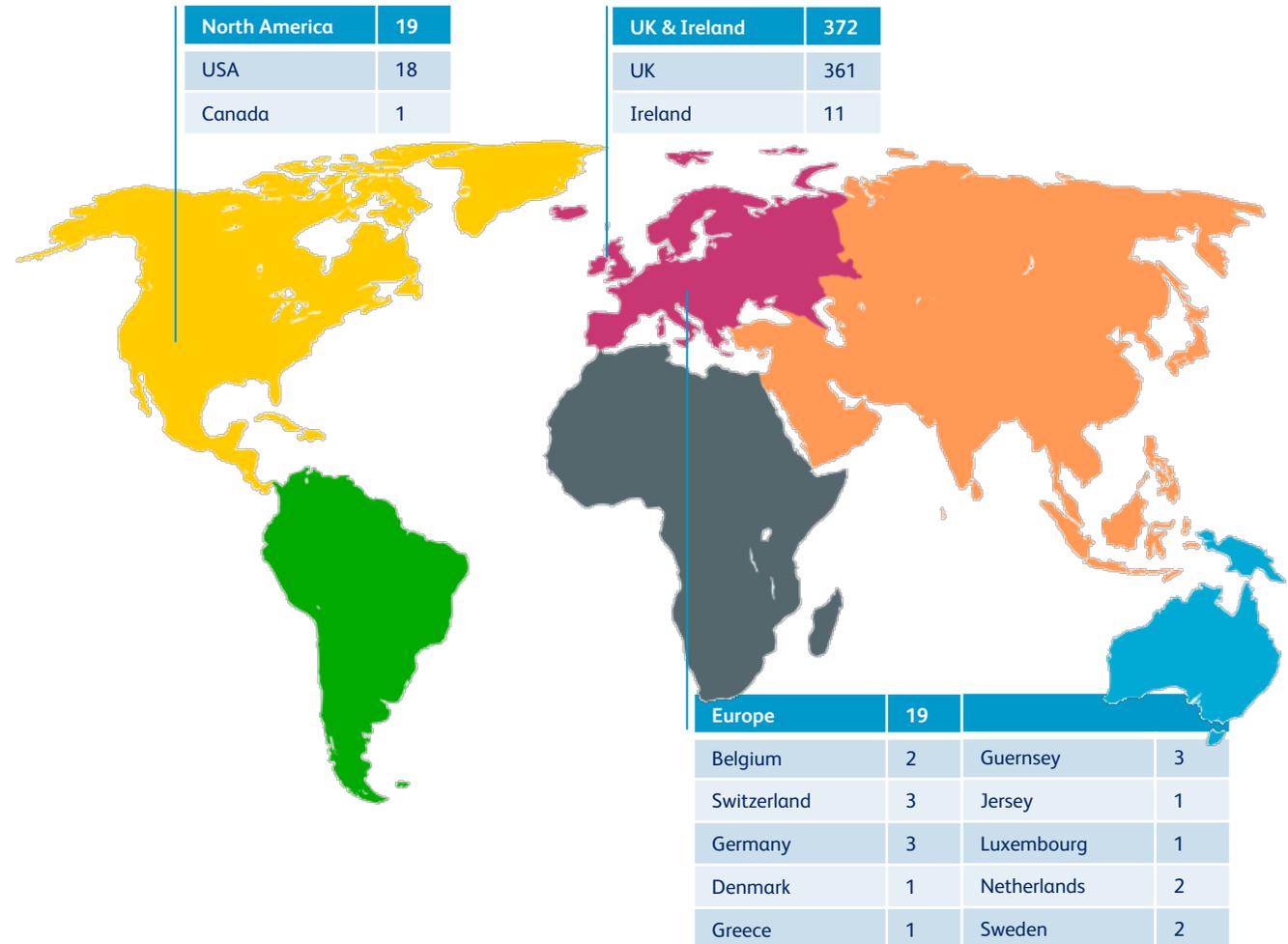
As part of the framework, we review suppliers against our Ethical Policy and Sustainable Procurement and Supplier Policy periodically. Suppliers identified as operating in geographies or industries which represent a higher risk, may be screened more often.

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 **411** current live suppliers.*



* Data correct on 09 June 2022

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 have 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

Everyone, whether a colleague, contractor or agency worker, completes mandatory e-learning on the Code of Conduct every year and agrees to comply with it and so uphold our values and ethics.

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.

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.

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 life-line but that challenges around account opening and providing proof of identity and address 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 Manchester. 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 values and ethics 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, and 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 Slavery and Human Trafficking Policy. 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 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.

1ST 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 appetite.

2ND 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.

3RD 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 make 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 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 understand the importance of continuing to strengthen our processes and raising the focus on the issue of modern slavery and human trafficking. We are committed to ensuring our colleagues understand the signs they need to look out for and know how to offer support when needed.

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 and will continue to uphold our commitment to zero tolerance of modern slavery and human trafficking.

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.



Nick Slape, Chief Executive

22 June 2022

Approved by the Board on 22 June 2022

Throughout 2021 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:

www.co-operativebank.co.uk/assets/pdf/bank/investorrelations/2021-sustainability-report.pdf