



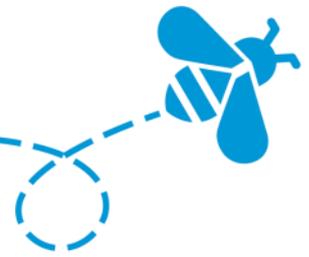
Our Values and Ethics in Action

Sustainability Report 2022

Ethical then.
Ethical now.
Ethical always.

The **co-operative** bank

150 years of ethical banking



I am very proud to present The Co-operative Bank's Sustainability Report for 2022.

In 2022 we celebrated a major milestone in our bank's history as we marked 150 years of ethical banking. This year has been memorable for many reasons. We have taken the opportunity to reflect on our amazing history, from the Loans and Deposits Department of the Co-operative Wholesale Society to a brave and forward thinking organisation with a strong social conscience. We have also steered our bank into a strong financial position, building a solid foundation that will allow us to grow and invest in the ethical projects that our customers and colleagues tell us matter to them.

Discover our 150 year history of ethical banking



In June 2022 we launched our updated Ethical Policy. This followed the 'Values and Ethics Poll' customer consultation in 2021, through which 47,177 of our customers and colleagues shared their views. For 30 years our Ethical Policy has remained a unique document within UK banking and a sign of our long-term commitment to the co-operative values on which we were built 150 years ago. No other UK bank makes ethical business commitments based on the views of their customers. We are extremely grateful to every customer who took part in the poll and helped to shape our updated Ethical Policy. Thank you.

Overwhelmingly, our customers told us their most pressing ethical concern is protecting the environment. We have therefore looked at the businesses we refuse banking services to, further strengthening the exclusion statements for business activities that cause harm to biodiversity and the environment. We've also made commitments to take definitive action on our own environmental impact, to help our customers on their sustainability journeys and to raise our corporate voice to campaign for the preservation and restoration of ecosystems and reverse the decline in biodiversity. You can read more about how our Ethical Policy has been updated on page 14.

The bold and disruptive advertising campaign we ran towards the end of 2022 prompted consumers to question what their bank does with their money, after our research found that 70% of British consumers don't know which industries their bank invests in. Switching to a fossil fuel-free bank could have more impact on reducing an individual's carbon footprint than any other action they could take because it puts pressure on the industry to change. We have an ambition to lead consumers in challenging the UK banking sector and bringing about meaningful social change and a better future for our planet, for people and for our communities.

Thank you to all of our customers, colleagues, suppliers and investors for joining us on that journey and for giving us the mandate to make our voice heard on the important issues.

N.Slape

Nick Slape
Chief Executive Officer



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Progressing our sustainability agenda

Our environmental, social and governance commitments

In our 2021 Sustainability Report we set out our key environmental, social and governance commitments for the year ahead. So, how did we do and what are our next steps?

Our key environmental targets

In 2022 we said...	How did we do?
We'll assess the impact of our indirect emissions with a view to announcing our net zero target date at the end of 2022.	We have reviewed our direct and indirect emissions and are committed to reaching net zero on our Scope 1 & 2 direct emissions by 2030, and to be net zero on our indirect Scope 3 emissions by 2050.
We will aim to recycle at least 60 % of operational waste by the end of 2022 ¹ .	In 2022, we recycled 74 % of operational waste, with the remaining 26 % sent to energy recovery facilities. This is a great improvement on our starting year in 2020, when only 41 % of waste was recycled.
We'll keep our operational GHG emissions intensity ratio below 1.8 from our 2019 baseline of 2.4	We have reported a ratio of 0.8 in 2022, a significant reduction on our 2019 baseline.

Our key social targets

In 2022 we said...	How did we do?
We'll continue to support the co-operative sector and work towards a 14 % increase in our co-operative business customer base.	Our co-operative customer base increased by 4 % on a like-for-like basis in 2022, having been impacted by shrinkage in the sector. To ensure we continue to support co-operatives across the UK, we have increased our lending to co-operatives and have invested a further £400k in our Business Support for Co-ops programme in partnership with Co-operatives UK. We also continue to provide free banking services for UK co-operatives.
We'll work with our charity partners and act on the findings of the Online Banking Commission on Economic Abuse, which is co-chaired with Refuge.	In 2022, we helped to publish Refuge's report on the findings from the Commission, and took action by updating our website to make it easier for our customers to report economic abuse.
We'll continue to support our local communities particularly in the North West and increase volunteering hours by 10 %.	In 2022, colleagues exceeded our expectations by spending 4,170 hours volunteering, more than doubling our support within local communities from 2021 ² .

Our key governance targets

In 2022 we said...	How did we do?
In 2022 and going forward, Executive pay will be linked to delivery of our ESG commitments. See page 8 for details.	Colleague remuneration, including that of the Executive team, is assessed annually against our internal performance scorecard. As of 2022, a proportion of our scorecard is made up of ESG performance measures, such as reducing our GHG emissions.
We have re-stated our target to have 45 % of senior positions filled by women by the end of 2023.	We reported that 41 % of senior positions across the Bank had been filled by women in our 2022 Women in Finance Charter and Pay Gap Reporting. We remain committed to progressing towards our 45 % target.
In 2022 we will launch an updated Ethical Policy, shaped by the views of our customers. We'll launch ESG labelled bonds, Green Mortgages and Homeless Bank Accounts.	In 2022, we were proud to publish the sixth iteration of our customer-led Ethical Policy as well as developed a Bank's Green, Social and Sustainability Financing framework and issued our inaugural Green Bond. We launched Green Further Advances for our customers to aid home efficiency improvements and developed Bridge to Banking, which will allow homeless young people to access our basic bank account when launched in Q1 2023.

1. Includes sites where the Bank has full control of waste management only.

2. Opportunities for corporate volunteering were impacted by Government restrictions due to COVID-19 in 2020 and 2021.

Progressing our sustainability agenda

Our environmental, social and governance commitments

Our 2023 targets and commitments

Environmental

Scope 1 & 2: Reduce direct scope 1 & 2 emissions related to energy consumption by 6 % in 2023¹ with a Net Zero status by 2030.

Scope 3: Develop a robust programme of work as we strive to decarbonise the Bank and achieve Net Zero status by 2050.

Replenish nature-deprived spaces: Support the reversal of nature loss and improvement in biodiversity across the UK.

Increase recycling further: Aim to recycle at least 75 % of operational waste.

Support customer sustainability: Help our customers measure, manage and improve their sustainability.

Introduce new 'green' mortgage products and increase the proportion of A or B EPC rated property mortgage lending by 20 % year-on-year.

Social

Campaign to transform the private renting sector: Protecting people at risk of homelessness.

Investment in branches: Regeneration and relocation of some of our existing branches to support the communities in which they're located.

Community support: Committing at least £30m lending to support businesses, organisations or co-operatives to improve our communities and the environment.

Putting our values into action: Giving back to our communities by increasing colleague volunteering hours by 50%.

Governance

The Co-operative Bank Charitable Fund: Committing a proportion of Bank profits used to drive positive social and environmental change whilst responding to the needs of our communities.

Women in senior positions: Remain committed to our aspirational target to have 45 % of senior positions filled by women.

Training for all colleagues: Ensure that all colleagues, including Board and Executive Committee Members, undertake additional training in Environmental, Social and Governance related risks.

Our ESG ratings



For the second year running, The Co-operative Bank has been rated as the UK's best Environmental, Social and Governance (ESG) high-street bank by Sustainalytics².

Our renewed ESG risk rating of 8.3, compared to 9.2 in 2021, maintains our market-leading Sustainalytics score, providing a valuable insight into how we manage ESG risk across our business.

In addition, we have also received an MSCI ESG rating of AAA (improved from an A rating), which reinforces our strong ESG position, and an improved ESG rating from

rating agency ISS, who have now awarded us with their 'Prime' ESG label. This means that our tradeable bonds and shares now fall under their 'Responsible Investment' category. Our customer-led Ethical Policy, environmental commitments and co-operative values and ethics make us a natural leader in ESG and our ratings illustrate market confidence in our environmental and social commitments.



1. A reduction of 6 % based on 2022 levels

2. Rated by Morningstar Sustainalytics in the Regional Banks sub-industry with a score of 8.3 as of 8 July 2022.

Our Environmental, Social and Governance Report



Environmental

Our Ethical Policy sets out our commitment to protecting the environment.

In 2022 we have continued to reduce our operational greenhouse gas emissions by analysing the energy use at our branches and offices and identifying where energy was being wasted. We continue to source our electricity from renewable energy suppliers.

Since 2007 we have offset our operational carbon emissions plus an additional 10% to address the impact of our business activities in the past and we will offset our 2022 emissions in line with this commitment. We continue to keep business travel

to a minimum, using public transport rather than cars wherever possible.

Having achieved a 33% year-on-year decrease in our operational greenhouse gas emissions in 2022, we have now achieved a 70% reduction on our 2019 baseline.

While we're proud of this, we recognise that it is largely due to changes in our day-to-day operations following the COVID-19 pandemic. We will work to continue this trend in future years as we implement our programme to be operationally net zero by 2030.

Our Environmental Data¹

Scope 1 & 2 greenhouse gas emissions by source¹

Source of emissions	Total emissions (tCO ₂ e)				
	2022	2021	2020	2019	2018
Fuel combustion	489	805	845	876	1032
Electricity consumption ²	1,562	2,181	2,786	5,811	7,061
Refrigerant leakages	71	164	230	312	650
TOTAL³	2,122	3,150	3,861	6,999	8,743
Carbon intensity (tCO₂e/FTE)^{4,5}	0.8	1.3	1.3	2.4	2.9

We have demonstrated a consistent reduction in Scope 1 & 2 emissions over the last 5 years. These are the emissions that arise from our operations and which are therefore under our direct control. We will continue working to reduce these in order to meet our target to be Scope 1 & 2 net zero by 2030.

Please note, there was no fuel used to power emergency generators or emissions from the use of fire suppression systems in 2022.

Additional environmental metrics and targets

	2022 target	2022	2021	2020	2019	2018
% waste to landfill ⁶	0%	0%	0%	0%	25%	25%
Business travel (tCO ₂ e) ⁵	Under 100	96	27	100	423	671
Lending to renewable energy sector	Ongoing investment	£7.9m	£9.5m	£19m	£24m	£26m
Office paper usage (reams) ⁵	4,000 max	4,314	3,847	1,973	20,246	23,306
Direct procurement of electricity from renewables ²	100%	100%	100%	100%	100%	100%

Office paper use has increased beyond our target for 2022 as colleagues returned to the office. We'll work with colleagues to moderate their use of paper in 2023 and beyond.

Our lending to the renewable energy sector has reduced as historical loans have been repaid.

1. Only data from 2021 & 2022 has been verified by SGS.

2. Total electricity consumption GHG emissions are calculated using a location-based methodology. They are calculated using the UK average GHG emissions figure, as published by the Department for Business, Energy & Industrial Strategy. All electricity sourced directly by The Co-operative Bank is REGO backed renewable electricity. Where locations are not included in the direct supply agreement (totalling 6.85% of total electricity consumption in 2022) due to inclusion in landlord service provision, a market-based approach assuming a non-renewable electricity source is used to calculate GHG emissions from these locations. This

allows us to accurately offset the emissions generated. Renewable electricity is zero rated for carbon offsetting, therefore all electricity purchased directly by The Co-operative Bank is excluded from the offsetting calculation.

3. Restated to exclude business travel from this table. Only 2021 & 2022 data has been verified by SGS.

4. Calculated using the average number of full time equivalent (FTE) employees for each year.

5. This data or calculation has not been verified by SGS.

6. Includes sites where the Bank has full control of waste management only.

Our Environmental, Social and Governance Report

Our pathway to net zero

We are committing to reaching net zero on our Scope 1 & 2 direct emissions by 2030, and to transitioning our Scope 3 lending portfolios to align to net zero by 2050 at the latest.

As we have refused to provide banking services to business whose activities contribute to global climate change for over 20 years, it is our mortgage lending (Scope 3, Category 15) that has the largest climate impact. We will therefore focus on supporting the net zero transition of the UK housing sector and our customers' homes. We will continue to finance renewable energy projects and to play our role in facilitating a just transition in the real economy through engagement with our customers, and through offering products and services that support decarbonisation.

In setting these targets we are adopting the Net Zero Banking Alliance definition of net zero alignment and

committing to reduce our Scope 1 and 2 emissions by from a 2021 base year, with a strategy to ensure carbon removals of remaining emissions. Our targeted reductions in our financed emissions and our scope 1 and 2 emissions will be consistent with a maximum temperature rise of 1.5°C above pre-industrial levels and will align with scenarios from credible, well-recognised sources.¹

We commit to regularly review and, if we can, improve our targets and will publish our progress against our net zero targets and accompanying transition strategy on our website and in future Sustainability Reports.

These commitments build on our ongoing work to reduce our Scope 1 & 2 operational greenhouse gas emissions across our branches and offices, as shown in the data tables on page 5. This programme will continue in 2023 and beyond as part of our net zero programme.

Carbon offsetting - beyond carbon neutral²

Source of emissions	tCO ₂ e
Fuel combustion	489
'Non-renewable' electricity consumption ³	237
Refrigerant leakages	71
Business travel	96
Offset to be carbon neutral	893
Plus 10% for past activity	89.3
Offset to be beyond carbon neutral	982

Since 2007 we have offset our operational carbon emissions (Scopes 1 & 2 plus business travel) plus an additional 10% to address the impact of our business activities in the past. This means we are beyond carbon neutral for our operational greenhouse gas emissions.

We will offset 982 tCO₂e of our 2022 emissions in line with this commitment during 2023. See page 17 for details of the projects we supported through offsetting our 2021 operational emissions.⁴

PVC-free credit and debit cards



In line with our Ethical Policy statement against the release of chemicals that persist in the environment, we continue to issue PVC-free credit and debit cards and have been doing so since 2007. In its place we use the plastic glycol-modified polyethylene terephthalate (PETG), which does not contain or use chlorine in its production. Furthermore, all the inks we use in our customer mailings are chlorine-free, and either water or vegetable based.

1. We will adopt the bank-led UNEP FI Guidelines for Climate Target Setting for Banks to set scenario-based intermediate targets for 2030, taking into account the best available scientific knowledge, including the findings of the IPCC. We will continue to monitor industry developments and will consider aligning our commitments to the SBTi guidance in future target reviews.
2. This data or calculation has not been verified by SGS.
3. Total electricity consumption GHG emissions are calculated using a location-based methodology. They are calculated using the UK average GHG emissions figure, as published by the Department for Business, Energy & Industrial Strategy. All electricity sourced directly by The Co-operative Bank is REGO backed renewable electricity. Where locations

- are not included in the direct supply agreement (totalling 6.85% of total electricity consumption in 2022) due to inclusion in landlord service provision, a market-based approach assuming a non-renewable electricity source is used to calculate GHG emissions from these locations. This allows us to accurately offset the emissions generated. Renewable electricity is zero rated for carbon offsetting, therefore all electricity purchased directly by The Co-operative Bank is excluded from the offsetting calculation.
4. While we have reported the amount of carbon we will offset for our 2022 emissions, we are unable to confirm details of the projects this offsetting will support due to the timing of the publication of this report. We'll provide these details in our 2023 Sustainability Report.

Our Sustainability Checklist - Environment

Environment - Preparedness		
Environmental Policy	✓	The Co-operative Bank's Ethical Policy outlines the Bank's commitments to protecting the environment.
GHG Reduction Programme	✓	Our Greenhouse Gas reporting is on page 5 of this report and our targets are set
Renewable Energy Programmes	✓	100% of the electricity we buy directly is sourced from renewables.
Green Procurement Policy	✓	The Bank continues to assess existing suppliers against our Sustainable Procurement and Supplier Policy, which reflects the Bank's Ethical Policy .
Credit and Loan Standards	✓	Each business account application is screened against our customer-led Ethical Policy . Those whose activities conflict with our Ethical Policy statements are not accepted as business customers.
Scope 1 & 2 GHG Reporting	✓	Scope 1 & 2 emissions are reported in line with Greenhouse Gas Protocol Corporate Standards and the Task Force on Climate-related Financial Disclosures (TCFD).
Scope 3 GHG Reporting	✓	We are in the process of establishing an implementation plan for Scope 3 emissions reporting. Currently only business travel (category 6) is reported.
Environmental Management System Certification	✗	The Co-operative Bank is working towards implementation of an EMS with appropriate certifications.
Environment - Quantitative Performance		
Carbon Intensity and Trend	✓	Details outlined on page 5.
Renewable Energy Use	✓	100% of the electricity we buy directly is sourced from renewables.
Responsible Asset Management	✓	All business account applications are screened against our customer-led Ethical Policy , which means we say no to business where certain activities are undertaken. See pages 10 and 15 of this report for further details.
Sustainable Financial Initiatives	✓	Since 2007 we've been supporting and lending to small, localised hydro and wind farms, the majority being in the North of England and Scottish Isles. In 2022 our lending to the renewable energy sector stood at over £7.9m.

Key ✓ We're in a good position on this metric. ✓ We're making progress on this metric but still have some work to do. ✗ This is an area for development.

This checklist is aligned to areas of interest to ESG ratings agencies. Within our business we monitor these metrics alongside many other key data points.

Our environmental reporting

We measure our direct GHG emissions in carbon dioxide equivalent (tCO₂e) using the latest UK government guidance. Our direct GHG footprint encompasses energy consumption and refrigerant leakages, which are classified as Scope 1 and 2 emissions. Scope 3 emissions, where the bank has an indirect impact via our value chain, are not currently reported, with the exception of business travel (category 6).

We have made disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD)

recommendations in our 2022 ARA. This includes more detail on how we consider climate change and the environment in our strategic and financial planning, risk management and governance. We will look to enhance the detail within these disclosures in 2023 and beyond.

In 2020 we signed up to the UN Principles for Responsible Banking. We'll continue this commitment as we develop our sustainability targets, building on the co-operative values and ethics that are the foundations of our bank.

Social impact

Co-operative principles remain at the heart of our business and we strive to demonstrate co-operative values in everything we do. As a national brand, we recognise our wider impact within UK society and work in partnership and co-operation with charities and community organisations to drive positive social change.

This table sets out some of our positive social impacts, such as our charity and volunteering activity (read more on pages 16 and 19), our business support for charities and co-operatives and the additional support we've offered to customers in 2022.

	2022	2021	2020	2019	2018
Total charity donations ¹	£1,126,402	£1,105,583	£1,564,783	£997,996	£995,098
No. co-operatives that bank with us ^{1,2}	1,130	907	787	805	750
No. charities that bank with us ^{1,3}	3,619	3,891	4,128	4,416	5,000
No. credit unions that bank with us ^{1,3}	142	157	163	194	218
Support for the co-operative movement through funding for The Hive ¹	£400,000	£400,000	£625,000	£158,700	£451,196
Supporting our local communities through colleague volunteering ¹	4,170 hrs	1,980 hrs ²	611 hrs ²	4,759 hrs	4,329 hrs
% of colleagues who have taken part in a volunteering activity ¹	18%	10% ³	4% ³	27%	20%
Number of customers we've helped to buy their first home	3,178	6,403	4,209	3,304	3,517
Number of customers supported through our partnership with Citizen's Advice	751	566	536	418	437

Supporting our business customers through challenging times

We are proud to look after the banking needs of **94,181** small and medium sized businesses (SMEs).

2022 has been a challenging year for many SMEs. In order to help them through these difficult times, we've increased the number of colleagues in our Business Support team who can provide dedicated help and support to business customers facing financial difficulty. We've updated our Financial Difficulty support web pages, with more information on how to spot the early warning signs, manage cashflow and where to go for additional support. We've also reached out to customers who are

showing the early warning signs of financial difficulty to offer additional support.

We have continued to support customers who took a Bounce Back Loan to help them deal with the impact of the Pandemic. By the end of 2022, 16% of our Bounce Back Loan customers had repaid their loan in full, and we had supported 2,298 customers with Pay As You Grow options to provide flexibility with their repayments. We have continued to promote the availability of Pay As You Grow to customers to ensure that they are aware of the options available to them.

Contribution to national wealth

In 2022 our contribution to the national wealth, or 'economic value generated and distributed', was **£395 million**. Of this, our community investment was **£1.1 million**. Economic value is distributed as salaries to employees, donations to charitable causes, and, if relevant, profit and reserves to our owners.

£395m
economic
value

£1.1m
community
investment

1. Only 2021 and 2022 data for these KPIs has been verified by SGS.
2. In 2022 the definition of a co-operative was expanded to include more organisations that are a member of Co-operatives UK. The 4% increase in co-operative accounts reported against our target of 14% on page 3 is calculated on a like-for-like basis using a revised figure of 1,082 for 2021.
3. Since 2018 we've adjusted our proposition and seen a reduction in the credit union sector and changes how charity status is recorded. This is being closely managed with customers being supported by Relationship Managers and a continued focus on our community banking proposition.
4. Opportunities for corporate volunteering were impacted by Government restrictions due to COVID-19 in 2020 and 2021.

Our Sustainability Checklist - Social

Social - Disclosure		
Gender Pay Disclosure	✓	See our Women in Finance Charter progress and Pay Gap Report and page 22 of this report.
Systemic Risk Reporting	✓	See our Annual Report and Accounts.
Social - Preparedness		
Freedom of Association Policy	✓	Read page 23 of our Ethical Policy for details.
Discrimination Policy	✓	Our Prevention of Bullying, Harassment, Discrimination, and Victimisation Policy is available to all colleagues and is aligned to the Equality Act 2010. See page 75 of our Environmental, Social and Governance Business Approach 2022 .
Diversity Programmes	✓	Our colleague inclusion networks promote diversity within our organisation. We are now measuring our ethnicity pay gap with a view to reporting in the future.
Gender Pay Equality Programme	✓	Read our 2022 Women in Finance Charter progress and Pay Gap Report .
Human Capital Development	✓	Formal performance management processes include succession planning and development metrics which are reviewed by the management team.
Scope of Social Supplier Standards	✓	Read page 9 of our Ethical Policy for details of our Sustainable Procurement and Supplier Policy.
Supply Chain Monitoring	✓	Read page 9 of our Ethical Policy for details of how we work with suppliers to manage our environmental impact.
Responsible Marketing Policy	✓	We practice responsible marketing and formalised this by publishing a Responsible Marketing Policy. See page 89 of our Environmental, Social and Governance Business Approach 2022 document.
Data privacy and security policy	✓	Read our Privacy Policy and information on the use of customer data .
Data Privacy Programme	✓	We have robust policies and training on data privacy management and data protection. See page 83 of our Environmental, Social and Governance Business Approach 2022 document.
Data request management	✓	The Co-operative Bank abides by relevant data protection legislation .
Cybersecurity programme	✓	We work continually to make our customers' banking experience as safe and secure as possible .
Financial Inclusion	✓	Our range of current accounts is financially inclusive and we provide support for customers facing financial difficulty .
Systemic Risk Management	✓	See Annual Report and Accounts.
Social - Quantitative performance		
Collective Bargaining Agreements	✓	We work co-operatively with our recognised trade union, Unite. Find out more on page 23 of this report.
Employee Turnover Rate	✓	This is not externally reported, however the Full Time Equivalent employee figure is reported in the Annual Report and Accounts.
Employee training	✓	Along with mandatory regulatory training, tools are available for colleagues to progress their personal development and career ambitions. See page 38 of our Environmental, Social and Governance Business Approach 2022 document.
Activities in Sensitive Countries	NONE	The Co-operative Bank has no activity in high risk industries in sensitive countries.

Key ✓ We're in a good position on this metric. ✓ We're making progress on this metric but still have some work to do. ✗ This is an area for development.

This checklist is aligned to areas of interest to ESG ratings agencies. Within our business we monitor these metrics alongside many other key data points.

Governance

Key Governance Data

Co-operative values and our Ethical Policy are incorporated into the Bank's Articles of Association, establishing them at the heart of our constitution.

In 2022 we have strengthened our internal governance by introducing an additional executive level committee into our values and ethics governance structure to improve executive oversight and accountability.

The Board level Values and Ethics Committee continues to provide oversight and governance of the Bank's ESG and ethical activities. With input from the Executive Committee, the Values and Ethics Committee reviews our ESG reporting. This includes the recommendations of the Financial Stability Taskforce on Climate-related Financial Disclosures (TCFD) as we

implement these into our reporting. You can read the chair of the committee's report for 2022 in our Annual Report and Accounts.

From 2022 Executive pay has been linked to delivery of our ESG commitments. Specific ESG performance measures form part of the bank wide scorecard to which all colleague remuneration, including executive, is linked. These include screening 100% of business customers and suppliers against our customer-led Ethical Policy, progress towards net zero and a continued focus on diversity.

Non-customers continue to view The Co-operative Bank as the UK's top ethical banking brand¹. The governance and oversight structure we implement with the help of our Values and Ethics Committee is key to this.



Governance of our Ethical Policy exclusions

At the core of our Ethical Policy are statements on the business activities we will not support through our banking services. These statements fall under our planet, people and community pillars and our business account and

services application journeys include a detailed questionnaire to determine if there may be a conflict with the policy. See page 15 for details of the accounts we have declined in 2022.

	2022	2021	2020	2019	2018
Total number of business current accounts opened	8,703	12,606	12,116	7,473	N/A
Total number of applications referred for further Ethical Policy screening (see page 15 for more information) ²	233	328	438	223	138
Total number of applications declined due to a conflict with the Bank's Ethical Policy	8	10	21	4	4

Our Statements and Policies

Modern slavery and human trafficking statement

We are committed to ensuring that our business and our suppliers are free from modern slavery and human trafficking and uphold the principles of our Ethical Policy. Our Modern Slavery and Human Trafficking statement sets out the steps we are taking to prevent modern slavery.

[Click here to read our Modern Slavery commitments](#)

Freedom of association

We formally recognise the trade union Unite and work closely with them to ensure the voice of our colleagues is heard. We take a proactive approach to understand the needs of our colleagues and their members.

1. Q4 2022 non-customer ethical perception score of 27%. Ranked 1st with a 7% gap to the 2nd place bank, which has a score of 20%.
2. Only 2022 and 2021 data for these KPIs has been verified by SGS.

Anti bribery and corruption policy

The Bank has a 'zero tolerance' stance on bribery and corruption, and the policy is included within the Bank's Code of Conduct. All colleagues must complete training on the code of conduct once a year and confirm their understanding of the requirements within the policy.

Taxation policy

We are signatories to the HM Revenue and Customs Code of Practice for the Taxation of Banks and are committed to ensuring that nothing in our tax affairs is contrary to UK tax legislation.

[Read our Tax Strategy here](#)

Our Sustainability Checklist - Governance

Governance		
Tax Disclosure	✓	See Annual Report & Accounts 2022.
ESG Reporting Approach	✓	We are committed to reporting annually on our values, ethics and sustainability performance within our Sustainability Report and Annual Report & Accounts.
Verification of ESG Reporting	✓	Selected data in this report have been assured by SGS. These are indicated in the tables. The assurance statement is on page 33.
Governance — Preparedness		
Anti-Bribery and Corruption Policy and Programmes	✓	Our anti-bribery and corruption policy outlines our zero tolerance approach. We are committed to acting with integrity and fairness in all our business dealings and commercial relationships.
Whistleblower Programmes	✓	Our comprehensive Concern at Work Whistleblowing policy is available to all colleagues. Details of what's included in the policy can be found on page 76 of our Environmental, Social and Governance Business Approach 2022 document.
Business Ethics Programme	✓	Our Ethical Policy outlines our commitments to co-operative values and ethics, while our Board-level Values and Ethics Committee delivers enhanced governance and accountability. See page 10 of this report for more information.
Responsible Investment Policy and Programme	✓	Every business account application is screened against our customer-led Ethical Policy . We refuse banking services to those whose activities conflict with our customer's views on key issues, including the environment and human rights.
UNEPFI Signatory	✓	We became a signatory of UN Environment Programme Finance Initiative Principles for Responsible Banking in February 2020.
Corporate Finance Programme	✓	Every business account application is screened against our customer-led Ethical Policy . We refuse banking services to those whose activities conflict with our customer's views on key issues, including the environment and human rights.
Responsible Product Offering	✓	We offer responsible products and services, as indicated on page 13 of our Ethical Policy and on pages 18 and 28 of this report. In 2022 we launched a Green, Social and Sustainability (GSS) Financing Framework to connect our values and ethics with our wholesale market financing strategy. This framework facilitates secured and unsecured wholesale funding of assets with clear environmental or social benefits that contribute to the UN Sustainable Development Goals and demonstrate our commitment to ESG and sustainable finance.
Anti-Money Laundering Policy	✓	Colleagues undertake annual training on our anti-money laundering policy. Details of what's included in the policy can be found on page 79 of our Environmental, Social and Governance Business Approach 2022 document.
Compliance Programme	✓	Internal processes are in place to govern all areas of regulatory compliance, in line with the FCA and PRA requirements.
ESG Governance	✓	Our board level Values and Ethics Committee delivers enhanced governance and accountability, see page 10 for more information.
ESG Performance Targets	✓	Our ESG performance targets have been agreed by the Board and from 2022 Executive pay has been linked to delivery of our ESG commitments. See page 4 for details.
Political Involvement Policy	✓	The Co-operative Bank is politically neutral.
Lobbying and Political Expenses	None	The Co-operative Bank is politically neutral.

Key ✓ We're in a good position on this metric. ✓ We're making progress on this metric but still have some work to do. ✗ This is an area for development.

This checklist is aligned to areas of interest to ESG ratings agencies. Within our business we monitor these metrics alongside many other key data points.

Alignment to the UN Sustainable Development Goals

Our responsible banking

As signatories of the UN Principles for Responsible Banking, we are committed to aligning our strategy and activities with the United Nation's Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

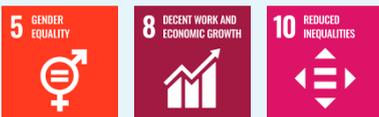


The activities of our Bank can make an impact on all 17 goals. We have therefore taken steps to consider the impact and influence we have on the SDGs within a framework of our impact on our planet, on people and on our communities. This exercise has identified the ten SDGs where we feel we can make the most positive contribution.

How our objectives and actions align to the SDGs

Our SME business accounts support **employment generation** in economically underperforming regions and they support **female entrepreneurship**.

Aligns to SDG targets 5.5, 8.3 and 10.2



We provide financing to education, child care, healthcare and elderly care providers, helping them to **improve access** to their services for all.

Aligns to SDG targets 1.2, 3.8, 4.4, 8.3 and 10.2



We take part in Help-to-Buy schemes and provide mortgages to individuals who are self-employed, contractors or entrepreneurs, as well as loans to accredited housing associations and co-operative housing providers registered in the UK, which helps to ensure **access for all to adequate, safe and affordable housing**.

Aligns to SDG targets 1.2, 10.2 and 11.1



We encourage the construction of buildings in an energy-efficient manner, reducing emissions and electricity consumption from non-renewable sources and fuels with the support of our Renewable Energy Fund and partnership with Zellar. We also offer products to help our customers to undertake renovations that will result in at least a two notch improvement in Energy Performance Certificate (EPC) rating, helping to **mitigate climate change** through our Green Further Advances and utilising our Energy Savings Trust online tool.

Aligns to SDG targets 7.3, 11.6 and 13.2



We provide finance to local charities, social enterprises, non-profit organisations, foundations and philanthropic structures, which helps to provide socioeconomic **advancement and improvement for vulnerable populations**.

Aligns to SDG targets 1.2, 3.8, 4.4 and 11.1



Our people policies promote equality and diversity within our workforce and support the physical and mental wellbeing of colleagues.

Aligns to SDG targets 3.4 and 5.5



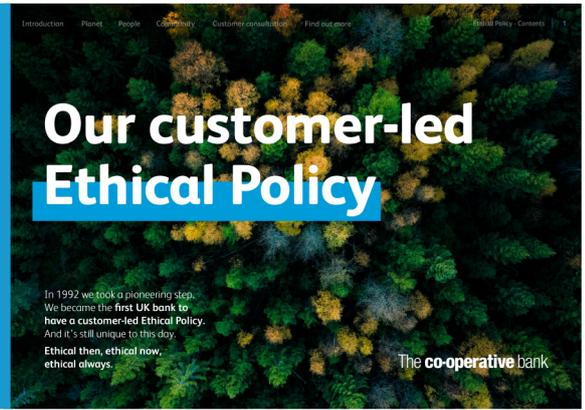
Our 2022 highlights

Recognised as the **UK's best** ESG high-street bank by Sustainalytics for the 2nd year running

Rated by Morningstar Sustainalytics in the Regional Banks sub-industry with a score of 8.3 as of 8 July 2022



We published the sixth update to our unique, customer-led Ethical Policy, shaped with the collective input of over 370,000 customer responses



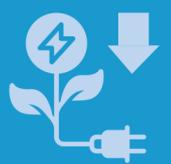
ZERO HOUR

We're leading the campaign on environmental protection with Zero Hour, the campaign for the **Climate and Ecology Bill**



We're still **beyond carbon neutral**. In 2022 we reduced our operational greenhouse gas emissions by 33%

33%



Our colleagues have donated **4,170** volunteering hours, giving back to our local communities and helping people to thrive



Together with our customers we've raised over **£1.6m** for charity in 2022



We're **promoting equality** by addressing gender and ethnicity balance within our workforce



We **don't provide** banking services to businesses whose activities conflict with our updated Ethical Policy

233

Businesses screened



8

Businesses declined banking services

Awarded the UK's **Most Ethical Bank** by CFI



Our values and ethics in action

Evolving our values and ethics

Our commitment to co-operative values and ethics has been fundamental to our bank since it was established in 1872 and it continues to underpin how we run our business.

To outline our ethical commitments, in 1992 we took a pioneering step and introduced a customer-led Ethical Policy. We were the first bank in the UK to do so, and are still the only UK high street bank to have a policy of this kind.

We regularly ask our customers to tell us about the things that matter to them and which issues they want us to take action on, regularly updating our Ethical Policy to reflect their views.

In 2021 we conducted our 6th Values and Ethics Poll, which asked our customers to share their views on a range of issues including the environment, poverty and inequality, human rights and animal welfare. 47,177 customers, colleagues and stakeholders participated in the 2021 poll.

Our customers have always been ahead of thinking on ethical issues and we believe this remains the case today. We have used their responses to the latest poll to update our Ethical Policy once again, bringing together a cumulative total of over 370,000 customer responses since 1992 in the latest iteration of our Ethical Policy, which was launched in 2022.

Informed by those responses, our updated Ethical Policy is built on the three pillars of **Planet, People and Community**. This reflects the issues that our customers told us mattered to them most and confirms our shared commitment to protect the environment, campaign for change and build a more sustainable society.

83% of customers told us that our Ethical Policy is a key reason they bank with us. As we marked our 150th year of ethical banking in 2022, this update brings our Ethical Policy into the future while remaining true to the co-operative values on which our bank was founded in 1872.

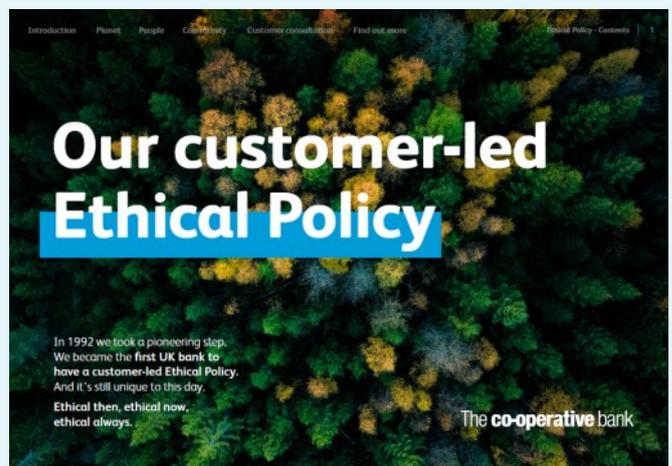
What's changed?

Since 1992, our Ethical Policy has been very clear on the business activities The Co-operative Bank will not support through funding or the provision of banking services, and we have added some new exclusions to the Ethical Policy. Our customers also told us they wanted to hear about the activities we will support and how we plan to make a positive impact. When we updated the Ethical Policy we were delighted to add these details.

New exclusions:

- Exploration for fossil fuels has been added as an excluded activity to strengthen our commitment not to finance the extraction or production of fossil fuels.
- An exclusion on activities related to deep sea mining has been added to help protect this unique and biodiverse habitat.
- We've strengthened our commitments to protecting forests and peatlands by adding an exclusion on companies involved in activities that degrade irrecoverable carbon stores - by which we mean peatlands and forests of the Amazon and Congo basin, the forests of North America and Siberia, and in mangroves and wetlands elsewhere, including peatland areas within the UK.
- We've strengthened our commitment to animal welfare by adding activities that use exotic / speciality leather alongside our fur exclusion. This could include alligator and crocodile, snake, seal or other rare endangered species.

You can read the updated Ethical Policy and the full results of the 2021 Values and Ethics Poll here: [Our Ethical Policy](#).



Our co-operative brand values reflect how we do business, rather than our ownership. Although the ownership of The Co-operative Bank changed in 2017, our commitment to the co-operative values and principles on which we were built remains as strong as ever, with ESG principles embedded within the business every day.

An important element of our Ethical Policy is our commitment to report annually on our performance on values and ethics and the decisions we take under our Ethical Policy. The following pages contain this report.

Implementing our Ethical Policy

Every business application is screened against our Ethical Policy

Since 1992, when we launched our Ethical Policy we have ensured that all new and existing business customers complete an Ethical Questionnaire as part of the application process for a new account or service. Customers are screened based on their responses to make sure we are not providing banking services to any business whose activities conflict with our Ethical Policy. In 2022, 233 businesses were referred for enhanced screening and as a result, 8 applicants were not accepted as Co-operative Bank customers.

Number of customers referred for screening by issue

In 2022, business customer applications were referred for enhanced screening for the following reasons. Our 2021 figures are shown in brackets for comparison.

Please note that as we updated the Ethical Policy in June 2022, applications for the first half of the year were screened against the previous version of the Ethical Policy.

No. of customers referred for screening by issue	Referrals 2022(2021)	Declines 2022 (2021)
Labour standards and human rights	117 (143)	1 (2)
Social inclusion	0 (0)	0 (0)
Irresponsible payment of tax	1 (0)	0 (0)
Irresponsible gambling	15 (11)	1 (0)
Irresponsible marketing	4 (4)	0 (0)
Protecting the environment:		
Climate change	15 (29)	6 (6)
Chemicals	4 (8)	0 (0)
Waste	0 (1)	0 (0)
Biodiversity	28 (50)	0 (0)
Protecting animal welfare	47 (73)	0 (1)
Other	2 (9)	0 (1)
Total	233 (328)	8 (10)

Human rights:

We declined banking services to an organisation involved in the sale and transfer of **weapons** to international customers.



Climate change:

We declined banking services to six businesses involved in the oil and gas sector whose activities were considered to be in conflict with our Ethical Policy statement on the exploration, extraction and production of **fossil fuels**.

Irresponsible gambling:

One business was declined for failing to protect customers engaged in **gambling** activities.

Managing customer risk

Our Risk Policy requires the closure of accounts for risk related issues, such as when customers are involved in or receive profits from organised crime or illegal activities such as the sex trade, drugs or human trafficking, as well as where there are regulatory requirements. In 2022 we closed **502** customer accounts (425 in 2021) due to risk related issues, including suspicion of money laundering and failure to provide documentation to satisfy Customer Due Diligence requirements.

We are planet savers



Our net zero commitment

We have made a commitment to reach net zero on our Scope 1 & 2 direct emissions by 2030, and to be net zero on our indirect Scope 3 emissions by 2050.



Planet

Sustainability and environmental protection have been central to our customer-led Ethical Policy for 30 years. We are committed to sustainable business practices - in our own operations, actions and decisions - and in how we enable our personal and business customers to make more sustainable choices.

We seek to operate in ways that minimise further environmental harm and to take actions that measurably improve biodiversity and the environment, support organisations that make a positive impact on the environment and take steps to reduce the environmental impact of our own operations.

We're operationally beyond carbon neutral

The Co-operative Bank has been 'beyond carbon neutral' for our operations since 2007. We achieve this by offsetting our carbon emissions, plus an additional 10% to address the impact our business activities have had in the past.

We will offset **110%** of our operational greenhouse gas emissions for 2022. This is **982 tonnes** CO₂e (893 tonnes + 10%), comprising our Scope 1 and 2 emissions plus business travel. To meet our 'beyond carbon neutral' goal, our offsetting programme delivers finance to projects which are reducing emissions now, supporting the transition to a low carbon global economy.

We work with **Climate Impact Partners**, specialists in carbon market solutions for climate action, to deliver this programme. All of their projects are independently verified to assure emission reductions are occurring. This ensures the highest environmental integrity and a commitment to have an immediate, positive impact on the climate.

We select projects that have a positive impact on the environment and the local population and which are aligned to our Ethical Policy. The offsetting for our 2021 emissions supported these two amazing projects.

Kulera REDD+ and Cookstoves, Malawi – through a combination of forest protection and distribution of clean cookstoves, the project delivers significant emissions reductions, protects an important area of biodiversity value, and addresses the health risks of indoor pollution. The project targets the conservation of about 170,000 hectares of forest and works with 45,000 households to reduce the use of wood fuel, develop sustainable livelihoods, increase community resilience to climate change and protect biodiversity.

Canales Wind, Guatemala – the project brings renewable wind power generation to an area where no other electricity generation was taking place. Carbon finance supports the wind turbines, wind measuring stations, an operations building and an electrical substation. This all helps to provide affordable, clean energy, decent work, economic growth and vital infrastructure to the region.

Project type:
Nature-based solutions
Region: Africa
Standard: VCS, CDM



Project type:
Renewable energy
Region: Latin America
Standard: CDM



Our responsible business

In 2022 we joined the growing community of businesses that use **Ecosia** as the default search engine on all colleague laptops. Ecosia use the profits from searches to plant trees in the areas around the world where they're needed most. We're looking forward to reporting how many trees our colleagues have helped to plant in next year's report.

We've also continued to reduce our impact on the environment by reducing waste, reusing materials and

recycling. In 2020 we introduced our zero waste to landfill strategy and we have maintained our zero waste to landfill status since then for operational waste across all sites where we have full control of waste management.

In 2022, colleagues from across our branches and offices recycled **74%** of waste, with the remaining 26% sent to energy recovery facilities. This is an amazing improvement on our starting year in 2020, when only 41% of waste was recycled.



Helping our customers to make more sustainable choices

The bank for greener businesses

Our business customers told us they wanted help making sustainability management simple, so we teamed up with sustainability platform Zellar to help them manage, measure and improve their green journey.

The Zellar platform has been designed to empower business owners and their employees to rise to the challenge of climate change by making sustainability simple and actionable.

With personalised guidance, Zellar is helping our small business customers to understand where they are now, as well as how they can change and improve on their journey to going green. Their mission is to make climate action practical, affordable and accessible for business owners, helping them to save both time and money with the right tools and guidance to help SME businesses reach net zero and beyond.

[Find out more about Zellar](#)



The bank for greener home owners

As part of our commitment to our customers and to the planet, we've introduced two Green Additional Borrowing options for existing residential and SME mortgage customers in 2022, which will help them to make energy saving improvements to their properties.

We've also worked with the Energy Saving Trust (EST) to introduce an online tool that creates a personalised Energy Saving Improvement Plan. This shows the energy savings that can be made following specific home improvements, allowing homeowners to understand the financial benefits of making their homes more energy efficient.

Sustainability information at your fingertips

Retail customers using our mobile app can now access articles and information on sustainability through the mobile Sustainability Hub. It's found under the 'More' menu on the app.

The bank you can hold to account

In Britain, 70% of people don't know what their bank invests their money in. This means they could be funding logging in the Amazon, unethical labour practices, or investing in fossil fuels without even knowing*. But not The Co-operative Bank. We're the bank you can hold to account.

In order to join the Fossil Free Banking Alliance, a bank or credit union needs to have gone on record to state that going forward, they will play no part in the provision of loans, underwriting or investments to aid the expansion of fossil fuel extraction, production or infrastructure - a commitment The Co-operative Bank has made since 1998.

In recognition of this and with a mission to lift the lid on the damage other banks are doing to our planet, we launched a multi-channel brand campaign in September 2022, taking over train stations and shopping centres and appearing on TV with a bold and disruptive advert.



We're proud to be the first UK high street bank to be part of the Bank.Green Fossil Free Banking Alliance, which helps climate-conscious consumers to choose a bank that isn't financing the climate crisis.

[Check-a-bank on Bank.Green](#)



[Watch the advert](#)



WITHDRAW FROM THIS



Your bank could be financing the production of climate-changing fossil fuels. Join the Bank that hasn't for over 20 years.

The
co-operative
bank

*Research was carried out by Opinium surveying 2,000 UK adults between 20 and 24 May 2022.

ZERO HOUR

Campaigning: Support for the Zero Hour campaign

In 2021 we joined forces with Zero Hour to use our voice, and the voices of our customers, colleagues, and partners, to call for greater protection for the environment and nature. In 2022, we continued to work as an ambassador of Zero Hour, the campaign for the Climate and Ecology (CE) Bill, a piece of legislation that is needed to take real action against the progression of the climate-nature crisis.

Taking the Zero Hour campaign to the House of Lords and beyond

In a rapidly changing world, current UK law is failing to tackle the climate-nature crisis. The Climate and Ecology Bill has been proposed to address the gap between the best available science and current environmental legislation. The Bill aims to provide a legally binding plan to secure a liveable future that tackles the climate crisis and reverses the depletion of nature.

As ambassadors for the Zero Hour campaign for the CE Bill, we were proud to co-host a parliamentary reception in the House of Lords in October 2022, 'Championing environmental action: Standing with leaders of ethical business'. The event called on businesses, banks and parliamentarians to join the campaign and play their part in protecting biodiversity and the environment.

We were delighted to be joined by MPs and Peers from across the political spectrum, as well as representatives from other banks and like-minded businesses, scientists and environmentalists. As support for the CE Bill gathers political momentum, we'll continue to use our voice to share our customers' concerns for the environment and nature.

As well as taking the CE Bill to the heart of UK government, we've also worked with Zero Hour to sponsor Town Hall events in key constituencies with the aim of engaging the local community and encouraging MPs to back the Bill. To date we've held successful events in Tewkesbury and Totnes.



“Zero Hour is proud to continue our partnership with The Co-operative Bank: a sustainability leader in the UK financial industry, and a bank that uniquely places environmental protection at the heart of its Ethical Policy.

Over 2022, the Bank has supported our grassroots and advocacy efforts, and we've worked together to call on the Government to take up new legislation - the Climate and Ecology Bill - to deliver a science-led, people-powered strategy to transition the UK into a zero carbon, nature positive nation. Restoring nature and limiting global heating to 'safe' temperatures is essential if we want to avoid crossing planetary tipping points of no return - and it's only through greater cooperation, across all parts of society, that we'll find a fair way forward.

The business and financial sector has a significant role to play in this mission, and we remain grateful to the leadership of Nick Slape - and the dedication of colleagues across the Bank - for supporting Zero Hour as we activate citizens and demand action from our political leaders. Our joint parliamentary reception demonstrated the huge benefits of firms uniting their voices and working together to bring about change. The Bank is leading the charge, and we're proud to stand alongside them.”



Dr Amy McDonnell
Zero Hour
Campaign Director

**We are
game changers**





People

We are committed to acting in a way that supports individuals in being able to live freely, equitably and safely with consideration of both their physical and mental health. This includes how we treat our individual customers and colleagues and our support for human rights and equality around the world.

Supporting our customers through difficult times

Pressures following the COVID-19 pandemic and the growing cost of living crisis are having a big impact on many of our customers. All colleagues that come into contact with customers have received training to help them to identify and assist vulnerable customers and we've developed some great partnerships with organisations who can step in to offer support.

This includes our ground-breaking partnership with **Citizens Advice Manchester**, whose services are on hand for customers who need advice on anything from access to benefits and managing debt to dealing with housing issues. In 2022 we referred 751 customers to the service, many of

whom received immediate practical support. We also work with debt support charities and can provide help to customers who are struggling to repay their loans or mortgage repayments.

We would urge any customer who is worried about their finances to contact us as soon as possible. You can also find advice on our website.

citizens
advice

Online support



Protecting customers from fraud and scams

If you think someone is trying to trick you into handing over money or personal details...

...Stop, hang up and call **159** to speak directly to your bank.

Keeping your money safe is one of our top priorities, but unfortunately criminals continue to use fraud and scams to try to steal our customers' money.

We're part of the national **Take Five To Stop Fraud** campaign led by UK Finance and the UK government to tackle fraud and in 2022 we were pleased to become a partner of **Stop Scams UK** and to join their **159** phone service.

159 is a memorable short-code phone service that connects the vast majority of UK banking customers safely and securely with their bank when they receive an unexpected or suspicious call about a financial matter.

In 2022, we received 13,669 calls on our dedicated 159 number, of which 1,661 related to a scam and 12% needed further support from fraud investigators.

We've continued to introduce and update our security features, and to do as much as we can to combat fraud and scams. This has included updating our two factor authorisation process to protect customers when shopping online by requiring the Verified by Visa passcode.

Security and fraud
information



Working with the Customer Union for Ethical Banking

The Customer Union for Ethical Banking is an independent body representing customers of The Co-operative Bank. The Customer Union is formally recognised by the Bank and we appreciate their mandate to hold the Bank to account and ensure we continue to act as an ethical bank with customer-led values.

During 2022 we meet with representatives of the Customer Union regularly. We consulted with them on the development of the updated Ethical Policy and were grateful for the support and insight they provided. We look forward to continuing this positive engagement in 2023.



Looking after our people

We are committed to creating an ethical workplace where colleagues feel valued and supported, where pay and rewards are fair and where colleagues can always be themselves.



Championing diversity and equality



Having signed up to HM Treasury's Women in Finance Charter back in 2016, when female representation at senior leadership level stood at 32%, we have made good progress in achieving a more equally gender balanced senior leadership.

In 2020 we successfully reached our target to increase female representation at senior leadership level to **40%**. We then updated that target to **45%** of senior roles filled by women by the end of 2023, and throughout 2022 we have continued our work to achieve gender balance. By the end of 2022, **41%** of senior roles were filled by women. As we progress towards our target, our focus remains on our successful gender diversity plan.

We have also broadened our focus and reporting by publishing our ethnicity pay gap for the first time in 2022, alongside gender pay.

For the third year in a row our mean gender pay gap has improved and now sits at **25.0%** (down from 25.8% in 2021). Our median pay gap continues to present a challenge, reporting at **29.3%** (up from 28.7% in 2021).

Like many financial services firms, we employ more women, particularly in our customer facing and customer support roles. This leads to a gender split in different disciplines and at different levels across the organisation which impacts the median pay gap. While this does not indicate that women are paid less than men in these roles (we conduct equal pay audits to ensure this isn't the case), it does show that we must continue our long term focus on career progression and gender balance at all levels of our organisation.

Our mean ethnicity pay gap currently stands at **16.0%**, having been recorded at 14.7% in 2021. We recognise that we need to increase representation of ethnically diverse colleagues in senior roles and are committed to doing more to attract ethnically diverse colleagues into these roles. Once again, it's important to stress that these figures do not indicate that ethnically diverse colleagues are paid less than non ethnically diverse colleagues in the same roles. Our equal pay audits ensure that this isn't the case.

Women in Finance Charter and Pay Gap Report 2022



Our colleague networks

Our five inclusion networks are run by colleagues for colleagues. All of our networks are inclusive and open to all.

Proud Together - represents LGBTQ+ colleagues across the Bank and offers support and information. The network leads on our support for Manchester Pride and works to highlight key LGBTQ+ events such as World Aids Day and the International Day Against Homophobia, Transphobia and Biphobia.



Elevate - the Bank's gender inclusion network, offering support to colleagues on gender-based issues and topic areas, supporting women in the workplace and supporting all colleagues in promoting the wellbeing and career progression of women at all levels of the Bank.



Reach - our network that celebrates our Race, Ethnicity and Cultural Heritage. Its aim is to further develop an environment that supports a truly diverse and inclusive workplace for everyone, where we can all feel comfortable in sharing our stories and talking about our differences.



Access - supporting colleagues with disabilities, long-term health conditions, mental health conditions and caring responsibilities. The network seeks to raise awareness of the challenges colleagues face and break the stigma by normalising conversations about mental and physical health.



Futures - The Bank's newest inclusion network, recognising the challenges people can face at the start of their career. The network aims to engage, retain, and grow internal talent.





Looking after our people

A Real Living Wage employer



The Co-operative Bank has been an accredited Real Living Wage employer since 2015, ensuring that all our colleagues are paid a fair wage that reflects the real cost of living.

A leading employer in Greater Manchester



We became the first financial services organisation to achieve membership of the Greater Manchester Good Employment Charter back in 2020, joining the movement to improve employment standard across the North West. As part of our commitment to continuous improvement, in 2022 we introduced a pregnancy loss policy to further support colleagues at a very difficult time.

Our co-operative workplace

We recognise the right of our employees to join a trade union if they wish, as detailed in our Freedom of Association Policy. We continue to work in close consultation with our recognised trade union, Unite, on proposals for change and fund two full time union representatives.



An inclusive employer

We continue to promote equality of opportunity and aim to create a workforce that is representative of our society. Recognising that embracing difference enhances the capability of The Co-operative Bank, we support initiatives such as the Race at Work Charter and the Halo Code, which champions the right of colleagues to embrace all Afro-hairstyles. We are proud to be a Disability Confident certified employer.

Nurturing new and existing talent

Since early 2021, over 100 colleagues have enrolled onto an **apprenticeship**. Programmes are offered to both new and existing colleagues in subjects including Customer Service, Digital, Projects, Finance and Mortgages, providing an excellent route for career progression.

In September we welcomed the latest cohort to our **graduate programme**, an accelerated development scheme designed to support talented graduates in reaching their full potential. Our two or three year programmes provide graduates with a breadth of experience with programmes available across Digital, Finance, Product, Risk, SME and Technology.

We also welcomed five **summer interns**, who joined us for an exciting eight-week programme during their summer break. Our internship programme gives University students

the opportunity to develop their knowledge and skills while gaining a real insight into banking. We hope to see them return and join our graduate programme in future years.



Colleague learning and development

We offer our colleagues a mix of on-the-job and formal training, with role-specific inductions and upskill training in our high volume areas.

All new starters take part in a comprehensive induction session that provides a chance to meet members of our executive team, as well as showcasing our history and heritage; values, behaviours and ethics; Bank strategy and scorecard; our union partners and our customer and colleague propositions.

We also provide technical training for new colleagues and upskilling of existing colleagues in our customer facing

areas to ensure they have the right skills and knowledge to support customers and their banking needs. This is aligned to a training and competency framework that follows regulatory and business processes.

Training resources are accessible to all colleagues at any time for self-directed personal development via a dedicated platform, alongside a robust risk and mandatory training programme that provides colleagues with core knowledge training on the financial sector and the principles that govern us. All colleagues must complete this training at the beginning of their employment and on an annual basis thereafter or as required.



Working in partnership to end youth homelessness

Young people can face huge barriers to independence, especially when they don't have a support network to fall back on. We're working with Centrepont with their mission to end youth homelessness by 2037.



Seyi Obakin OBE,
Chief Executive, Centrepont

“It was an honour to join The Co-operative Bank at the 150th anniversary gala dinner in November and see the passion first hand that staff have to end youth homelessness.

The support and engagement over the past 6 years has been incredible and this year we have had some very important milestones. With the bank's support, we reopened our Oldham Street service in Manchester in a refurbished building that would enable us to support around 2,000 young people annually, and we have added two new Co-operative Bank funded roles in our Homelessness Prevention team.

We believe it is possible to end youth homelessness, but we know we cannot do it on our own. It is exciting and hugely encouraging, to have The Co-operative Bank and its customers walking alongside us in this laudable endeavour and I look forward very much to what the next chapter in our partnership has in store.”

Staying Active for homeless young people

In September around 100 colleagues took to the streets to raise funds for Centrepont as part of our annual Stay Active fundraiser. Teams completed 5 and 10 mile routes in Manchester, Skelmersdale, Leek and across the branch network, raising over **£8,500**. In Manchester the team were invited into Centrepont's newly refurbished Oldham Street hub to see the amazing transformation of the building. They also heard from members of the charity's Homeless Prevention and Relief Team. Our fundraising has helped to fund two members of staff in this team, allowing them to go out onto the streets of Manchester and directly engage with young rough sleepers. **106** young people were supported in their first two months alone.



Your mortgage makes a difference

We make a donation to Centrepont for every new mortgage we provide, and this money is used to fund Centrepont's national Helpline. The charity saw a record number of calls to the Helpline in 2022, direct evidence that the cost of living crisis is pushing more young people into homelessness. It's forecast that this trend will continue in 2023, as young people struggle to meet rent and bill payments.

Our donations have allowed the Helpline team to recruit two additional staff to the team who cover the lines from 9am to 5pm every weekday. More than **7,325** young people were supported by the Helpline in 2022 with 9,630 calls and 1,711 webchats answered.

A huge thank you to our mortgage customers for making this possible.

Raising awareness and working to stop economic abuse

Our ongoing work with Refuge challenges the financial industry to update the support and protection they offer to victims of economic abuse.



Ruth Davison,
Chief Executive, Refuge

“Refuge is proud to have a long-term partnership with The Co-operative Bank, who have helped us to raise awareness and understanding of economic abuse and the impact it can have on survivors.

The current cost of living crisis has escalated and intensified economic abuse, where a survivor's finances are monitored, restricted or controlled by a perpetrator, so it has never been more important for survivors to be able to recognise the signs of economic abuse, and access specialist support.

In the last year The Co-operative Bank, alongside Refuge, co-chaired the Online Banking Commission which connected representatives from the banking and financial sector with survivors and domestic abuse organisations to review the impact of online banking and produce recommendations for change. We were pleased that so many banks supported our recommendations to have an online tool on their websites where survivors can contact their bank for support if they are experiencing economic abuse. Through our partnership with The Co-operative Bank, we have been able to help educate and inform the banking and financial sector, who have committed to raising awareness about the ways in which technology is misused by perpetrators and ensure online banking tools are designed with women's safety in mind.

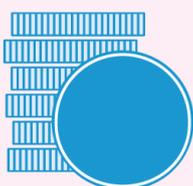
Alongside this, The Co-operative Bank's tireless fundraising has continued to support our specialist life-changing and life-saving services, ensuring we are able to support survivors of domestic abuse. Thank you, Co-operative Bank.”

Easier access to support

In 2022, research conducted alongside Refuge, revealed that 24% of people who identify as having experienced economic abuse in their current or former relationship said current online banking systems made them more vulnerable to perpetrators. In addition, one in 10 people who experienced economic abuse said their partner used online banking to take money from their accounts and monitor their spending without their consent. A significant proportion of people surveyed who experienced economic abuse identified that current online banking systems made them more vulnerable to abuse.

Responding to this evidence, Refuge and the Bank joined together with representatives from the banking sector, domestic abuse organisations, parliamentarians and the Domestic Abuse Commissioner, to review the impact of online and digital banking on survivors of economic abuse and produce recommendations for change within the Online Banking Commission. In line with the recommendations of the commission, in 2022 we introduced a safe online tool for survivors to contact us to request support in relation to economic abuse and have added a pop-up window at the bottom of every page on our website to signposting customers to appropriate support services.

Amazing fundraising efforts!



Well done to our colleague Clare Mylett, who successfully completed the London Marathon 2022 in just 4 hours and 40 minutes. As well as having an amazing experience and ticking the marathon off her bucket list, Clare raised £2,340 for Refuge.

A huge thank you to our colleagues and customers for supporting our Christmas parcel appeal for women and children experiencing domestic abuse. Your generosity helped us to raise over £6,000 to provide essentials for families in refuges over Christmas. Thank you.



Standing up for human rights with Amnesty International UK

Our long-standing partnership with Amnesty International UK (AIUK) reflects our commitment to promote human rights and equality around the world.

“Last year was a testing one for human rights. Conflicts, crises and emergencies broke out across a world still reeling from the pandemic, further intensifying inequality and injustice. The war in Ukraine was a major focus for Amnesty in 2022. With support from partners such as The Co-operative Bank we documented human rights violations and the spiralling humanitarian situation, and launched an urgent response to support refugees fleeing the country.

The collaboration of our partnership with The Co-operative Bank bears powerful testimony to the values we share as organisations, and throughout 2022 we strengthened our long-standing partnership even further in the cause of human rights. Together, we have shown that even in the bleakest of times, when the very concept of humanity seems distant, it is better to light a candle than curse the darkness.”



Sacha Deshmukh
Chief Executive Officer, Amnesty International UK

Young people leading social change

We agree with Amnesty International UK that young people are key agents of change, with young people across the world leading social change like never before. They are at the forefront of calls for action on climate change, for a fairer education, and against racism and white supremacy.

Over 20 young activists completed the Amnesty International UK Rise Up programme in early 2022, with support from The Co-operative Bank.

Rise Up is a year-long training programme designed to support young people in building the skills, knowledge, confidence and networks they need to make change happen on human rights issues relevant to them and their communities.

Participants reported rising confidence, and learned skills and theory behind campaigning and advocacy. The confidence that participants gained from being part of the project extended beyond their campaigns and activism and into their work and social lives. Rise Up gave participants the opportunity to share their experiences and learn from each other.

Supporting human rights in Ukraine

Within hours of the invasion of Ukraine on 24 February 2022, Amnesty International verified reports and video footage of indiscriminate attacks on civilians across the country. We realised it was important for Amnesty International to be able to document these war crimes and other violations of international law and that refugees fleeing the conflict also needed support. We were pleased to be able to provide a donation of £50,000 to facilitate this vital work.

Write for Rights

For over 20 years, Amnesty International’s annual Write for Rights campaign has transformed the lives of people whose rights have been wronged. Using the power of their words, Write for Rights supporters have united behind a common purpose: together, we can change lives for the better.

In 2022 Co-operative Bank staff and customers once again supported this campaign, helping Amnesty International to achieve over 60,000 online actions to raise awareness and calls for justice for individuals across the world.

**We are
community makers**





Community

We are committed to being a good local, corporate and world citizen, working to improve all communities: domestic, international and remote (such as those found online). We commit to building stronger, more resilient communities with economic and social opportunities for their members and will campaign for wider change when needed. We will continue to invest in our communities, good causes and co-operative businesses.

Building the co-operatives of the future

Co-operation is at the heart of our Bank and we are proud to support co-operative businesses by offering them free business banking and a dedicated relationship manager to provide advice and support with their banking needs.

In June 2022 we were proud to sponsor **Co-op Congress**. This annual event, run by Co-operatives UK, brings together those who are working to build a better society and helping co-ops thrive.

We were delighted to take part in a number of panel sessions during the event. These included discussions on how technology can help to build a stronger co-operative economy and why it's important for co-operatives to support the Zero Hour campaign for the Climate and Ecology Bill.

Following the success of this event we were delighted to support the first ever Co-operatives UK **National Youth Summit** in July, which brought together young people, leaders, change-makers and creators to empower the younger generation through the principles of co-operation. From job security to mental health and co-operative and ethical businesses, it explored how co-ops can give the young people of today the tools they'll need to become the leaders of tomorrow.



Specialist business support for co-ops

Since 2016, we've committed £2.5 million to support co-operatives nationally and we're proud to continue funding our Business Support for Co-ops programme through our partnership with Co-operatives UK. This unique programme gives co-operative businesses from all sectors of the economy access to the expert advice and guidance they need to thrive, including specialist technical advice, peer mentoring, training and introductory workshops. In 2022, 217 groups were supported by the programme. This included 101 groups that completed the incorporation journey to become a co-operative, along with those that received direct support, completed the UnFound Accelerator programme or attended webinars. In total 1,862 groups have now been supported since the programme started in 2016.

£2.5m
funding given
so far

1,862
groups supported
so far

Help and support for our business customers

In 2022 we've continued to develop our suite of products and services for SME customers, including our charity and co-operative customers.

We've added the exciting new partnership with sustainability platform Zellar to give our business customers access to the tools they need to reach their sustainability goals. This now sits alongside business services that ensure prompt payment, merchant services, business insurance and our Business Concierge.

Of course, money can be a worry sometimes and the cost of living crisis is affecting businesses as well as individuals. We've partnered with independent charity Citizens Advice to ensure our customers have access to their range of support services whenever they need them.

The free Citizens Advice consumer helpline is available to business customers who need help with consumer problems, such as switching a small business to a new energy supplier or support with business energy bills.



Funding the causes that matter to you

We support our charity and community customers by awarding grants to support their special projects. All Community Directplus account holders can apply for up to £1,000 from our **Customer Donation Fund**, with grants distributed twice a year.

In 2022 we donated **£24,740** to **27** community projects across the UK, and since the scheme started in 2003, we've donated **£1,010,785** to **1,149** community organisations.

Read about some of the projects we've supported



Everyday Rewards customers have raised over £1.5m for these national charities

Everyday Rewards gives eligible current account customers the option to donate their monthly rewards to one of five charities. Thanks to the generosity of these customers **£151,659** was donated to these charities in 2022.

In total, **over £1.5m** has now been donated to our selected charities since Everyday Rewards was launched in 2016.

Donate your Everyday Rewards to one of our charities



Engaging with our communities

Our colleagues are dedicated to supporting their local communities and have done this through volunteering and fundraising in 2022. Every Co-operative Bank colleague has the opportunity to take two paid volunteering days every year. In 2022, **495** colleagues took part in the programme, donating a total of **4,170** hours to their local communities, which is over **£100,000** worth of time.

In 2022, colleagues raised **£36,000** for their favourite local and national charities and a further **£18,500** for our charity partner, Centrepoin. The Bank donated an additional **£20,000** to these charities through our colleague matched funding scheme.

Supporting our communities through volunteering

Our colleague volunteering programme gives us time to make a difference in our communities. The programme is open to all colleagues and in July, members of our executive team took the opportunity to help out at The Bread and Butter Thing, an organisation that had support from many of our colleagues in 2022.

The Bread and Butter Thing collects surplus food and other goods from supermarkets and factories that would usually

go to waste, and distributes them at a discounted price through local community hubs across Greater Manchester.

The team worked in the warehouse, where food donations are received from supermarkets and food producers, then loaded onto vans for distribution. They got a real insight into the scale of the operation, with thousands of tonnes of food distributed to local communities every day.



Supporting international communities in need

When the devastating news broke of the crisis in Ukraine, we acted at pace to support those affected by the conflict. We supported the Disasters Emergency Committee Ukraine Humanitarian Appeal and asked our customers, suppliers and third parties to help us raise vital funds to provide basic supplies such as food, clothing and toiletries.

The Co-operative Bank matched donations made by our customers, colleagues and suppliers up to the value of £100,000 to the Disasters Emergency Committee Ukraine Humanitarian Appeal and to date has contributed over **£475,000** to this appeal, which has raised over £350 million. These donations are helping DEC charities deliver food, warmth, clean water and medical care to people in Ukraine, as well as vital support to refugees in neighbouring countries.

Later in the year we turned to our customers once again to offer support to those impacted by the devastating floods in Pakistan. With some parts of the country experiencing five times as much rainfall as the 30-year average, 2 million homes were destroyed across the country.

The DEC charities stepped in quickly to provide access to temporary shelter, safe drinking water, food, hygiene kits,



healthcare and other support for flood affected families.

Thanks to the generosity of our customers and colleagues, we raised over **£50,000** to support the DEC appeal and The Co-operative Bank made an additional donation of £10,000 to fund.



Giving back at Christmas

Throughout November and December, colleagues got involved in the country's biggest Christmas gift appeal by donating gifts and cash and volunteering with the Mission Christmas team in Manchester.

Mission Christmas is an annual appeal run by the charity, Cash for Kids. Their mission is to make sure no child wakes up on Christmas Day without a present to unwrap. Colleagues have been proud to support the campaign for several years and were especially moved to make a difference this year, when many families were facing the choice of 'eat or heat' over the winter period.

During the Mission Christmas 2022 campaign, the charity were delighted to be able to provide gifts for **32,754** children across Greater Manchester.

As well as volunteering our time, colleagues made a donation of £1,500 to support the appeal.





Developing digitally inclusive communities

Our Digital Bees are a group of colleagues from across all areas of the Bank who are committed to bringing digital inclusion to more customers and communities in Manchester and the North West. They do this through community engagement, and while their work has had a particular focus on digitally excluded groups in Greater Manchester, their network has expanded in 2022 as more of our branch teams have got involved.

In October the Digital Bees hosted a Digital Drop In Day, with branches across the country welcoming both customers and non-customers into our sites to learn more about how even basic digital skills can help them in their everyday lives.

They've been speaking to students at local schools and community groups about a whole host of topics, including careers in digital, budgeting skills and staying safe online. They've also been part of several Digital Inclusion events held by local councils to signpost people to digital support and the Greater Manchester Care Leavers event .

In 2022 the Digital Bees received the bronze award for Best use of Digital to aid Corporate Social Responsibility at the Digital Impact Awards in London. This was fantastic recognition for the amazing work these colleagues are doing to support our communities.



Proud to be part of Manchester Pride

We were delighted to be able to take part in the first in-person Manchester Pride parade for three years and to show our support for the LGBTQ+ community once again.

As one of the event sponsors, colleagues were invited to join the parade, spreading some cheer and making a lot of noise along the way!

Our support for Manchester Pride is led by our colleague inclusion group, Proud Together and driven by our desire to send a clear message to Greater Manchester and beyond that The Co-operative Bank campaigns for greater equality and inclusion for LGBTQ+ people. We're proud to celebrate LGBTQ+ life and to create opportunities to uplift all members of our community.





Good corporate citizens

As an ethical bank our customers rightly expect us to conduct our business with honesty and transparency. This includes our relationships with public institutions.

The Co-operative Bank is a politically neutral organisation.

We publish on our website details of all formal meetings on behalf of the bank between government ministers and people of political importance, and members of the Bank’s Board and Executive.

We will never donate to a political party, politician, or party-political campaign group and the causes we support will always be politically neutral.

[Read our list of formal meetings](#)



Fair payment of tax

We are committed to ensuring that we do nothing in our tax affairs that runs contrary to either the letter or spirit of UK tax legislation. As evidence of this, we are signatories of the Code of Practice for the Taxation of Banks.

We are good digital citizens

We are committed to regularly assessing the protections for users on social media platforms and will take appropriate action regarding any platform that fails to adequately protect users from false information or financial scams.



DON'T BANK ON THE BOMB



As well as being the first UK bank to commit to not financing the coal industry by signing the Paris Pledge in 2015, we remain the only UK-based bank in the Halls of Fame of the Don't Bank on the Bomb global report on financing nuclear weapons (2018) and the Worldwide Investments in Cluster Munitions report (2018). We're included because of our Ethical Policy statement that we will not provide banking services to any business or organisation involved in the manufacture or transfer of indiscriminate weapons.

Award winning products and services



Best Charity Banking Provider





ASSURANCE STATEMENT

SGS UNITED KINGDOM LTD'S ASSURANCE OPINION ON SELECTED KPIS AND COMMENTARY ON MATERIALITY, INCLUSIVITY AND RESPONSIVENESS IN THE CO-OPERATIVE BANK PLC SUSTAINABILITY REPORT 2022

NATURE AND PURPOSE OF THE ASSURANCE

SGS United Kingdom Ltd (hereinafter referred to as SGS) was commissioned by The Co-operative Bank Plc (The Co-operative Bank) to conduct an independent assurance of selected sustainability KPI data in their Sustainability Report 2022 ('the Report'), and provide commentary on materiality, inclusivity and responsiveness of the Bank's overall sustainability approach.

The purpose of this assurance exercise was, by review of objective evidence, to independently review whether the KPI data is as declared by The Co-operative Bank, and reported in the Report, is accurate, complete, consistent, transparent and free of material error or omission.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all The Co-operative Bank's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the directors and the management of The Co-operative Bank. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all The Co-operative Bank's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for the organisation's reporting practices and other organisational detail, GRI 3 2021 for the organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within ISAE3000.

The assurance has been conducted at a limited level of assurance according to ISAE3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to evaluate veracity of specific KPIs as described below using SGS Sustainability Report Assurance protocols.

SCOPE OF ASSURANCE

The scope of the assurance included evaluation of quality, accuracy and reliability of FY2022 data only for the following KPIs:

Environmental KPIS:

- Scope 1 & 2 emissions by source (tCO₂e).
- % energy directly procured is sourced from renewables.
- % operational waste to landfill.

Social KPIs:

- Total charity donations (£).
- Colleagues' volunteering (# colleagues, total hours).
- Value of colleague volunteering (£).
- % colleagues taking part in a volunteering activity.
- Number of co-operative, charities and credit unions who bank with The Co-operative Bank.
- Customer Donation Fund donations (£).
- Everyday Rewards donations (£).
- Funds raised by colleagues (£) and match funding (£).

Governance KPIs:

- # business customers referred for ethical screening.
- # business customers declined banking services.
- Ethical Perception Score.
- Gender pay gap (mean & median) (%).

LEVEL AND SCOPE OF GREENHOUSE GAS DATA ASSURANCE

CO₂ emissions from own operations were verified at a limited level of assurance according to standard EN ISO14064-3:2019 Specification with guidance for the validation and verification of Greenhouse Gas assertions, to establish conformance with the requirements of the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard ('The WRI/WBCSD GHG Protocol'), within the scope of the verification. The materiality required of the verification was considered by SGS to be below 10%, based on the needs of the intended user.

The engagement included verification of emissions from anthropogenic sources of greenhouse gases included within the organisation's boundary and meeting the requirements of the WRI/WBCSD GHG Protocol and the Zero waste to landfill claim. The organisational boundary was established following the operational control approach.

- *Description of activities:* Banking services.
- *Location/boundary of the activities:* United Kingdom.
- *Physical infrastructure, activities, technologies and processes of the organisation:* Bank branches and offices.
- *GHG sources, sinks and/or reservoirs included:*
 - Scope 1 – stationary combustion, and fugitive emissions,
 - Scope 2 – purchased electricity.
- *Types of GHGs included:* CO₂, N₂O, CH₄ (HFC's, PFC's, SF₆ and NF₃ are excluded).
- *Directed actions:* none.

ASSURANCE METHODOLOGY

The assurance comprised a combination of:

- Pre-assurance research
- Remote interview with managers with responsibility for reporting
- Review of documentation and evidence for materiality and stakeholder engagement processes
- Remote interviews with the managers responsible for internal data collection for each KPI
- Document review of management systems, policies and procedures relevant to reporting the KPIs in scope
- Remote interrogation of and testing of relevant data collection systems and procedures, including interviews with relevant data analysts and data accuracy checking
- Final data verification checks to ensure KPI data is accurate and aligns with expectations.

Verification was conducted upon all KPIs within the verification scope as an evaluation of historical data and information to determine whether the reported KPI data is materially correct and conforms to criteria described above.

SGS' approach is risk-based, drawing on an understanding of the risks associated with modelling GHG emission and other KPI information and the controls in place to mitigate these risks. Our examination included assessment, on a sample basis, of evidence relevant to the voluntary reporting of selected KPIs, including emission information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LIMITATIONS AND MITIGATIONS

Financial data and other data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process. This includes FTE data used to normalise figures.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from The Co-operative Bank, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders. The assurance team was assembled based on their knowledge, experience and qualifications for this assignment and conducted the assurance in accordance with the [SGS Code of Integrity](#).

FINDINGS AND CONCLUSIONS

ASSURANCE OPINION

- On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

SPECIFIC OPINION ON GREENHOUSE GAS (GHG) DATA

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO₂ equivalent assertion is not materially correct and is not a fair representation of the CO₂ equivalent data and information and is not prepared following the requirements of the WRI/WBCSD GHG Protocol.

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a limited level of assurance that the CO₂ equivalent emissions for the calendar year 2022 are fairly stated. This statement shall be interpreted with the CO₂ equivalent assertion of The Co-operative Bank as a whole.

The Co-operative Bank provided the GHG assertion based on the requirements of the WRI/WBCSD GHG Protocol. The GHG information for the period 2022 disclosing gross emissions of **2,122** metric tonnes of CO₂ equivalent (Location-Based) and **797** metric tonnes of CO₂ equivalent (Market Based) are verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria.

Verified emissions by scope are as follows:

Scope 1 (Direct) - 560 tCO₂e.

Scope 2 – Location based (Indirect): 1,562 tCO₂e.

Scope 2 – Market-based (Indirect): 237 tCO₂e.

Additional verified KPIs:

93% energy directly procured is sourced from renewables.

0% operational waste to landfill.

COMMENTARY ON MATERIALITY, INCLUSIVITY AND RESPONSIVENESS

The Cooperative Bank has a core set of Values and Ethics which are developed in collaboration with customers and articulated in its Values and Ethics Policy. These Values and Ethics are written into the Articles of the Bank, and form the basis of its Sustainability approach.

In 2022 a consultation was carried out to review the pillars and identify new priorities. The process, and the reasoning used to identify material issues for strategy and reporting, have been documented and the outcomes made public. As a result, the Ethical Policy has been revised, to strengthen environmental commitments, and structure the Bank's Strategy under three pillars: people, planet and community. Report content, targets and KPIs have been updated in key areas to reflect increased ambition.

In our view there is a clear link between the feedback from this engagement, the revision of the Policy, the new Sustainability Strategy, and the Report.

We note that respondents tended to be engaged and older customers. In future, it may be useful to test these outcomes by seeking additional input from new, and younger or 'future' customers. However, there is no reason to believe that the outcomes of the surveys and engagement do not reflect the views of the customer base as a whole.

We welcome the strengthening of oversight of the Strategy and Report through establishment of the new Values, Ethics and Sustainability Executive Committee. We also welcome the ongoing development of new products and services – such as green bonds and bank accounts suitable for those who are homeless - that further the Bank's commitment to its values and ethics in new ways.

GOOD PRACTICE AND OPPORTUNITIES FOR IMPROVEMENT

During the verification process some examples of good practice as well as some opportunities for improvement in underlying processes were identified and reported to The Co-operative Bank with the aim of enabling a process of continual improvement in collection and reporting KPI data. It may be possible to roll out examples of good practice to other KPIs, or parts of the business and the opportunities for improvement identified may be considered for implementation during future reporting cycles:

Good Practice

Overall, The Co-operative Bank continues to provide a best practice example of integrating a collaborative set of values and ethics into sustainability approach and reporting, co-created with customers and other stakeholders.

- In general, the systems for collecting and reporting data are mature and well-managed and embedded in the business.
- Report content, targets and KPIs have been reviewed to align with the new Ethical Policy. There is a clear link between these values, the sustainability strategy and the issues that are reported
- Ethical screening KPIs are unique to The Co-operative Bank and are important to the implementation of its Values and Ethics in the way the Bank is run. There is a clear written procedure for identifying and referring applications for further ethical screening, and personnel are trained and supported to do this correctly.
- The Co-operative Bank operates a strong data accounting and reporting process and the emission calculator used was found to be robust enough to provide accurate and consistent results when tested.
- The Bank is seeking to minimise its environmental impact by setting a Zero Waste to Landfill ambition.

Opportunities for Improvement

- We strongly recommend that the Bank publishes a Basis of Reporting document in line with best reporting practice, to help external stakeholders better understand the scope and definitions of KPIs.
- We recommend that in designing its 2023 report the Bank takes the opportunity to once again review report content – including KPIs – against sustainability reporting standards, and the changing information needs of customers, investors and other stakeholders, to support consistency between the Bank and others in the sector and more widely, enabling stakeholders to compare performance and approaches.
- We recommend that customer engagement outcomes are further tested and refined by seeking additional input from new and younger or 'future' customers.
- In line with good reporting practice, the Bank should consider formal review of material issues, to demonstrate that the Bank is addressing the issues that are of core concern to other key stakeholders, as well as customers.

Signed:

For and on behalf of **SGS UNITED KINGDOM LTD**

Jonathan Hall, Global Head – Certification Services
Frimley, Surrey, United Kingdom
28th February 2023

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Note: This Statement is issued, on behalf of The Co-operative Bank, by SGS United Kingdom Ltd, Rossmore Business Park, Inward Way, Ellesmere Port, Cheshire, CH65 3EN ("SGS") under its General Conditions for GHG Validation and Verification Services. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement and the supporting GHG Assertion may be consulted at The Co-operative Bank and address. This Statement does not relieve The Co-operative Bank from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than The Co-operative Bank.

Find out more:

Thank you for reading our Sustainability Report 2022. We're proud of our commitment to the co-operative values and ethics we share with our customers. They guide us every day as we work to achieve our purpose: to pioneer banking that makes a positive difference to the lives of our customers and communities.

Our report is released once a year but we work continually to uphold our customer-led Ethical Policy and sustainability commitments and to make a positive impact on our customers and colleagues. You can keep up to date with our activities by following us on social media and on our website. And we're always keen to hear from you, so please keep in touch.

Find us here:

 @CooperativeBank

 The Cooperative Bank

 @thecooperativebank

 The Co-operative Bank plc

Visit our website:
co-operativebank.co.uk



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Information correct as at 02/2023